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LOUISIANA EDUCATIONAL TELEVISION AUTHORITY

REPORT ON AUDIT OF THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2003

CONTENTS

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August 22, 2003

Independent Auditor's Report

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

We have audited the accompanying basic 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, 2003, 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 basic financial statements based on our audit.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic 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, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated August 22, 2003, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be used in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information schedules and "Annual Financial Report - General Fund Only" as required by the Louisiana Division of Administration listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Louisiana Educational Television Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

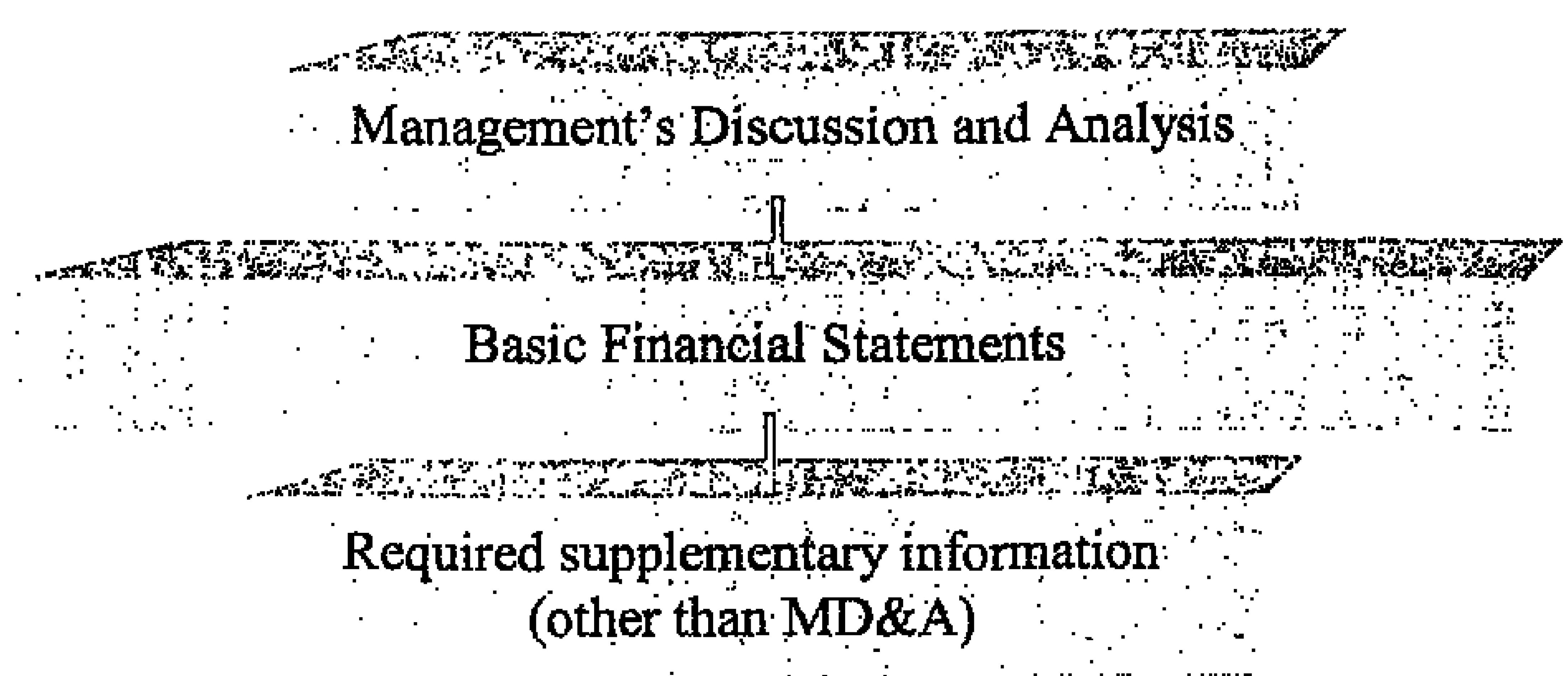
Hannis T. Bourgeois, LLP

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Louisiana Educational Television Authority, hereinafter referred to as LETA, presents a narrative overview and analysis of LETA's financial activities for the year ended June 30, 2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

FINANCIAL HIGHLIGHTS

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

- During FY 2002-03, LETA's Total Assets increased to $12,951,120; an increase of $1,597,892 over the $11,353,228 in Total Assets for FY 2001-02. The majority of this increase was due to the increase in funds due from the Component Unit (FELPB).
- Total Liabilities increased to $5,593,090 FY 2002-03; an increase of $426,454 over the $5,166,636 in Total Liabilities for FY 2001-02. The majority of this net increase was an accounts payable amount of flow-thru funds for the New Orleans Teleplex, along with $434,000 in deferred revenue for the Lake Charles tower lease at June 30, 2003. This increase was offset by a decrease of $791,403 in long-term liabilities.

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

- FELPB Total Assets increased to $21,013,752; an increase of $2,777,680 over the $18,236,072 for FY 2001-02. The primary increase is attributable to an increase in the market value of securities and investments.

- Total Liabilities increased by $1,429,565 from $6,002,681 in FY 2001-02 to $7,432,246 for FY 2002-03, which mainly consists of the increase in the "Due to LETA" account.

Included within this report are appropriate references to the

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

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

The following is a condensed Statement of Net Assets for LETA at June 30, 2003 with comparative to FY 2002:

	Total Governmental Activities 2003	Total Governmental Activities 2002
ASSETS		
	$ 5,645,093	$ 5,308,020
Cash and Equivalents		
Accounts/Grants Receivable	$ 88,166	$ 138,247
Due from Component Unit	$ 7,085,424	$ 5,788,026
Due From Primary Government	$ 132,437	$ 118,935
Total Assets	$ 12,951,120	$ 11,353,228
LIABILITIES		
Accounts Payable	$ 1,196,537	$ 412,681
Deferred Revenue	$ 434,000	-
Due to Primary Government	3,500	$ 3,500
Long-Term Liabilities		
Due Within One Year	$ 737,193	$ 902,824
Due In More Than One Year	$ 3,221,860	$ 3,847,631
Total Liabilities	$ 5,593,090	$ 5,166,636
NET ASSETS		
Restricted for Capital Projects	$ 4,762,643	$ 5,220,958
Unrestricted	$ 2,595,387	$ 965,634
Total Net Assets	$ 7,358,030	$ 6,186,592
Total Liabilities and Net Assets	$ 12,951,120	$ 11,353,228

The following is a condensed Statement of Net Assets for FELPB at June 30, 2003 with comparative to FY 2002:

	FY 2003	FY 2002
ASSETS		
Cash and Equivalents	$ 2,653,395	$ 2,904,214
Marketable Securities and Investments at Market Value	$ 17,295,596	$ 14,283,563
Receivables, Net	$ 799,763	$ 760,826
Capital Assets (Net Depreciation)	$ 17,114	$ 24,321
Other Assets	$ 247,884	$ 263,148
Total Assets	$ 21,013,752	$ 18,236,072
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 143,510	$ 63,860
Deferred Revenues	$ 203,312	$ 150,795
Due To LETA	$ 7,085,424	$ 5,788,026
Total Liabilities	$ 7,432,246	$ 6,002,681
Net Assets		
Investment in Capital Assets	$ 17,114	$ 24,321
Restricted		
Friends of LPB Transfer Agreement	$ 81,864	$ -
Future Local Production Projects	$ 13,500	$ 13,000
Unrestricted	$ 13,469,028	$ 12,196,070
Total Net Asset	$ 13,581,506	$ 12,233,391
Total Liabilities and Net Assets	$ 21,013,752	$ 18,236,072

SIGNIFICANT CHANGES IN NET ASSETS BALANCES

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

- Total Net Assets increased from $6,186,592 at the end of FY 2001-02, to $7,358,030 at the end of FY 2002-03; an increase of $1,171,438.

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

- The "Due to LETA" fund liability rose from $5,788,026 in FY 2001-02 to $7,085,424 in FY 2002-03; an increase of $1,297,398.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- Completion of the mandated digital conversion deadline which has been extended to May '04;
- Completion of activities surrounding the La. History Project and Louisiana Purchase Bicentennial, and development of associated activities for distribution of the series and related materials, and follow up projects;
- Development of the New Orleans Teleplex and associated activities;
- Implementation of activities related to the Cooperative Endeavor Agreement associated with The Football Network;
- Negotiation/completion of a new satellite contract;
- Election of the Governor and the implementation of the programs/activities of the new Administration;
- Review of investments and investment strategy of FELPB funds.

