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**KDAQ-FM, KLSA-FM, KBSA-FM, AND  
KLDN-FM RADIO STATIONS  
LOUISIANA STATE UNIVERSITY IN SHREVEPORT  
STATE OF LOUISIANA  
JUNE 30, 2008**

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

Release Date 1/28/09

KDAQ-FM, KLSA-FM, KBSA-FM, AND  
KLDN-FM RADIO STATIONS  
LOUISIANA STATE UNIVERSITY IN SHREVEPORT  
STATE OF LOUISIANA  
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**RED RIVER RADIO NETWORK**  
**JUNE 30, 2008**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Red River Radio Network's (the Network) financial performance provides an overview of the Network's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Network's financial statements.

**Financial Highlights**

The Network's net assets increased by \$107,071 or 57% during the year ended June 30, 2008. Most of the increase is attributed to the conversion of the stations to High Definition (HD) broadcasting.

**Using the Annual Report**

This annual report consists of Management's Discussion and Analysis, the basic financial statements, and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Network's financial performance and activities for the year ended June 30, 2008. The basic financial statements provide readers with a broad view of the Network's finances, in a manner similar to a private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

- The Statement of Financial Position presents information on all of the Network's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Network is improving or deteriorating.
- The Statement of Activities presents information showing how the Network's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
- The Statement of Cash Flows presents information on how the Network's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

**Financial Analysis of the Network as a Whole**

A summary of net assets is presented below:

**Table 1**  
**Net Assets**

	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Current and other assets	(56,482)	89,529	(163)
Capital assets, net of depreciation	<u>400,901</u>	<u>201,242</u>	<u>99</u>
Total assets	344,419	290,771	18

	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Current liabilities	438	49,667	(99)
Noncurrent liabilities	<u>48,886</u>	<u>53,080</u>	<u>(8)</u>
Total liabilities	49,324	102,747	(52)
Invested in capital assets	315,925	201,242	57
Unrestricted net assets	<u>(20,830)</u>	<u>(13,218)</u>	<u>58</u>
Total net assets	<u>295,095</u>	<u>188,024</u>	<u>57</u>

Invested in capital assets represent the Network's long-term investment in capital assets, net of accumulated depreciation, and not available for current operations.

A summary of changes in net assets is presented below:

**Table 2**  
**Changes in Net Assets**

	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Operating revenues (memberships, underwriting, lease agreements, noncapital grants)	<u>725,848</u>	<u>972,452</u>	<u>(25)</u>
Total revenues	725,848	972,452	(25)
Operating expenses			
Depreciation	88,230	40,248	100
Other	<u>1,019,678</u>	<u>1,024,781</u>	<u>-</u>
Total expenses	1,107,908	1,065,029	4
Capital contributions	<u>489,131</u>	<u>241,490</u>	<u>100</u>
Change in net assets	<u>107,071</u>	<u>148,913</u>	<u>28</u>

### Capital Assets

For the year ending June 30, 2008, the Network received funding from the Corporation for Public Broadcasting and from private foundations to convert its broadcasting equipment into high definition (HD) broadcasting. The Network invested \$287,889 in the project, less accumulated depreciation of \$88,230 resulting in a net of \$400,901 as shown in the Statement of Financial Position.

### Noncurrent Liabilities

The Network's noncurrent liabilities consist of accrued compensated absences for annual and sick leave payable. These liabilities decreased by \$4,194 during the fiscal year, from \$53,080 at the beginning of the year to \$48,886 at the end of the year.

### **Other Currently Known Facts, Decisions, or Conditions**

Over the course of the next year, the Network will finish the digital infrastructure improvements that were started during the past year. This will include the completion of the digital conversion for KLDN, the last station to receive this transmitter upgrade and the stabilization of our multicasting signals (also part of the HD system). The Network will start its capital campaign for the next stage of infrastructure improvement, which is the replacement of aging studio equipment and the ultimate construction of new studio facilities. This is expected to be a 2 year project.

### **Contacting the Network's Financial Management**

This financial report is designed to provide a general overview of the Network's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Red River Radio Network of Louisiana State University in Shreveport, One University Place, Shreveport, Louisiana 71115.

