
**Louisiana Educational
Television Authority**

Financial Statements

June 30, 2016

Louisiana Educational Television Authority

Table of Contents

| | |
|---|----|
| Independent Auditor’s Report | 1 |
| Management’s Discussion and Analysis | 4 |
| Government-Wide Financial Statements | |
| Statement of Net Position | 12 |
| Statement of Activities and Changes in Net Position | 14 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 15 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position..... | 16 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 17 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 18 |
| Notes to Financial Statements | 19 |
| Required Supplementary Information | |
| Schedule of Budgetary Comparison – General Fund..... | 43 |
| Schedule of Funding Progress for OPEB Plan..... | 44 |
| Schedule of Employer’s Share of Net Pension Liability | 45 |
| Schedule of Employer’s Pension Contributions | 46 |
| Notes to Required Supplementary Information | 47 |
| Other Supplementary Information | |
| Schedule of Board Members and Per Diem Paid..... | 48 |

Louisiana Educational Television Authority

Table of Contents

Reports Required by *Government Auditing Standards*

| | |
|---|----|
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 49 |
| Schedule of Findings | 51 |
| Schedule of Prior Year Findings..... | 52 |

Supplementary Information as Required by the Louisiana Division of Administration

| | |
|----------------------------|----|
| Annual Fiscal Report | 53 |
|----------------------------|----|

Independent Auditor's Report

To the Board Members of the
Louisiana Educational Television Authority
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Louisiana Educational Television Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Louisiana Educational Television Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the Louisiana Educational Television Authority, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis at pages 4 to 11, the schedule of budgetary comparison – general fund at page 43; schedule of funding progress for the OPEB plan at page 44; schedule of employer's share of net pension liability at page 45; and schedule of employer's pension contributions at page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Louisiana Educational Television Authority. The accompanying schedule of board members and per diem paid at page 48 and the annual fiscal report beginning at page 53 are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of board members and per diem paid and the annual fiscal report is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board Members of the
Louisiana Educational Television Authority
Baton Rouge, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2016, on our consideration of the Louisiana Educational Television Authority's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana Educational Television Authority's internal control over financial reporting and compliance.



Covington, Louisiana
September 14, 2016

Management's Discussion and Analysis

Louisiana Educational Television Authority

Management's Discussion and Analysis

Introduction

The Management's Discussion and Analysis ("MD&A") of the Louisiana Educational Television Authority ("LETA") presents a narrative overview and analysis of LETA's financial activities for the year ended June 30, 2016. This section focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the supplementary information that is provided in addition to the MD&A.

Financial Highlights

The following financial highlights are derived from the financial statements included in this report and provide an overview into the financial status of LETA.

- LETA's liabilities exceed assets at the close of fiscal year 2016 by \$19,123,391. Total assets decreased by \$117,612, approximately 4%.
- Capital assets acquired by LETA are not included in the accompanying financial statements, since LETA acts only as a custodian of these assets and title actually rests with the State of Louisiana.
- LETA had no debt instruments (notes payables or bonds) in the current fiscal year.

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 (the "Foundation") is also shown.

- Foundation's total assets decreased by \$2,693,493, approximately 7%.
- The Foundation's total revenues decreased \$3,627,278, approximately 50%, and the net results from activities decreased by \$3,894,523, approximately 289%.