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

- Increased LETA presence statewide via digital broadcasts and multicasting opportunities;
- Positive response to Louisiana History series, book sales, and associated activities;
- Use of revenue by the component unit, FELPB, which is derived from The Football Network lease arrangement to fund educational video streaming to school classrooms;
- Positive economic developments that improve investment opportunities for FELPB funds.

ADDITIONAL NOTATION

During FY 2002-03 the economic slow-down provided challenges for LETA and it's component unit, FELPB as it did with most of the nation. Locally, the ability for the State to sell construction bonds delayed LETA's ability to secure Capital Outlay funding for all of its transmitter sites. Underwriting income and support from Friends of Louisiana Public Broadcasting did not meet budgeted or prior year levels. However, it is anticipated that the upturn in the economy which appears to have begun in the latter part of FY 2002-03, will translate into a positive situation in FY 2003-04.

CONTACTING THE LETA's MANAGEMENT

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2003

	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash and Cash Equivalents	$ 5,645,093	$ 2,653,395
Marketable Securities and Investments, at Market Value	-	17,295,596
Receivables, Net	220,603	799,763
Due from Component Unit	7,085,424	-
Capital Assets (Net of Accumulated Depreciation)	-	17,114
Other Assets	-	247,884
Total Assets	$ 12,951,120	$ 21,013,752
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 1,196,537	$ 143,510
Deferred Revenues	434,000	203,312
Due to Primary Government	3,500	7,085,424
Long-Term Liabilities:		
Due Within One Year	737,193	-
Due in MoreThan One Year	3,221,860	-
Total Liabilities	5,593,090	7,432,246
NET ASSETS		
Investment in Capital Assets	-	17,114
Restricted for:		
Capital Projects	4,762,643	-
Friends of L.P.B Transfer Agreement	-	81,864
Future Local Production Projects	-	13,500
Unrestricted	2,595,387	13,469,028
Total Net Assets	7,358,030	13,581,506
Total Liabilities and Net Assets	$ 12,951,120	$ 21,013,752

The accompanying notes constitute an integral part of this statement.

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

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2003

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Programming and Production	$ 1,958,492	$ 474,189	$ -	$ -
Broadcasting	3,242,887	507,000	-	44,879
Program Information	178,492	-	-	-
Management and General	2,327,798	-	8,969	-
Interest on Long-Term Debt	64,174	-	-	-
Total Primary Government	$ 7,771,843	$ 981,189	$ 8,969	$ 44,879
Component Unit:				
Foundation for Excellence in L.P.B.	$ 4,042,523	$ 1,516,640	$ 1,863,552	$ -

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

Total General Revenues and Special Items

Change in Net Assets

Capital Assets Purchased for the Benefit of the State of Louisiana

Net Assets - Beginning of Year

Net Assets - End of Year

The accompanying notes constitute an integral part of this statement.

	Primary Government Governmental Activities Net (Expense) Revenue and Changes in Net Assets	Component Unit Net (Expense) Revenue and Changes in Net Assets
	$ (1,484,303)	$ -
	(2,691,008)	-
	(178,492)	-
	(2,318,829)	-
	(64,174)	-
	(6,736,806)	-
	-	(662,331)
	9,213,531	-
	-	1,261,552
	291,924	805,622
	9,505,455	2,067,174
	2,768,649	1,404,843
	(1,597,211)	(56,728)
	6,186,592	12,233,391
	$ 7,358,030	$ 13,581,506

FUND FINANCIAL STATEMENTS

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

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2003

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 930,336	$ 4,714,757	$ 5,645,093
Accounts/Grants Receivable	40,280	47,886	88,166
Due from Component Unit	7,085,424	-	7,085,424
Due from Primary Government	132,437	-	132,437
Total Assets	$ 8,188,477	$ 4,762,643	$ 12,951,120
LIABILITIES			
Accounts Payable	$ 1,087,176	$ -	$ 1,087,176
Accrued Expenses	109,361	-	109,361
Deferred Revenue	434,000	-	434,000
Due to Primary Government	3,500	-	3,500
Total Liabilities	1,634,037	-	1,634,037
FUND BALANCES			
Fund Balances:			
Reserved for Capital Projects	-	4,762,643	4,762,643
Unreserved:			
Designated for Technological Advances	6,554,440	-	6,554,440
Total Fund Balances	6,554,440	4,762,643	11,317,083
Total Liabilities and Fund Balances	$ 8,188,477	$ 4,762,643	$ 12,951,120

The accompanying notes constitute an integral part of this statement.

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

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

FOR THE YEAR ENDED JUNE 30,2003

Fund Balances-Total Governmental Funds		$ 11,317,083
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Long-term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds:		
Capital Lease Payable	$ 3,543,346	
Compensated Absences	415,707	3,959,053
Net Assets of Governmental Activities		$ 7,358,030

The accompanying notes constitute an integral part of this statement.

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

FOR THE YEAR ENDED JUNE 30, 2003

	General	Capital Projects	Total Governmental Funds
REVENUES:			
State General Fund	$ 8,301,531	$ 912,000	$ 9,213,531
State General Fund-Interagency Transfers	236,771	-	236,771
Donated Facilities, Administrative Support, and Programming	8,969	-	8,969
Federal Grants	23,920	44,879	68,799
Special Projects/Local Productions	213,498	-	213,498
Interest and Dividend Income	291,924	-	291,924
Rental Income	507,000	-	507,000
Total Support and Revenues	9,583,613	956,879	10,540,492
EXPENDITURES:			
Programming and Production	1,958,494	-	1,958,494
Broadcasting	3,414,910	1,415,194	4,830,104
Program Information	178,492	-	178,492
Management and General	2,327,798	-	2,327,798
Debt Service:			
Principal Retirement	801,394	-	801,394
Interest	64,174	-	64,174
Total Expenditures	8,745,262	1,415,194	10,160,456
Excess (Deficiency) of Revenues Over Expenditures	838,351	(458,315)	380,036
Fund Balances - Beginning of Year	5,716,089	5,220,958	10,937,047
Fund Balances - End of Year	$ 6,554,440	$ 4,762,643	$ 11,317,083

The accompanying notes constitute an integral part of this statement.

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

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

FOR THE YEAR ENDED JUNE 30, 2003

Net Change in Fund Balances-Total Governmental Funds		$ 380,036
Amounts Reported for Governmental Acitivities in the Statement of Activities are Different Because:		
The Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of Governmental Funds but has no Effect on Net Assets:		
Principal Payments on Capital Lease	801,394	
Governmental Funds Report Capital Outlays as Expenditures. In the Statement of Activities the Cost of Those Assets Should be Allocated Over the Estimated Useful Lives as Depreciation Expense. However, Because the Authority is Only the Custodian of These Assets and the State of Louisiana is the Owner, Neither the Capital Assets nor the Depreciation Expense Thereon is Recorded in These Financial Statements.	1,597,211	
Some Expenses Reported in the Statement of Activities do Not Require the use of Current Financial Resources and, Therefore, are not Reported as Expenditures in Governmental Funds:		
Increase in Compensated Absences Payable	(9,992)	2,388,613
Change in Net Assets of Governmental Activities		$ 2,768,649

The accompanying notes constitute an integral part of this statement.

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

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

FOR THE YEAR ENDED JUNE 30, 2003

	Original Budget	Final Budget	Actual
REVENUES:			
State General Fund	$ 8,301,531	$ 8,301,531	$ 8,301,531
State General Fund-Interagency Transfers	753,376	753,376	236,771
State General Fund-Self Generated	590,000	590,000	-
Donated Facilities, Administrative Support, and Programming	-	-	8,969
Federal Grants	23,920	23,920	23,920
Other	-	-	505,422
Rental Income	-	-	507,000
Total Revenues	9,668,827	9,668,827	9,583,613
EXPENDITURES:			
Personal Services	4,463,740	4,543,080	4,157,917
Operating Services	923,430	1,029,880	1,002,593
Professional Services	254,613	249,813	265,851
Other Charges	2,644,608	2,545,908	1,982,762
Capital Outlay/General Support	257,588	210,498	246,853
Interagency Transfers	259,280	224,080	223,718
Debt Service:			
Principal Retirement	801,394	801,394	801,394
Interest	64,174	64,174	64,174
Total Expenditures	9,668,827	9,668,827	8,745,262
Excess (Deficiency) of Revenues Over Expenditures	-	-	838,351
Fund Balance (Deficit) - Beginning of Year	-	-	5,716,089
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 6,554,440

The accompanying notes constitute an integral part of this statement.