AUDITED FINANCIAL STATEMENTS

**HEARD  
McELROY  
& VESTAL**  
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CERTIFIED PUBLIC ACCOUNTANTS

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December 8, 2008

Louisiana State University in Shreveport  
State of Louisiana  
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying statement of financial position, statement of activities, and statement of cash flows of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport, public telecommunications entities operated by Louisiana State University in Shreveport, as of and for the year ended June 30, 2008 (with summarized total for 2007). These financial statements are the responsibility of management of the radio stations. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport, are intended to present the financial position, changes in net assets, and cash flows on only that portion of the funds of Louisiana State University in Shreveport that is attributable to the transactions of the radio stations.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport, at June 30, 2008, and the changes in net assets and the cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on Pages i-iii is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2008, on our consideration of the Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Heard, McElroy & Vestal, LLP*

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**KDAQ-FM, KLSA-FM, KBSA-FM, AND KLDN-FM RADIO STATIONS**

A Public Telecommunications Entity Operated by

Louisiana State University in Shreveport

Statement of Financial Position

June 30, 2008

(With Comparative Totals for 2007)

Statement A

<u>ASSETS</u>	<u>2008</u> <u>Operating Funds</u>			<u>2007</u> <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily</u> <u>Restricted</u>	<u>Total</u>	
<u>Current assets:</u>				
Cash and cash equivalents	-	-	-	89,529
Accounts receivable	-	<u>21,250</u>	<u>21,250</u>	<u>-</u>
Total current assets	-	21,250	21,250	89,529
<u>Property and equipment:</u>				
Equipment (net of accumulated depreciation)	<u>84,976</u>	<u>315,925</u>	<u>400,901</u>	<u>201,242</u>
Total assets	<u>84,976</u>	<u>337,175</u>	<u>422,151</u>	<u>290,771</u>
 <u>LIABILITIES AND NET ASSETS</u>				
<u>Current liabilities:</u>				
Cash overdraft	56,920	20,812	77,732	-
Refundable grant advances	-	<u>438</u>	<u>438</u>	<u>49,667</u>
Total current liabilities	56,920	21,250	78,170	49,667
<u>Long-term liabilities:</u>				
Accrued sick and annual leave payable	<u>48,886</u>	-	<u>48,886</u>	<u>53,080</u>
Total liabilities	105,806	21,250	127,056	102,747
<u>Net assets:</u>				
Unrestricted (deficit)	(20,830)	-	(20,830)	(13,218)
Restricted	-	<u>315,925</u>	<u>315,925</u>	<u>201,242</u>
Total net assets (deficit)	<u>(20,830)</u>	<u>315,925</u>	<u>295,095</u>	<u>188,024</u>
Total liabilities and net assets	<u>84,976</u>	<u>337,175</u>	<u>422,151</u>	<u>290,771</u>

The accompanying notes are an integral part of this statement.

**KDAQ-FM, KLSA-FM, KBSA-FM, AND KLDN-FM RADIO STATIONS**

A Public Telecommunications Entity Operated by

Louisiana State University in Shreveport

Statement of Activities

For the Year Ended June 30, 2008

(With Comparative Totals for 2007)