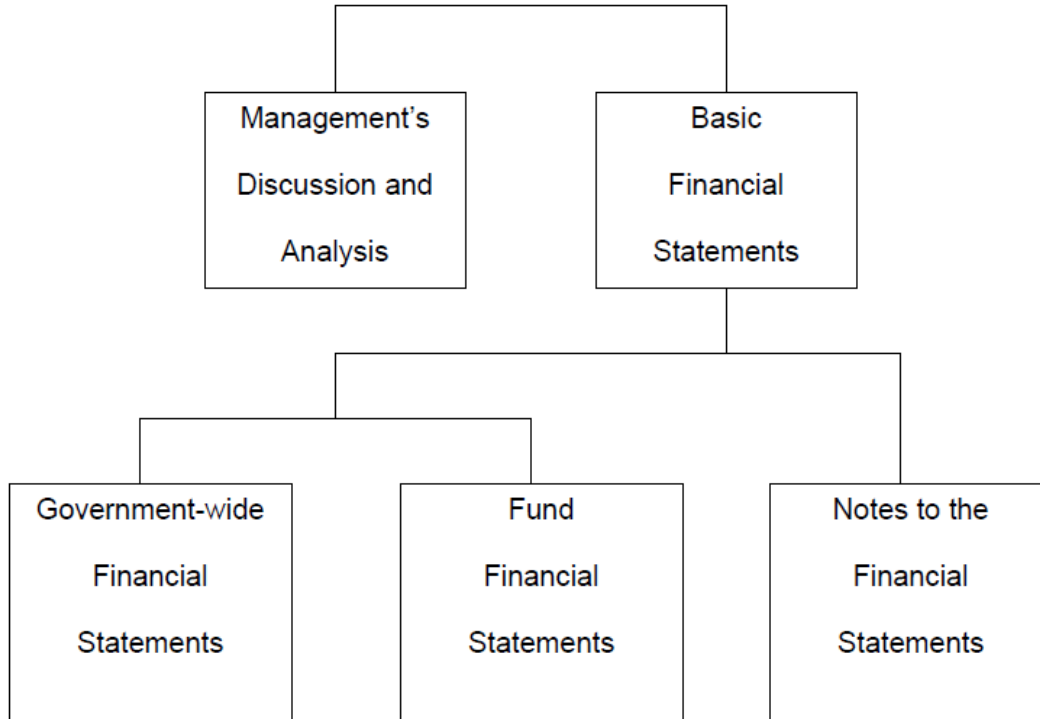
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Authority's basic financial statements. LETA's basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

The basic financial statements present two different views of LETA through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of LETA.

Louisiana Educational Television Authority Management's Discussion and Analysis

Required Components of the Financial Statements



Basic Financial Statements

The first two statements in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about LETA's financial status. The next statements are fund financial statements. These statements focus on the activities of the individual parts of LETA's operations and provide more detail than the government-wide statements.

The next section of the basic financial statements is the notes to financial statement. The notes to financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show greater details on LETA's operations. Budgetary information can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of LETA's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about LETA's financial status as a whole.

The statement of net position presents the current and long-term portions of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. This may provide a useful indicator of whether the financial position of LETA is improving or deteriorating.

Louisiana Educational Television Authority

Management's Discussion and Analysis

The statement of activities presents information showing how LETA's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

Fund Financial Statements

The fund financial statements provide a more detailed look at LETA's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. LETA, like all other governmental entities, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the General Statutes or LETA's budget requirements. LETA's fund financial statements consist of only governmental funds.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required and other supplementary information as listed in the table of contents.

Louisiana Educational Television Authority

Management's Discussion and Analysis

Financial Analysis of the Entity

Louisiana Educational Television Authority

The following is a condensed Statement of Net Position for LETA at June 30, 2016 with comparative amounts at June 30, 2015:

| | <u>2016</u> | <u>2015</u> | <u>Variance</u> | <u>% Variance</u> |
|---------------------------------------|---------------------|---------------------|---------------------|-------------------|
| Assets | | | | |
| Current assets | \$ 2,986,784 | \$ 3,104,396 | \$ (117,612) | -3.79% |
| Deferred outflows of resources | <u>1,664,978</u> | <u>1,782,655</u> | <u>(117,677)</u> | -6.60% |
| | <u>\$ 4,651,762</u> | <u>\$ 4,887,051</u> | <u>\$ (235,289)</u> | -4.81% |
| Liabilities | | | | |
| Current liabilities | \$ 296,758 | \$ 252,546 | \$ 44,212 | 17.51% |
| Noncurrent liabilities | <u>21,813,417</u> | <u>20,887,117</u> | <u>926,300</u> | 4.43% |
| | 22,110,175 | 21,139,663 | 970,512 | 4.59% |
| Deferred inflows of resources | 135,481 | 1,903,640 | (1,768,159) | -92.88% |
| Net Position | | | | |
| Restricted for capital projects | 2,834,341 | 2,828,017 | 6,324 | 0.22% |
| Unrestricted | <u>(20,428,235)</u> | <u>(20,984,269)</u> | <u>556,034</u> | -2.65% |
| | <u>(17,593,894)</u> | <u>(18,156,252)</u> | <u>562,358</u> | 3.10% |
| | <u>\$ 4,651,762</u> | <u>\$ 4,887,051</u> | <u>\$ (235,289)</u> | -4.81% |

Restricted net position represents amounts that are not available for spending as a result of legislative requirements. Conversely, unrestricted net position represents amounts that do not have any limitations on how it may be spent.