Nonbudgeted Items and Adjustments	Budgetary Basis	Variance With Final Budget - Favorable (Unfavorable)
$ -	$ 8,301,531	$ -
-	236,771	(516,605)
506,270	506,270	(83,730)
(8,969)	-	-
-	23,920	-
(422,996)	82,426	82,426
(507,000)	-	-
(432,695)	9,150,918	(517,909)
(16,409)	4,141,508	401,572
(4,007)	998,586	31,294
(17,680)	248,171	1,642
506,153	2,488,915	56,993
(37,354)	209,499	999
-	223,718	362
-	801,394	-
-	64,174	-
430,703	9,175,965	492,862
(863,398)	(25,047)	(25,047)
(5,682,120)	33,969	33,969
$ (6,545,518)	$ 8,922	$ 8,922

Note 1 - Summary of Significant Accounting Policies -

A. Organization

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

B. Financial Reporting Entity

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.

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, 2003 fiscal year end. The financial statements of the Foundation are reported in the discrete component unit column of the basic financial statements.

C. Basis of Presentation

Basic Financial Statements - Government-Wide Statements

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

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

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

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

The Authority does not allocate indirect costs.

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

Basic Financial Statements - Fund Financial Statements

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

The following fund type is used by the Authority:

Governmental Funds:

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

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

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

Financial statement presentation of the Foundation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations.* Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as applicable. As of June 30, 2003, there were no permanently restricted net assets.

D. Basis of Accounting and Measurement Focus

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

1. Accrual -

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

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

2. Modified Accrual -

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

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

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

E. Budgets and Budgetary Accounting

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

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

F. Encumbrances

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

G. Petty Cash Imprest Fund

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

H. Assets, Liabilities, and Net Assets or Equity

Capital Assets

Capital assets acquired by the Authority are not included in the accompanying financial statements, but are reported in the State of Louisiana's comprehensive annual financial report. The Authority acts only as a custodian of these assets and title actually rests with the State of Louisiana. A summary of changes in capital assets for which the Authority was responsible for the year ended June 30, 2003 is presented in Note 8.

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

Marketable Securities and Investments

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

Costs Incurred for Programs Not Yet Broadcast

Costs incurred for programs not yet broadcast relate to programs acquired by the Foundation for Excellence in Louisiana Public Broadcasting with broadcast dates subsequent to June 30, 2003. Grants, contributions and underwriting related to these programs are included in deferred revenue. As the programs are telecast, the costs incurred will be included in operating expenses and the related deferred revenue will be recognized.

Contributed Services/In-kind Contributions

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

During the year ended June 30, 2003, the value of contributed services or assets meeting the requirements for recognition by the Foundation was not material and has not been recorded.

Long-Term Obligations

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

Estimates

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

Accrued Vacation and Sick Leave

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

In the government-wide financial statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March of 2000), no compensated absences liability is recorded at June 30, 2003, in the governmental fund-type financial statements. Therefore this amount represents a reconciling item between the fund and government-wide presentation.

Net Assets

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

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

I. Income Taxes

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

J. Accounting Developments - GASB Statement No. 39

In May 2002, the Governmental Accounting Standards Board (GASB) issued Statement No. 39 - Determining Whether Certain Organizations Are Component Units. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2003. As of June 30, 2003, management is currently determining the affect of GASB Statement No. 39 on the Authority.

Note 2 - Cash and Cash Equivalents -

The Authority's and the Foundation's cash and cash equivalents at June 30, 2003 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.

	Carrying Amount	Bank Balance
Primary Government:		
Category 1	$ 5,645,093	$ 5,642,728
Component Unit:		
Category 1	162,155	162,155
Category 3	2,135,776	2,193,321
	2,297,931	2,355,476
Cash and Cash Equivalents Not Subject to Categorization:		
Money Market Mutual Funds	355,464	355,464
	2,653,395	2,710,940
Total Cash and Cash Equivalents	$ 8,298,488	$ 8,353,668

Note 3 - Marketable Securities and Investments -

The Foundation's investments at June 30, 2003 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.

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

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

The following is a summary of the Foundation's investments at June 30, 2003:

					Market	Unrealized	
	Category 1	Category 2	Category 3	Cost	Value	Gain	Loss
U.S. Treasury Securities	$ -	$ -	$ 2,407,197	$ 2,407,197	$ 2,491,465	$ 84,268	$ -
U.S. Government Agency Securities	-	-	5,098,847	5,098,847	5,221,488	122,641	-
Common Stocks	-	-	5,243,288	5,243,288	5,668,051	718,427	293,664
	$ -	$ -	$ 12,749,332	12,749,332	13,381,004	925,336	293,664
Investments Not Categorized:							
Mutual Fund-Equity Securities				352,683	393,903	41,220	-
Mutual Fund- U.S. Government Bonds				230,107	245,790	15,683	-
Meridian Horizon Fund				2,340,593	3,274,899	934,306	-
				$ 15,672,715	$ 17,295,596	$ 1,916,545	$ 293,664

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

	Cost	Market Value
Within One Year	$ -	$ -
One Year Through Five Years	5,026,026	5,137,606
Five Years Through Ten Years	1,648,842	1,719,475
Over Ten Years	831,176	855,872
	7,506,044	7,712,953
Mutual Fund - U.S. Government Bonds	230,107	245,790
Common Stocks	5,243,288	5,668,051
Meridian Horizon Fund	2,340,593	3,274,899
Mutual Fund - Equity Securities	352,683	393,903
	$ 15,672,715	$ 17,295,596

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

	Primary Government	Component Unit
Realized Gains	$ -	$ 417,775
Realized (Losses)	-	(1,060,535)
Net (Increase) in Unrealized Gains at June 30, 2003 Compared to June 30, 2002	-	1,408,265
Net Interest and Dividend Income	291,924	40,117
	$ 291,924	$ 805,622

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, 2003.

Note 4 - Receivables and Payables -

Receivables consist of the following at June 30, 2003:

	Governmental Activities	Component Unit
Accounts/Interagency	$ 172,717	$ 444,433
Accrued Interest	-	55,561
Federal Grants	47,886	98,822
Due from Friends of Louisiana Public Broadcasting	-	200,947
	$ 220,603	$ 799,763

Payables consist of the following at June 30, 2003:

	Governmental Activities	Component Unit
Accounts	$ 1,087,176	$ 143,510
Accrued Payroll	109,361	-
	$ 1,196,537	$ 143,510

Note 5 - Lease and Rental Commitments -

The Authority's operating rental commitments consist of various tower sites. These operating lease agreements have nonappropriation exculpatory clauses that allow cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period. Total operating rental and lease expenditures for the year ended June 30, 2003, amounted to $55,367.

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

Year	Rental Property	Amount
2004	Tower Sites	$ 49,050
2005	Tower Sites	50,050
2006	Tower Sites	51,050
2007	Tower Sites	51,050
2008	Tower Sites	51,000
Thereafter	Tower Sites	111,250
		$ 363,450

In addition to the above-mentioned operating lease agreements, on March 24, 1994 the Authority entered into a separate lease agreement for financing the acquisition of a Telstar Satellite. On January 11, 1997, the previously mentioned satellite experienced a total failure. The Authority was provided limited service for the period from that date until a new satellite could be placed in service in July 1997. An amended lease agreement was then signed at that time, which did not change the outstanding balance or monthly payments of the existing lease. However, the amended agreement does provide the Authority the right to receive a warranty reimbursement of $43,000 per month for the interim period the Authority was out of full service contingent upon the Authority canceling the lease agreement one month in advance of the end of the agreement in the year 2004. In March 2001, the Authority signed an additional amended lease agreement which becomes effective February 2004 and expires in November 2007. This amendment increases the monthly payment and was based on a revision to the satellite's estimated life, which is now estimated to be November 2007. The net present value of the additional extension is $2,910,081 and has been adjusted thru net assets as restated at July 1, 2001. This lease qualifies as a capital lease for accounting purposes and therefore, was recorded in the prior year at the present value of the future minimum lease payments as of the date of inception. 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 capital lease payable is discussed in more detail in Note 9.