Statement B

	2008			
	<u>Operating Funds</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	2007 <u>Total</u>
<u>Revenues, gains and other support:</u>				
Contributions	507,204	-	507,204	491,688
Underwriting	177,218	-	177,218	157,541
Corporation for Public Broadcasting				
Community service grant-general	-	105,103	105,103	103,342
National program production and acquisition grant	-	40,553	40,553	39,891
Internet grant	-	-	-	5,394
Hurricane emergency grant	-	-	-	5,016
Rural bonus grant	-	-	-	33,653
RLAIF grant	-	32,500	32,500	-
HD grants	-	185,545	185,545	114,683
Louisiana Public Broadcasting grant	-	14,285	14,285	14,285
Department of Culture Recreation & Tourism grant	-	49,563	49,563	75,000
Community Foundation grant	-	21,998	21,998	87,550
Other private foundations grants	70,000	5,000	75,000	80,000
Lease agreements	<u>6,010</u>	<u>-</u>	<u>6,010</u>	<u>5,899</u>
Total revenues, gains and other support	760,432	454,547	1,214,979	1,213,942
<u>Net assets released from restriction</u>	268,629	(268,629)	-	-
<u>Expenses:</u>				
Program services-				
Programming and production	165,825	-	165,825	112,736
Broadcasting	359,330	-	359,330	433,818
Program information and promotion	<u>18,772</u>	<u>-</u>	<u>18,772</u>	<u>16,435</u>
Total program expenses	543,927	-	543,927	562,989
Supporting services-				
Management and general	320,278	-	320,278	348,871
Fund raising and membership development	111,504	-	111,504	74,815
Underwriting and grant solicitation	<u>43,969</u>	<u>-</u>	<u>43,969</u>	<u>38,106</u>
Total supporting expenses	<u>475,751</u>	<u>-</u>	<u>475,751</u>	<u>461,792</u>
Total expenses	<u>1,019,678</u>	<u>-</u>	<u>1,019,678</u>	<u>1,024,781</u>

The accompanying notes are an integral part of this statement.

**KDAQ-FM, KLSA-FM, KBSA-FM, AND KLDN-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated by  
Louisiana State University in Shreveport  
Statement of Activities  
For the Year Ended June 30, 2008  
(With Comparative Totals for 2007)

Statement B

	2008 Operating Funds			2007 <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
<u>Change in net assets before capital additions</u>	9,383	185,918	195,301	189,161
<u>Capital additions</u>	(16,995)	(71,235)	(88,230)	(40,248)
<u>Change in net assets after capital additions</u>	(7,612)	114,683	107,071	148,913
<u>Net assets (deficit) beginning of year</u>	(13,218)	201,242	188,024	39,111
<u>Net assets (deficit) end of year</u>	(20,830)	315,925	295,095	188,024

The accompanying notes are an integral part of this statement.

**KDAQ-FM, KLSA-FM, KBSA-FM, AND KLDN-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated by  
Louisiana State University in Shreveport  
Statement of Cash Flows  
For the Year Ended June 30, 2008  
(With Comparative Totals for 2007)

Statement C

	2008 Operating Funds			2007 <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
<u>Cash flows from operating activities:</u>				
Change in net assets	(7,612)	114,683	107,071	148,913
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation expense	16,995	71,235	88,230	40,248
(Increase) in accounts receivable	-	(21,250)	(21,250)	-
Increase (decrease) in accrued sick and annual leave payable	(4,194)	-	(4,194)	20,351
(Decrease) in deferred revenue- unexpended grants	<u>-</u>	<u>(49,229)</u>	<u>(49,229)</u>	<u>(33,743)</u>
Net cash provided by operating activities	5,189	115,439	120,628	175,769
<u>Cash flows from investing activities:</u>				
Purchase of property and equipment	(101,971)	(185,918)	(287,889)	(241,490)
<u>Cash flows from financing activities:</u>				
Overdraft in cash	<u>56,920</u>	<u>20,812</u>	<u>77,732</u>	<u>-</u>
<u>Net (decrease) in cash and cash equivalents</u>	(39,862)	(49,667)	(89,529)	(65,721)
<u>Cash and cash equivalents at beginning of year</u>	<u>39,862</u>	<u>49,667</u>	<u>89,529</u>	<u>155,250</u>
<u>Cash and cash equivalents at end of year</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,529</u>

The accompanying notes are an integral part of this statement.

**KDAQ-FM, KLSA-FM, KBSA-FM, AND KLDN-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated By  
Louisiana State University in Shreveport

Notes to the Financial Statements  
June 30, 2008

**1. Summary of Significant Accounting Policies**

The accompanying financial statements have been prepared on the accrual basis. The significant accounting policies that follow are provided to enhance the usefulness of the financial statements to the reader.

**A. Organization**

Louisiana State University in Shreveport is a publicly supported institution of higher education. The University is a political subdivision of the State of Louisiana, and is under the management and supervision of a body corporate known as the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. The Board of Supervisors (the Board) is the governing body over all campuses under the organizational structure of the Louisiana State University (LSU) System. All members of the Board of Supervisors are appointed by the Governor. The Board of Supervisors is the legal holder of the licenses of all the stations in this network.