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

Louisiana Education Television Authority:

Board Meetings Board Member	Attended	Per Diem Paid
Dr. William Arceneaux	8	$ -
Jesse Bankston	4	-
Wayne Berry	8	-
Lucile Blum	4	-
Fr. James Carter	2	-
Bob Davidge	6	-
Barbara Decuir	4	-
Clare Duhon	2	-
Mary Eaton	3	-
Frank France	4	-
Felicia L. Harry	9	-
Betty Lauricella	1	-

(CONTINUED)

Board Meetings Board Member	Attended	Per Diem Paid
Jim Nickel	3	-
Sue Rainor	3	-
Clinton Raspberry	1	-
Jennifer Reilly	6	-
Deano Thornton	4	-
Sissie Villaume	2	-
James White	3	-
		$ -

Foundation for Excellence in L.P.B.:

Board Member	Board Meetings Attended	Per Diem Paid
Dudley Coates	3	$ -
Alston Johnson	2	-
Mary Joseph	3	-
Francis McArthur	2	-
Huel Perkins	4	-
Joe Simon	3	-
Charles Spencer	2	-
Joe Traigle	3	-
		$ -

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

During the current and prior years, monies were received from various universities who 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 component unit amount as presented in these financial statements. At June 30, 2003, the net amount owed by the Foundation for these rentals is $6,576,861, which includes $1,386,600 of estimated interest earnings.

During the current and prior year, $432,422 of these funds were spent on digital conversion expenses and accordingly this cumulative amount has been applied to the due from the component unit balance at June 30, 2003.

In the current year, the Foundation received $434,006 toward payment for a tower lease for L.E.T.A. in a subsequent year. This amount is also included in the Due to L.E.T.A. balance at June 30, 2003.

In addition, during the current and prior year, the Foundation entered into a contract with the Louisiana Lottery Corporation to provide production and nightly distribution services for the various lottery games. All equipment used in providing these services was purchased by the Foundation on behalf of L.E.T.A. and were recorded on L.E.T.A.'s fixed asset listing in the prior years. Accordingly, the cumulative net of revenue earned less expenses included for the services amounted to $506,985 and is considered owed to L.E.T.A. and is included in the Due from Component Unit amount at June 30, 2003.

Note 8 - Changes in Capital Assets -

A summary of changes in capital assets, both movable and immovable, for which the primary government was responsible for the year ended June 30, 2003 is presented below:

	Balance July 1, 2002	Additions	Adjustments and Deletions	Balance at June 30, 2003
Land, Buildings and Improvements	$ 13,402,790	$ -	$ -	$ 13,402,790
Furniture and Equipment	18,742,526	1,653,939	(270,085)	20,126,380
	$ 32,145,316	$ 1,653,939	$ (270,085)	$ 33,529,170

Since the primary government merely acts as a custodian of the fixed assets there is no depreciation expense recorded in these financial statements.

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

	Balance at July 1, 2002	Adjustments and Additions	Adjustments and Deletions	Balance at June 30, 2003
Furniture and Fixtures	$ 69,938	$ -	$ -	$ 69,938
Less: Accumulated Depreciation	(45,617)	(7,207)	-	(52,824)
Component Unit Capital Assets, Net	$ 24,321	$ (7,207)	$ -	$ 17,114

Depreciation expense for the year ended June 30, 2003 was $7,205.

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

The following is a summary of the changes to General Long-Term Obligations for the year ended June 30, 2003:

	Balance at July 1, 2002	Additions	Reductions	Balance at June 30, 2003
Compensated Absences Payable	$ 405,715	$ 9,992	$ -	$ 415,707
Obligations Under Capital Lease	4,344,740	-	801,394	3,543,346
	$ 4,750,455	$ 9,992	$ 801,394	$ 3,959,053

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations as of June 30, 2003:

	Capital Lease	Compensated Absences	Total
Current Portion	$ 633,266	$ 103,927	$ 737,193
Long-Term Portion	2,910,080	311,780	3,221,860
Total	$ 3,543,346	$ 415,707	$ 3,959,053

A schedule of the future minimum lease payments under capital lease and the present value of the net minimum lease payments at June 30, 2003 of the outstanding lease is as follows:

Year	Present Value of Minimum Lease Payments	Interest	Total Minimum Lease Payments
2004	$ 633,265	$ 15,913	$ 649,178
2005	807,311	152,689	960,000
2006	857,104	102,896	960,000
2007	909,968	50,032	960,000
2008	335,698	4,368	340,066
	$ 3,543,346	$ 325,898	$ 3,869,244

Note 10 - Retirement System -

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

Funding Policy: Plan members of the Authority are required by state statue to contribute 7.5 percent of their annual covered salary and the office (as the employer) is required to contribute at an actuarially determined rate. The current employer rate is 14.1% 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, 2003 was $718,509, which $249,482 was contributed by employees and $469,027 was contributed by the Authority and were equal to the required contribution for the year.

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

LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the Authority to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Authority's employees become eligible for those benefits if they reach normal retirement age while working for the Authority. Monthly premiums are paid jointly by the employees and the employer (from the Authority's appropriation) for both retirees' and active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMO's authorized by Group Benefits. The Authority recognizes the cost of providing benefits as an expenditure when paid during the year. For the year ended June 30, 2003 the costs of retirees' benefits totaled $111,003, while the number of retirees is 33. The cost of retirees' benefits is net of participant's contribution.

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

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

Furthermore, a separate agreement dated August 9, 1994 (as amended in 2002), was entered into between Friends of Louisiana Public Broadcasting and the Foundation for Excellence in Louisiana Public Broadcasting. Under the terms of this agreement, Friends of Louisiana Public Broadcasting transfers quarterly excess funds as calculated per the agreement, to be used to pay for certain approved expenses. For the fiscal year ended June 30, 2003, $1,257,777 was transferred to the Foundation (which includes a receivable of $190,247) under the terms of this agreement.

At June 30, 2003, $1,175,913 of the temporarily restricted net assets available for the purposes specified in these two agreements were spent and therefore released from restriction. The remaining $81,864 is temporarily restricted at June 30, 2003.

Note 13 - Designation of Fund Balance - General Fund -

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

Note 14 - Restricted Net Assets -

Restricted net assets at June 30, 2003 consist of the following:

	Governmental Activities	Component Unit
Capital Projects	$ 4,762,643	$ -
Friends of LPB Transfer Agreement	-	81,864
Future Local Production Projects	-	13,500
	$ 4,762,643	$ 95,364

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, 2003

Program	
Links	$ 22,687
GEE	181,580
Workforce Development	24,404
Board of Regents	8,100
Total Interagency Revenue	$ 236,771

See auditor's report.

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

HTB Hannis T. Bourgeois, LLP

Certified Public Accountants

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August 22, 2003

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, 2003, and have issued our report thereon dated August 22, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's 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.

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, is a matter of public record.

Respectfully submitted,

Hannis T. Bourgeois, LLP

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2003

Summary of Auditor's Results:

(1) As required by the office of Louisiana Legislative Auditor, the following is a summary of the results of our audit:

* Type of report issued on financial statements - unqualified.
* There were no material weaknesses in internal controls noted.
* There were no findings to be reported under Government Auditing Standards.
* The results of our audit procedures disclosed no material noncompliance.

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2003

No prior year audit findings.

ANNUAL FINANCIAL REPORT

662

Schedule Number

STATE OF LOUISIANA
Annual Fiscal Reports
Fiscal Year Ending June 30, 2003

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY

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

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, **Elizabeth "Beth" Courtney, Executive Director of Louisiana Educational Television Authority (LETA)** who duly sworn, deposes and says, that the financial reports herewith given present fairly financial information of **Louisiana Educational Television Authority** at **June 30, 2003** and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this **27th day of August, 2003.**

Beth Courtney
Signature of Agency Official

NOTARY PUBLIC

Prepared by: Joanne Gaudet
Title: Accountant Supervisor
Telephone No.: 225-767-4270
Date: August 27, 2003

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
STATE OF LOUISIANA
GENERAL OPERATING APPROPRIATION FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY COMPARISON
CURRENT YEAR APPROPRIATION (BUDGET - LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2003

Schedule No. 1
ISIS Agency No. 662

PROGRAMMATIC BUDGETING	GENERAL APPROPRIATION						
	Cash Basis I	Adjustment II	Accrual III	Agency Accrual Adj. IV	Total V	Revised Budget VI	Favorable (Unfavorable) VII
A REVENUES							
1 Appropriated by Legislature:							
2 State General Fund	$ 8,240,018.00	$ 0.00	$ 0.00	$	$ 8,240,018.00	$ 8,240,018	$ 0.00
5 State General Fund by fees and self generated revenues	560,792.60	0.00	27,903.89		588,696.49	590,000	1,303.51-
6 State General Fund by interagency receipts	128,254.60	0.00	132,436.67		260,691.27	777,296	516,604.73-
8 Other appropriated fund sources:							
Deficit Elimination	61,513.00				61,513.00	61,513	0.00
11 Total appropriated revenue	8,990,578.20	0.00	160,340.56		9,150,918.76	9,668,827	517,908.24-
B EXPENDITURES (List Programs) Appropriated expenditures:							
12 Administration/Support Srvs	731,735.35	0.00	13,401.87		745,137.22	746,532	1,394.78
13 Broadcasting	7,332,007.70	184.86	1,073,773.84		8,405,596.68	8,922,295	516,698.32
18 Total appropriated expenditures	8,063,743.05	184.86	1,087,175.71		9,150,733.90	9,668,827	518,093.10
19 Excess (deficiency) of appropriated revenues over appropriated expenditures	$ 926,835.15	$ 184.86	$ 926,835.15	$	$ 184.86	$	$ 184.86

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
STATE OF LOUISIANA
SCHEDULE OF APPROPRIATED REVENUE BY TYPE
GENERAL OPERATING APPROPRIATION FUNDS
FOR YEAR ENDED JUNE 30, 2003

Schedule No. 3
ISIS Agency No. 662

Appropriated Revenue Fund	ISIS Appr Number I	Revenue Source Code II	Classified Cash Receipts Through June 30, 2003 III	Unclassified Cash Receipts at June 30, 2003 IV	Total Cash Deposit with Treasury (III + IV) V	Accounts Receivable at June 30, 2003 VI	Agency Adjustment to Modified Accrual Only VII	Total Revenue VIII
Federal funds								
A Subtotal - Federal funds			0.00	0.00	0.00	0.00		0.00
State General Fund by fees and self generated revenues								
B-2	002	1835	560,792.60	0.00	560,792.60	27,903.89		588,696.49
B-3								
B-4								
B Subtotal - General Fund by fees and self generated			560,792.60	0.00	560,792.60	27,903.89		588,696.49
State General Fund by interagency receipts								
C-1	003	1835	102,750.00		102,750.00	125,436.67		228,186.67
C-2	003	1835				7,000.00		7,000.00
C 3	003	1930	25,504.60		25,504.60			25,504.60
C Subtotal - General Fund by interagency receipts			128,254.60		128,254.60	132,436.67		260,691.27
Auxiliary funds								
D-1								
D-2								
D-3								
D Subtotal - Auxiliary funds								
Other funds								
E-1								
E-2								
E-3								
E Subtotal - Other funds								
F Total appropriated revenue			$ 689,047.20	$ 0.00	$ 689,047.20	$ 160,342.56	$	$849,387.76

Schedule 3

(Agencies with cash basis programs only)

____
(Agency Name)
STATE OF LOUISIANA
SCHEDULE OF ADJUSTMENTS DUE TO CASH BASIS PROGRAMS
JUNE 30, 20____

Schedule No. __________
ISIS Agency No. __________

A. Appropriated Revenues/Fund Source and Type	ISIS Appropriation Number I	Total Revenue (Column VIII from Schedule 3) II	Cash Basis Program Accrual From 2001-2002 AFR III	Cash Basis Program Accrual For 2002-2003 IV	Adjusted Revenue For 2002-2003 V
1. Federal Funds	______	$______	$______	$______	$______
2. State funds by fees and self-generated revenue	______	______	______	______	______
3. State General Funds by interagency receipts	______	______	______	______	______
4. State funds by auxiliary	______	______	______	______	______
5. State funds by other	______	______	______	______	______
6. Total		$______	$______	$______	$______
B. Appropriated expenditure	**ISIS Appropriation Number**	**Total Expenditure Schedule I**	**Cash Basis Program Accrual From 2001-2002 AFR**	**Cash Basis Program Accrual for 2002-2003**	**Adjusted Expenditure For 2002-2003**
7. Program 1	______	$______	$______	$______	$______
8. Program 2	______	______	______	______	______
9. Program 3	______	______	______	______	______
10. Program 4	______	______	______	______	______
11. Program 5	______	______	______	______	______
12.	______	______	______	______	______
13.	______	______	______	______	______
14.	______	______	______	______	______
15.	______	______	______	______	______
16.	______	______	______	______	______
17. Total Expenditures		$______	$______	$______	$______

(Agency Name)
STATE OF LOUISIANA
SCHEDULE OF NON APPROPRIATED (MAJOR STATE REVENUE & INCOME NOT AVAILABLE)
FOR THE YEAR ENDED JUNE 30, 20____

Schedule No.________________
ISIS Agency No. ________________

	ISIS Appropriation Number and Title I	Revenue Organization Number II	Revenue Source Code III	Classified Cash Receipts through June 30, 20___ IV	Unclassified Cash Receipts at June 30, 20___ V	Total Cash on Deposit with Treasury (IV + V) VI	Accounts Receivable at June 30, 20___ VII	Agency Adjustment to Modified Accrual Only VIII	Total Revenue IX
	Income not available:								
A-1	________	________	________	$________	$________	$________	$________	$________	$________
A-2	________	________	________	________	________	________	________	________	________
A-3	________	________	________	________	________	________	________	________	________
A-4	________	________	________	________	________	________	________	________	________
A	Subtotal Income not available								
	Major State Revenue:								
B-1	________	________	________	________	________	________	________	________	________
B-2	________	________	________	________	________	________	________	________	________
B-3	________	________	________	________	________	________	________	________	________
B-4	________	________	________	________	________	________	________	________	________
B-5	________	________	________	________	________	________	________	________	________
B-6	________	________	________	________	________	________	________	________	________
B-7	________	________	________	________	________	________	________	________	________
B-8	________	________	________	________	________	________	________	________	________
B-9	________	________	________	________	________	________	________	________	________
B-10	________	________	________	________	________	________	________	________	________
B-11	________	________	________	________	________	________	________	________	________
B	Subtotal Major State Revenue								
	Other Non-Appropriated:								
C-1	________	________	________	________	________	________	________	________	________
C-2	________	________	________	________	________	________	________	________	________
C-3	________	________	________	________	________	________	________	________	________
C	Subtotal Other Non-Appropriated			________	________	________	________	________	________
D	Total Non Appropriated Fund Sources			$________	$________	$________	$________	$________	$________

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
STATE OF LOUISIANA
NON APPROPRIATED OTHER FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2003

Schedule No.6
ISIS Agency No. 662

				TOTAL
REVENUES (Full Accrual)				
Satellite Interest	$	$ 291,925	$	$ 291,925
Satellite Rental Income		507,000		507,000
Donated Support		8,969		8,969
Lottery		131,071		131,071
Total Revenues		938,965		938,965
EXPENSES (Full Accrual)				
Capital Outlay	$	$ 37,354	$	$ 37,354
Personal Services		16,409		16,409
Operating Services		4,007		4,007
Professional Services		17,680		17,680
Other		117		117
Total Expenses		75,567		75,567
Excess (deficiency) of revenues over expenses	- 25,047	863,398		838,351
Fund balances at beginning of year	- 79,497	5,795,586		5,716,089
Adjustments				
Fund balances at end of year	$ -104,544	$ 6,658,984	$	$ 6,554,440

SCHEDULE 6

STATE OF LOUISIANA

__________________________(agency)

ESCROW FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 20__

Unit Name:

Balance at beginning of year	$ ________
Revenues (additions July 1, 2002 through June 30, 2003):	
________	________
________	________
________	________
________	________
Expenditures (deductions July 1, 2002 through June 30, 2003):	
________	________
________	________
________	________
________	________
Balance as of June 30, 2003	________
Accruals	
Receivables:	
Amount classified in 2003 (July 1, 2003 through August 14, 2003)	________
*Amount classified in 2004 (July 1, 2003 through August 14, 2003)	________
**Amount not classified as of August 14, 2003 (GASB 34 full accrual)	________
Payables:	
Amount paid in 2003 (July 1, 2003 through August 14, 2003)	________
*Amount paid in 2004 (July 1, 2003 through August 14, 2003)	________
**Amount not paid as of August 14, 2003 (GASB 34 full accrual)	________
Fund balance at end of year	$ ________

*Should be accruals due to prior year activity but reflected in the 2004 fiscal year.