On September 14, 1981, the Board of Supervisors (the Board), approved establishment of a public radio station (network) to be housed at, and operated by, Louisiana State University in Shreveport (LSU-S). On October 29, 1982, the Federal Communication Commission (FCC) assigned it the call letters KDAQ-FM. The Corporation for Public Broadcasting (CPB) was contacted in an effort to gain an understanding of the requirements to becoming a CPB "supported" station. In 1985, the radio station attained this status.

In 1985, a second station was established on the Louisiana State University at Alexandria campus (LSU-A). This station was established to be operated by LSU-S as a simulcast of KDAQ-FM. On May 17, 1985, the FCC assigned it the call letters KLSA-FM.

In 1987, a third station was established in El Dorado, Arkansas, to be operated by LSU-S as a simulcast of KDAQ-FM. On June 4, 1987, the FCC assigned it the call letters KBSA-FM.

In 1991, a fourth station was established in Lufkin, Texas, to be operated by LSU-S, as a simulcast of KDAQ-FM. On December 7, 1989, the FCC assigned it the call letters KLDN-FM.

In 1996, a translator was established in Grambling, Louisiana, to be operated by LSU-S as a simulcast of KDAQ-FM. The translator numbers K214CE were assigned by the FCC on March 10, 1996.

## **1. Summary of Significant Accounting Policies (Continued)**

KDAQ-FM, KLSA-FM, KBSA-FM and KLDN-FM Radio Stations (aka Red River Public Radio Network) are departmental budget units of LSU-S and are reported in the University's Annual Financial Statements in the same respect as a "public service department." The total departmental expenditures are reported in Analysis Schedule C-2A and C-2B of LSU-S's financial statements for the network.

### **B. Fund Accounting**

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

The assets, liabilities, and net assets of the station are reported in two self-balancing operating funds, which include unrestricted and restricted resources. These funds represent resources available for support of the network operations.

### **C. Expendable Restricted Resources**

Operating funds restricted by the grantor for particular operating purposes are deemed to be earned and reported as revenues when the network has incurred expenses in compliance with the specific restrictions. Such amounts received but not yet expended are reported on the Statement of Financial Position as restricted refundable grant advances because they are conditional based on their use for the purposes of the grant.

### **D. Contributions and Pledges**

Contributions and pledges are recorded as revenue in the Statement of Activities when received. For the year ended June 30, 2008, general contributions amounted to \$507,204.

While the main source of monetary support for the Network comes from listener contributions, the entity also receives grant monies from the Corporation for Public Broadcasting "CPB" and Louisiana Public Broadcasting "LPB." These funds continue to play an integral role in the operational aspects of the Network. For the year ended June 30, 2008, monies received from CPB and LPB grants amounted to \$363,701 and \$14,285, respectively. The CPB is fully funded through an annual federal appropriation, which is subject to the annual budgetary approval process. The LPB is funded through several sources, including an annual state appropriation, underwriting sources, and CPB allocations.

### **E. Statement of Cash Flows**

Cash flows are presented using the indirect method. Cash equivalents include demand deposits and bank certificates of deposit.

## **1. Summary of Significant Accounting Policies (Continued)**

### **F. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

### **G. Contributed Facilities**

The network occupies without charge certain premises located in and owned by the state.

Donated facilities from LSU-S consist of office and studio space together with related occupancy costs and are recorded as indirect administrative support from LSU-S. The total for indirect administrative support for fiscal year 2007-2008 is \$272,786. Computation for the above is reflected in Schedule B of the Corporation for Public Broadcasting Annual Financial Report. Due to the fact that the network is a departmental unit of LSU-S, the corresponding income and expense related to the contributed facilities is not reported on the face of the financial statement.

### **H. Income Taxes**

The network is exempt from federal income tax, except on activities unrelated to its exempt purpose, under Internal Revenue Code Section 501(c)(3). There was no required provision for income taxes for fiscal year 2008.