**Should be accruals due to prior year activity not yet reflected in the financial system.

Schedule 8

Department/Commission/District La. Educational Television Authority (LETA)

Budget Schedule No. 19-662

Preparer: Carson Everett

Phone Number: 767-4213

EIN Number: 72-0850372

(list all Employer Identification Numbers covered in this schedule)

Cash Basis
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2003

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

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other Identifying No.	Pass-through Entity's Number	Project Name	Award ID Number	Award Period	Cash Disbursements	Receipts/ Issues	Total
Direct Awards:						22-02-N00007				
U.S. Dept. of Commerce			11.550		Public Telecommunications Facilities Program (PTFP)		10/1/00 – 9/30/04	44,879		44,879
						Total		44,879		44,879

Federal Grantor = the federal agency that granted the federal award to you or a pass-through entity

Pass-Through Entity = the quasi-public agency, local government, other state government, public college or university in another state, et cetera, that provided your agency a federal award to carry out a federal program, if applicable

Program Name/Title and Cluster Name = the program title should come from the CFDA catalog; if not available, the title should be taken from the federal award document; the cluster name should come from these instructions if a program falls within a cluster, see p. 3 of instructions

CFDA or Other Identifying No. = this number should be presented on the federal award document; if a CFDA number is not available, an other identifying number must be provided along with the 2-digit federal agency prefix, i.e., federal award no., etc. (a list of 2-digit federal agency prefixes is attached)

Pass-Through Entity Number = identifying number assigned by the pass-through entity

Project Name = the name of the grant or project as identified in your accounting records; if the project name is the same as the program, enter SAME

Award ID = the grant, contract, etc., number that was assigned by the Federal grantor; this number is the number that you use when corresponding with your grantor

Award Period = the period during which the assistance is available to your agency

Cash Disbursements = the amount of indirect costs and actual cash disbursements made by you during the 12 months ended June 30, 2003, which have or will be funded with Federal funds

Issues = the dollar value of food stamps, federal commodities, or other nonmonetary assistance issued by you during the 12 months ended June 30, 2003

Total = the total amounts in the cash disbursements and issues columns

Receipts = the receipt of property or the receipt of surplus property

Schedule No. 10
ISIS Agency No. 662

LOUSIANA EDUCATIONAL TELEVISION AUTHORITY
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID BOARD (COMMISSION) MEMBERS, BY FUND
FOR THE YEAR ENDED JUNE 30, 2003

NAME	NUMBER	AMOUNT
William Arceneaux	8	$0.00
Jesse Bankston	4	0.00
Wayne Berry	8	0.00
Lucile Blum	4	0.00
Fr. James Carter	2	0.00
Bob Davidge	6	0.00
Barbara DeCuir	4	0.00
Mary Eaton	3	0.00
Frank France	4	0.00
Felicia Harry	9	0.00
Betty Lauricella	1	0.00
Jim Nickel	3	0.00
Jennifer Reilly	6	0.00
Deano Thornton	4	0.00
Sissie Villaume	2	0.00
James White	3	0.00
Clara Duhon	2	0.00
Sue Rainer	3	0.00
Clinton Raspberry	1	0.00
TOTAL		$ 0.00

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

Schedule No. 11
ISIS No. 662

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
STATE OF LOUISIANA
SCHEDULE OF CONSULTANT FEES FOR FEASIBILITY STUDIES AND OTHER SPECIAL REPORTS, BY FUND
FOR THE YEAR ENDED JUNE 30, 2003

Accounting and Auditing	$12,200
TOTAL	$ 12,200

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

Schedule No.13
ISIS Agency No.662

SCHEDULE OF INTERAGENCY RECEIPTS
FOR THE YEAR ENDED JUNE 30, 2003

I	II	III	IV	V	VI
Agency Number	Source	Classified June 30, 20	Unclassified June 30, 20	Accounts Receivable on a Modified Accrual Basis	Totals
178	Dept of Labor	$17,404.60	$	$	$17,404.60
671	Board of Regents	8,100.00			8,100.00
678	Dept of Education	90,790.00			90,790.00
678	Dept of Education	11,960.00			11,960.00
474	Office of Workforce Devel			7,000.00	7,000.00
678	Dept of Education			90,790.00	90,790.00
678	Dept of Education			11,960.00	11,960.00
678	Dept of Education			22,686.67	22,686.67
	Total	$128,254.60	$ 0.00	$132,436.67	$260,691.27

Schedule 13 is a recapitulation of the total Interagency Receipts reported as of August 14, 2003.

1. In column I, list the ISIS agency number, if applicable, of the source of revenue.
2. In column II, list the sources of the revenue (i.e. state agency, college, internal service fund, etc.)
3. In column III, enter the amount received from each source for June 30, 2003.
4. In column IV, enter the amount of unclassified cash for each source at June 30, 2003.
5. In column V, enter the amount of accounts receivable for each source received during the 45 day close.
6. In column VI, enter the total revenue received from each source.

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

Schedule Number________
ISIS Agency Number_______

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

Funding Source (list by name):	**Organization #**	**Object**	**2002-03 Full Accrual**	**2001-02 Full Accrual reversal**
Federal:			$	$
Self-Generated:				
Major State Revenue:				
Total GASB 34 accruals (gross)				
Less: Allowance for Uncollectibles (for all funding sources)				
Federal:				
Self-Generated:				
Major State Revenue:				
GASB 34 receivable adjustment net of uncollectibles			$	$
Amount Included above not expected to be collected in one year				
Federal:				
Self-Generated:				
Major State Revenue:				
Total amount included above not expected to be collected in one year			$	$

STATE OF LOUISIANA

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change.

	2003*	2002	Difference	Percentage Change
1) Revenues	$ 875,404.46	$ 743,965.12	$ 131,439.34	$ 17.7%
Expenses	9,176,750.60	8,070,016.12	1,106,734.48	13.7%

Explanation for change:
Revenue: Increase in IAT revenue of $181,580 due to one-time GEE project completed for the Dept of Ed.
Expenses: Increased amount paid to the New Orleans Teleplex by $500,000 over FY02.

2)	2003 Original Budget	2003 Final Budget	Difference	Percentage Change
Revenues	$ 9,668,827	$ 9,668,827	$ 0	$ 0
Expenditures	9,668,827	9,668,827	0	0

Explanation of change:

*Revenues-must equal the following:
- Total Revenue on Schedule 3 or Schedule 3-1
- \+ Full Current Year Accrual Revenues on Schedule 14
- \- Full Prior Year Accrual Revenues on Schedule 14
- \+ 2003 Payroll Revenue Accrual from Note R
- \- 2002 Payroll Revenue Accrual from Note R

Expenditures- must agree with total expenditures on Schedule 1 or Schedule 3-1, **plus** 2003 Payroll Accrual, **less** 2002 Payroll Accrual.

STATE OF LOUISIANA
LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
NOTES TO THE FINANCIAL REPORTS
FOR THE YEAR ENDED JUNE 30, 2003

INTRODUCTION

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

1. FUND ACCOUNTING

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

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

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

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

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

2. BASIS OF ACCOUNTING

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

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

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

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

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

B. IMPREST FUNDS

The agency maintains a permanent Travel and Petty Cash Imprest Fund in the amount of **$3,500.00** as authorized by the Commissioner of Administration and advanced by the State Treasurer's Office in accordance with Title 39. The funds are permanently established and periodically replenished from agency operating funds when expenditure vouchers are presented. At June 30, 2003, the petty cash consists of: Cash in Bank Accounts **$1,050.89**; Petty Cash on hand **$0.00**; and Other Receivables **$2,449.11**.

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

CASH IN STATE TREASURY

The **LETA** agency had deposits in the State Treasury totaling **$926,835.15** at June 30, 2003. These amounts consist of the following:

$926,835.15	Cash in Agency Means of Financing
$________	Cash in Agency Operating
$________	Cash in Agency Escrow Accounts
$________	Other (identify)

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

CASH NOT IN STATE TREASURY

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

	Cash	Certificates of Deposit	Other (Describe)	Total
Balance per agency books	$	$	$	$
Bank balances:				
1. Insured or collateralized with securities held by the entity or its agency in the entity's name				
2. Collateralized with securities held by the pledging institution's trust department or agent in the entity's name				
3. Uncollateralized, including any securities held for the entity but not in entity's name				
Total bank balances	$	$	$	$

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

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

Were uncollateralized securities fitting the description in (3) above during the year significantly greater than at June 30, ___? If yes, attach a statement listing the amount(s) and a reason for this occurrence.

2. INVESTMENTS

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

Investments can be classified according to the level of risk to the entity. Using the following categories, list each type of investment disclosing the carrying amount, market value, and applicable category of risk.

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name

Category 3 - Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name

NOTE: If, during the year, the amount of Category 3 securities were greater than at ______________ (end of fiscal year) attach a statement to that effect and briefly state the cause(s).

Type of Investments	Category of Risk 1	2	3	Reported Amount	Fair Value
Repurchase agreements	$	$	$	$	$
U.S. Government securities					
Common & preferred stock					
Commercial paper					
Corporate bonds					
Other: (identify)					
Total categorized investments	$	$	$	$	$
Certain types of investments cannot be categorized: (list separately)					
Total Investments				$	$

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

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

b. Securities underlying reverse repurchase agreements ______

c. Unrealized investment losses ______

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

e. Investment types owned during the year but not owned as of June 30 ______

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

g. Amounts recovered from prior-period losses ______

Legal or Contractual Provisions for Reverse Repurchase Agreements

h. Source of legal or contractual authorization for use of reverse repurchase agreements ______________________

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

Reverse Repurchase Agreements as of June 30

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

k. Commitments on June 30, ____, to repurchase securities under yield maintenance agreements ______________________

l. Market value on June 30, ____, of the securities to be repurchased ______________________

m. Description of the terms of the agreements to repurchase ______________________

n. *Losses recognized during the year due to default by counterparties to reverse* repurchase agreements ______________________

o. Amounts recovered from prior-period losses ______________________

Fair Value Disclosures

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

q. Basis for determining which investments, if any, are reported at amortized cost ____

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

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

t. Any involuntary participation in an external investment pool ______________________

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

v. Any income from investments associated with one fund that is assigned to another fund ______________________

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

List, individually, those items of movable property with a value of $5,000 or above (attach additional sheets as needed) and those buildings with a value of $100,000 or above that are under capital leases (See definition on page 12). We no longer need a complete list of General Fixed Assets. The total must agree with the historical cost reflected in Column 1 of Note M(2) Schedule A.

Description of Item	Movable Property Tag No.	Date Acquired	Historical Cost of each Item
Satellite		**3/24/1994**	**$4,796,046**
Satellite Extension		**3/2001**	**$2,910,081**

E. INVENTORY OF MATERIALS AND SUPPLIES

In general, inventories are recorded as an expenditure when purchased. The cost value of inventory, determined under (perpetual or periodic) inventory system using the (FIFO, LIFO, etc.) valuation method, at June 30, 2003, is **$________________. NOTE: Do not count postage as inventory, include in prepayments, if material.**

F. SEEDS

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

The breakdown of advances by unit are as follows:

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

G. DEFERRED REVENUE

Deferred Revenue represents revenue (generally federal) that was received during fiscal year 2003 and not yet earned. Certain federal grants may fit this description. The deferred revenue amount(s) is/are **$434,000** (federal), $0 (self-generated), and/or $0 (IAT).

H. OPERATING AND CAPITAL GRANTS FOR GASB 34 PRESENTATION

For OSRAP to complete the GASB 34 presentation, provide the following: the total operating grants and contributions were **$23,920**, and the total capital grants and contributions were **$44,879.**

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

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

I. JUDGEMENTS, CLAIMS AND SIMILAR CONTINGENCIES

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

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

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

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

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

5.____	____	____	____	____
6.____	____	____	____	____

* Remote, reasonably possible, probable, or unknown

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

J. LEAVE

1. ANNUAL AND SICK LEAVE

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement. The liability for unused annual leave payable at June 30, **2003**, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.105, is estimated to be **$395,996.10**.

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

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

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, **2003** computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be **$19,711.26.**

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

LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the **LETA** agency to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the agency's employees become eligible for those benefits if they reach normal retirement age while working for the agency. Monthly premiums are paid jointly by the employees and the employer (from the agency appropriation) for both retirees' and active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMOs authorized by Group Benefits. The agency recognizes the cost of providing benefits as an expenditure when paid during the year. For the year ended June 30, **2003,** the costs of retirees' benefits totaled **$111,003.08**, while the number of retirees is **33**. (As defined by the GASB Statement 12, dependents of a retiree should be counted as a single unit if the retiree is deceased and should not be counted if the retiree is alive.) The cost of retirees' benefits is net of participant's contribution.

L. ENCUMBRANCES

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

Examples:
Wetlands Fund
Lottery Proceeds Fund

M. LEASE AND RENTAL COMMITMENTS

Lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period. Total operating lease expenditures for fiscal year **2002 -2003** amounted to **$55,366.72.**

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

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

Nature of lease	FY2004	FY2005	FY2006	FY2007	FY2008	FY 2009-2013
a. Office space	$	$	$	$	$	$
b. Equipment						
c. Land	49,050	50,050	51,050	51,050	51,000	111,250
d. Other						
Total	$ 49,050	$ 50,050	$ 51,050	$ 51,050	$ 51,000	$ 111,250

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

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

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

Schedule A should be used to report all capital leases (including new leases, in effect as of 6/30/03. In schedule B, report only those new leases entered into during fiscal year 2002-2003. Note: LEAF leases should not be shown in Schedule.

SCHEDULE A – CAPITAL LEASES EXCEPT LEAF LEASES (REVISED)

Nature of lease	Gross Amount of Leased Asset (Historical Cost)	Remaining Interest and executory costs to end of lease	Remaining principal to end of lease	Fund that pays lease
a. Office space	$	$	$	
b. Equipment	7,706,127	325,898	3,543,346	General
c. Land				
Total	$7,706,127	$ 325,898	$ 3,543,346	

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2003:

	Total
2004	$ 649,178
2005	960,000
2006	960,000
2007	960,000
2008	340,066
2009-2013	
2014-2018	
2019-2023	
Total minimum lease payments	3,869,244
Less amounts representing executory costs	( )
Net minimum lease payments	
Less amounts representing interest	(325,898)
Present value of net minimum lease payments	$ 3,543,346

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

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

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

	Total
2004	$
2005	
2006	
2007	
2008	
2009-2013	
2014-2018	
2019-2023	
Total minimum lease payments	
Less amounts representing executory costs	( )
Net minimum lease payments	
Less amounts representing interest	( )
Present value of net minimum lease payments	$

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3. REVENUE LEASES

LESSOR DIRECT FINANCING LEASES

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

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

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

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

Minimum lease payments do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if for example the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2003 were $ ________ for office space, $ ________ for equipment, and $ ________ for land.

The agency received lease revenues for ________________ . Total revenues for fiscal year 20__ - 20__ totaled $____________. The following is a schedule by years of minimum lease receivable for the five succeeding fiscal years as of June 30, 2003:

	Minimum Lease Receivables
2004	$ ____________
2005	____________
2006	____________
2007	____________
2008	____________
2009-2013	____________
2014-2018	____________
2019-2023	____________
Total	$ ____________

4. LESSOR - Operating Lease

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

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

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

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

Nature of lease	FY2004	FY2005	FY2006	FY2007	FY2008	2009-2013
a. Office space	$	$	$	$	$	$
b. Equipment						
c. Land						
d. Other						
Total minimum future rentals	$	$	$	$	$	$

Contingent rentals received from operating leases for fiscal year 2003 were $ ________ for office space, $ ________ for equipment, and $ ________ for land.

N. RELATED PARTY TRANSACTIONS

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

During the current and prior years, monies were received from various universities who are leasing unused transponder space on the satellite owned by LETA and deposited into the Foundation for Excellence in Louisiana Public Broadcasting. This amount is included in the due from component unit amount. At June 30, 2003, the net amount owed by the Foundation for these rentals is $6,576,861, which includes $1,386,600 of estimated interest earnings.

During the current and prior year, $432,422 of these funds were spent on digital conversion expenses and accordingly this cumulative amount has been applied to the due from the component unit balance at June 30, 2003.

In the current year, the Foundation received $434,000 toward payment for a tower lease for LETA in a subsequent year. This amount is also included in the Due to LETA balance at June 30, 2003.

In addition, during the current and prior year, the Foundation entered into a contract with the Louisiana Lottery Corporation to provide production and nightly distribution services for the various lottery games. All equipment used in providing these services was purchased by the Foundation on behalf of LETA and were recorded on LETA's fixed asset listing in the prior years. Accordingly, the cumulative net of revenue earned less expenses included for the services amounted to $506,985 and is considered owed to LETA and is included in the Due from Component Unit amount at June 30, 2003.

O. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

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

1. Reporting:
   a. Employer Entity:

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

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

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

b. Paying Entity:

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

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

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

Contributor	Pension Plan

P. PASS-THROUGH GRANTS

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

The government entity monitors secondary recipients for compliance with program requirements.
The governmental entity determines secondary recipients eligibility even if the grantor's eligibility criteria are used.
The governmental entity is able to determine how grant funds are to be allocated.
The governmental entity has direct financial involvement in administration of the grant, such as financing part of the program costs for matching purposes or being liable for disallowed costs. This does not apply to incidental administrative costs.

Grant Name	Federal Identification Number	Amount
		$

Q. IN-KIND CONTRIBUTIONS

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

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

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

R. PAYROLL AND RELATED BENEFITS ACCRUAL

Agencies will be required to reflect the 2002-2003 accrued personal services cost for this fiscal year on the accompanying financial reports. The following schedule will aid you in doing so. As most agency units pay their employees biweekly this would require a fiscal year 2001-02 accrual calculation based on five (5) days and the fiscal year 2002-03 calculation will be based on six (6) days. Agencies must also determine the federal match on this accrual calculation. Agencies must submit the payroll accrual by program.