### **I. Property and Equipment**

Property and equipment are recorded at cost, or in the case of donated property, at their estimated fair value at the date of receipt. Depreciation is recognized by the University using the straight-line method over the estimated useful life of the asset. The University maintains a physical inventory of all moveable equipment with an acquisition value of \$5,000 or more.

### **J. Net Assets**

The Radio Station is required to report information regarding its financial position and activities according to three classes of net assets as follows:

*Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Advisory Board for specific purposes.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Radio Station, and/or by the passage of time.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Radio Station. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

At June 30, 2008, \$20,830 of the Radio Station's total net assets of \$295,095 were classified as unrestricted.

**1. Summary of Significant Accounting Policies (Continued)**

**K. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**L. Advertising Costs**

The network expenses advertising costs as incurred. The Red River Public Radio Network recorded advertising expense of \$710 during the year ended June 30, 2008.

**2. Property and Equipment**

A summary of property and equipment is as follows:

	Restated Balance <u>6/30/07</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/08</u>
Transmission and antenna	620,565	-	-	620,565
<u>Less-accumulated depreciation</u>	<u>(620,565)</u>	<u>-</u>	<u>-</u>	<u>(620,565)</u>
Total transmission and antenna	-	-	-	-
Satellite dish	59,635	-	-	59,635
<u>Less-accumulated depreciation</u>	<u>(59,635)</u>	<u>-</u>	<u>-</u>	<u>(59,635)</u>
Total satellite dish	-	-	-	-
Studio and other broadcast equipment	513,478	287,889	-	801,367
<u>Less-accumulated depreciation</u>	<u>(312,236)</u>	<u>(88,230)</u>	<u>-</u>	<u>(400,466)</u>
Total studio and other broadcast equipment	<u>201,242</u>	<u>199,659</u>	<u>-</u>	<u>400,901</u>
Total property and equipment	<u>201,242</u>	<u>199,659</u>	<u>-</u>	<u>400,901</u>

**3. Long-Term Debt**

The radio network has entered into no long-term debt agreements.

**4. Leases**

The network is obligated for operating leases for the rental of tower space in four (4) locations, for the purpose of operating the stations KLSA-FM, KBSA-FM, and KLDN-FM. Each lease agreement, "lease" consists of noncancelable five-year terms, for which two leases expired in 2007, and two others expire in 2008. Upon expiration, each lease contains a clause providing for a certain number of five (5) year automatic extensions at the end of the current term, which have been exercised in the case of the expired leases and will be exercised in the case of the leases nearing expiration; however, both parties to the lease can forgo such an extension by providing timely notice as defined in the lease.

**4. Leases (Continued)**

The total rental expense for 2008 was \$39,724. Each lease agreement stipulates that the lessor may, at his or her sole discretion, apply an annual increase of 5% to the previous year's base rent. The future minimum lease payments due under the lease agreements at June 30, 2008, are as follows:

<u>Nature of Lease</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Total</u>
Tower Rentals	<u>30,328</u>	<u>31,844</u>	<u>33,437</u>	<u>35,109</u>	<u>36,864</u>	<u>135,370</u>

**5. Accrued Leave Payable**

Employees accrue and accumulate annual and sick leave in accordance with policies established by the LSU Board of Supervisors for unclassified personnel, and by the Department of Civil Service for classified personnel. Substantially all employees accumulate annual and sick leave without limitation.

Upon separation of employment, personnel, or their heirs, are compensated for accumulated annual leave not to exceed 300 hours.

In addition, personnel, or their heirs, are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Upon retirement, any annual or sick leave not compensated for is used as credited service in either Louisiana Teacher's Retirement System or Louisiana State Employees' Retirement System.

The liability for unused annual and sick leave at June 30, 2008, is estimated to be \$25,585 and \$23,301, respectively, as reflected in Statement A. This estimated liability for compensated absences is calculated on a maximum of 300 hours for each employee having accumulated annual leave, and on a maximum of 200 hours of accumulated sick leave for unclassified employees. The liability is not calculated on sick leave balances accumulated by classified employees, since lump sum payments for sick leave only are made to retiring unclassified employees. Accrued leave payable for the year ended June 30, 2008, decreased by \$4,194. This amount is reflected as an increase in management and general expenses on Statement B.