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		FY 2001-02	FY 2002-03
1.	07/12/02 Payroll (gross & related)	$141,936.78	
2.	07/11/03 Payroll (gross & related)		$161,641.83
		X 50.0%	X 60.0%
2a.	Payroll accrual	70,968.39	96,985.09
2b.	Add voids and supplementals (off cycle) paid in the 45 day close with prior year appropriations.		
3.	Total payroll accruals	$70,968.39	$96,985.09
4.	Estimated federal receivable attributed to the accrual shown above	$ 0	$ 0

Total Agency Expenditures

5.	Total programs from Schedule 1(or 3-1 if applicable) (Schedule 1, col. V, line 18 or Schedule 3-1, col. V, line 16)	9,150,733.90
6.	Less: 2001-02 accrual from line 3, column 1 above	70,968.39
7.	Plus: 2002-03 accrual from line 3, column 2 above	96,985.09
8.	This should be the total for *all* programs	$ 9,176,750.60

Total Federal Revenue

9.	Federal Funds from Schedule 3, column VIII, line A or Schedule 3-1, column V, line 1 (Federal)	
10.	Less: 2001-02 accrual from line 4, column 1 above	
11.	Plus: 2002-03 accrual from line 4, column 2 above	
12.	Less: Deferred Revenues on Note G (Federal)	
13.	Total Federal Funds for all programs.	$ 0

Accrual by Programs:	Payroll	Federal Receivable
Program 1 Administrative Support	$12,296.16	$
Program 2 Broadcasting	84,688.93	
Program 3		
Program 4		
Program 5		
Total	$ 96,985.09	$

S. PER DIEM PAID BOARD (COMMISSION) MEMBERS

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

T. CONSULTANT FEES FOR FEASIBILITY STUDIES AND OTHER SPECIAL REPORTS

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

U. COOPERATIVE ENDEAVORS

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state. The liability outstanding as of June 30, 2003, by funding source, is as follows:

Funding Source	Balance June 30, 2003
State General Fund	$
Self-generated revenue	
Statutorily dedicated revenue	
General obligation bonds	
Federal funds	
Interagency transfers	
Other funds/combination	

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

NOTE: Amounts in excess of contract limits cannot be used to reduce the outstanding contract balance at June 30, 2003. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2002. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

V. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2002-03:

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

W. SUBSEQUENT EVENTS (Describe)

X. GASB 34 ACCRUALS moved to Schedule 14

Y. PREPAID EXPENSES

Certain items are commonly paid for in advance. Examples are insurance premiums and rent. If your prepayments, along with your other adjustments, exceed the materiality levels as discussed on page 2 of the cover letter, you should disclose this amount below. The amount of prepaid expenses, including postage, for this agency at June 30, 2003 is $__________________.

Z. ACCOUNTS PAYABLE

The total amount of open accounts payable should agree with Schedule 1, line 18 of column III plus column IV, less any system payroll voids and supplementals (off-cycle) paid in the 13th period. Accounts payable for this agency at June 30, 2003 is **$1,087,175.71**.

AA. INFRASTRUCTURE

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

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

Description of Infrastructure	Cost
	$

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

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

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

Description of Land or Improvement	Cost
	$

Information for Note C "Deposits with Financial Institutions and Investments"

Purpose:

Note C provides the required disclosures about the governmental entities' deposits with financial institutions and investments. The disclosures required for deposits and investments as of June 30, 2003 provides information about the credit risk and market risk of the deposits and investments and are designed to provide users of the financial statements information about the potential for losses associated with the deposits and investments.

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

Generally, this section of the GASB 3 disclosure refers to the various examples of "Deposits With Financial Institutions" (See A. for examples). They include deposit accounts in banks, savings and loan associations, and credit unions. They can be demand, savings, or time accounts, including negotiable order of withdrawal (NOW) accounts and non-negotiable CD's.

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

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

II. "Investments" section of Note C:

Investments for GASB 3 requirements are either "categorized as to level of credit risk" or "not categorized", and are generally classified by whether they fit the definition of securities or not (see the definition of securities in section IV.C.).

A. Types of investments that can be categorized as to level of risk & definitions/ examples: (In general, investments that fit the definition of securities are categorized in categories of risk.)
   1. Repurchase Agreements – An agreement in which a governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
   2. U.S. Government Obligations – examples include treasury bills, treasury notes and treasury strips; obligations of certain U.S. Government Agencies such as FNMA, FHLB, or SLMA.
   3. Common & Preferred Stock – a security that represents an ownership interest in an entity.
   4. Commercial Paper – An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. Almost all commercial paper is rated as to credit risk by rating services.
   5. Corporate Bonds

6. Other – It is not appropriate to present material amounts of investments as "Other", unless the narrative of the note disclosure describes the composition of the "Other" category.
   a. Closed-end Mutual Fund – The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. A closed-end mutual fund has a constant number of shares, the value depends on the market supply and demand for the shares rather than directly on the value of the portfolio, the fund does issue certificates, and the securities are traded on a stock exchange.

B. Types of investments that cannot be categorized as to level of risk: (In general, investments that are not securities are not classified in categories of credit risk)
   1. Reverse Repurchase Agreements - An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller- borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
   2. Open-end Mutual Funds – The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. In contrast to a closed-end mutual fund, the open-end mutual fund creates new shares to meet investor demand, the value depends directly on the value of the portfolio, the fund does not issue certificates but sends out periodic statements showing account activity. These investments are not evidenced by securities that exist in physical or book entry form.
   3. Investments in pools managed by another government – GASB 3 does not require the investment to be categorized as to level of risk, but it does not prohibit it either. Generally, these investments would not be categorized because they are not evidenced by securities that exist in physical or book entry form.
   4. Private placements, such as venture capital and limited partnerships
   5. Investments in real estate, annuity contracts, and direct investments in mortgages

III. *Categories of Credit Risk for Deposits and Investments:*

Deposits and investments are subject to several types of risks, mainly credit risk and market risk.

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

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

Credit risk categories – concerned with custodial credit risk, which is the risk that a government will not be able (1) to recover deposits if the depository financial institution fails or (2) to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

A. Deposits are classified into three categories depending on whether they are insured or collateralized, and who holds the collateral and how the collateral is held.

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

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

   Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name.

   Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name.

   Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities are held by the financial institution's trust department or agent and they are not in the entity's name.

B. Investments are classified into three categories depending on whether they are insured or registered, and who holds the securities and how they are held.

<u>Category 1</u> – Investments that are insured (SIPC) or registered in the entity's name, or securities held by the entity or agent in the entity's name.

<u>Category 2</u> – Investments that are not insured or registered, and the securities are held by the counterparty's trust department or agent in the entity's name.

<u>Category 3</u> – Investments that are not insured or registered, and the securities are held by the counterparty or it's trust department or agent not in the entity's name.

C. Securities as applied to the credit risk categories :

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

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

2. Instruments or investments that are <u>not</u> securities include: (These instruments or investments would therefore not be categorized as to credit risk for GASB 3 disclosure requirements)
   a. investments made directly with another party (such as limited partnerships)
   b. real estate
   c. direct investments in mortgages and other loans
   d. investments in open-ended mutual funds (keyword here is open-ended)
   e. pools managed by other governments
   f. annuity contracts
   g. guaranteed investment contracts

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LOUISIANA EDUCATIONAL TELEVISION AUTHORITY

MANAGEMENT LETTER

JUNE 30, 2003

BATON ROUGE, LOUISIANA

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August 22, 2003

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 for the year ended June 30, 2003, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, during our audit we became aware of certain matters, which are opportunities to strengthen internal controls as discussed below. This letter does not affect our report dated August 22, 2003 on the financial statements of the Authority.

Prior Year Finding:

Capital Lease Payments

Finding 02-1:

During our testing of prior year expenses, it was noted that a late fee of $3,606 was paid. The late fee was due to a delinquent payment made on the capital lease for the satellite.

Recommendation:

We recommend that in the future more care be exercised so that timely payments are made which would result in no further late fees being assessed.

Corrective Action Taken:

In the current year, the payments on the capital lease were made timely which resulted in no further late fees being assessed. The Authority is currently monitoring these payments so that they are made timely and no further late fees are paid.

Current Year Finding:

None.

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 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, is a matter of public record.

Respectfully submitted,

Hannis T. Bourgeois, LLP