**6. Pension Plan**

Substantially all employees of the network are members of the Louisiana State Employees' Retirement System (LASERS) and the Louisiana Teachers' Retirement System (TRS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the State Legislature. The Systems issue annual publicly available financial reports that include financial statements and required supplementary information for the Systems. The reports may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

**6. Pension Plan (Continued)**

The contribution requirements of plan members and the radio station are established and may be amended by the State Legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (LSA-R.S.) 11:102. Employees contribute 8% (TRS) and 7.5% (LASERS) of covered salaries. The state is required to contribute 15.8% of covered salaries to TRS and 19.8% of covered salaries to LASERS. The radio station's employer contribution is funded by self-generated revenues. The radio station's employer contributions to TRS for the years ended June 30, 2008, 2007, and 2006, were \$22,244, \$16,366 and \$6,224, respectively, and to LASERS for the years ended June 30, 2008, 2007, and 2006, were \$10,693, \$9,409 and \$8,475, respectively, equal to the required contributions for each year.

**7. Optional Retirement System**

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

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

Contributions by the radio station are 15.8% of the covered payroll. The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan totaled \$19,819 for the year ended June 30, 2008.

**8. Changes in Deferred Support and Revenues**

Balance, beginning of year	49,667
Additions-contributions and grants	405,319
Deductions-contributions and grants recognized as revenue or support	<u>454,548</u>
Balance, end of year	<u>438</u>

**9. Prior Year Financial Statements**

The financial information shown for 2007 in the accompanying financial statements is included to provide a basis for comparison with 2008 and presents summarized totals only.

**10. The Community Advisory Board for the Louisiana State University in Shreveport Public Radio Stations Fund.**

On September 26, 1996, the Community Foundation of Shreveport-Bossier (CFS-B), a nonprofit corporation of Shreveport, Louisiana with its principal office located at 401 Edwards Street, Shreveport, Louisiana 71101, in coordination with the Community Advisory Board (CAB) for the Louisiana State University in Shreveport Public Radio Stations, established the Community Advisory Board for the Louisiana State University in Shreveport Public Radio Stations Fund (Fund).

The Fund is to be used for the support of the purposes of CAB. The Fund is the property of the CFS-B, and all distributions from the Fund must be approved by the CFS-B Board of Directors. Distributions from the Fund to LSU in Shreveport for support of the radio stations are recognized as revenues in Statement B in the year the funds are actually received by LSU in Shreveport.

As of June 30, 2008, the Fund had a balance of \$106,937.

OTHER REPORTS



December 8, 2008

Louisiana State University in Shreveport  
State of Louisiana  
Shreveport, Louisiana

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

We have audited the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport (the Station), as of and for the year ended June 30, 2008, and have issued our report thereon dated December 8, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Station's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the consolidated financial statements that is more than inconsequential will not be prevented or detected by the Station's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the consolidated financial statements will not be prevented or detected by the Station's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, the State of Louisiana, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Hesch, McElroy & Vestal, LLP

**KDAQ-FM, KLSA-FM, KBSA-FM, AND KLDN-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated By  
Louisiana State University in Shreveport

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport.
2. No material weaknesses relating to the audit of the financial statements are reported; no control deficiencies are reported.
3. No instances of noncompliance material to the financial statements of Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport were disclosed during the audit.
4. The Radio Stations KDAQ-FM, KLSA-FM, KBSA-FM, and KLDN-FM, Louisiana State University in Shreveport were not subject to a federal single audit.

**B. Findings - Financial Statement Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs**

Not applicable

**KDAQ-FM, KLSA-FM, KBSA-FM, AND KLDN-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated By  
Louisiana State University in Shreveport

Schedule of Prior Year Findings  
For the Year Ended June 30, 2008

No matters were reported in the prior year.

**KDAQ-FM, KLSA-FM, KBSA-FM, AND KLDN-FM RADIO STATIONS**  
A Public Telecommunications Entity Operated By  
Louisiana State University in Shreveport

Management's Corrective Action Plan  
For Current Year Findings  
For the Year Ended June 30, 2008

No matters were reported.