Current assets decreased by \$117,612, approximately 4%, from June 30, 2015 to June 30, 2016. The primary reason for the change was cash within the capital projects fund account was used to purchase equipment. Also, noncurrent liabilities increased by \$926,300, primarily from increased obligations associated with the pension and other postemployment benefits.

Louisiana Educational Television Authority Management's Discussion and Analysis

The following is a condensed Statement of Activities for LETA for the year ended June 30, 2016 with comparative amounts for the year ended June 30, 2015:

| | <u>2016</u> | <u>2015</u> | <u>Variance</u> | <u>% Variance</u> |
|--|------------------------|------------------------|--------------------|-------------------|
| Revenues | | | | |
| Program revenues | | | | |
| Charges for services | \$ 922,801 | \$ 1,257,492 | \$ (334,691) | -26.62% |
| Capital grants and contributions | 532,917 | - | 532,917 | 100.00% |
| General revenues | | | | |
| State appropriations | 5,101,081 | 5,569,377 | (468,296) | -8.41% |
| General contributions | 131,400 | 131,400 | - | 0.00% |
| Support from component unit | 1,287,730 | 991,490 | 296,240 | 29.88% |
| Interest | 6,324 | 4,175 | 2,149 | 51.47% |
| | <u>7,982,253</u> | <u>7,953,934</u> | <u>28,319</u> | <u>0.36%</u> |
| Expenses | | | | |
| Program services | 5,821,642 | 6,945,960 | (1,124,318) | -16.19% |
| Management and general | 972,616 | 1,271,304 | (298,688) | -23.49% |
| | <u>6,794,258</u> | <u>8,217,264</u> | <u>(1,423,006)</u> | <u>-17.32%</u> |
| Change in net position | 1,187,995 | (263,330) | 1,451,325 | 551.14% |
| Capital assets purchased for the benefit of the State of LA | (625,637) | (118,223) | (507,414) | -429.20% |
| Net position, beginning of year | <u>(18,156,252)</u> | <u>(17,774,699)</u> | <u>(381,553)</u> | <u>-2.15%</u> |
| Net position, end of year | <u>\$ (17,593,894)</u> | <u>\$ (18,156,252)</u> | <u>\$ 562,358</u> | <u>3.10%</u> |

LETA's total revenues remained consistent from June 30, 2015 to June 30, 2016. However, the significant decrease in state appropriations has resulted in LETA relying more heavily on contributions and financial support from the Foundation. Expenses decreased by \$1,423,006 from June 30, 2015 to June 30, 2016, approximately 17%.

Louisiana Educational Television Authority Management's Discussion and Analysis

Foundation for Excellence in Louisiana Public Broadcasting

The following is a condensed Statement of Net Position for the Foundation at June 30, 2016 with comparative amounts at June 30, 2015:

| | <u>2016</u> | <u>2015</u> | <u>Variance</u> | <u>% Variance</u> |
|--------------------------------------|----------------------|----------------------|-----------------------|-------------------|
| Assets | | | | |
| Current assets | <u>\$ 34,106,427</u> | <u>\$ 36,799,920</u> | <u>\$ (2,693,493)</u> | -7.32% |
| Liabilities | | | | |
| Current liabilities | \$ 68,433 | \$ 184,967 | \$ (116,534) | -63.00% |
| Deferred inflows of resources | 23,000 | 54,540 | (31,540) | -57.83% |
| Net Position | | | | |
| Unrestricted | <u>34,014,994</u> | <u>36,560,413</u> | <u>(2,545,419)</u> | -6.96% |
| | <u>\$ 34,106,427</u> | <u>\$ 36,799,920</u> | <u>\$ (2,693,493)</u> | -7.32% |

Restricted net position represents resources that are not available for spending as a result of grant or debt requirements. Conversely, unrestricted net position are resources that do not have any limitations on how these amounts may be spent.

Current assets decreased by \$2,693,493, approximately 7%, from June 30, 2015 to June 30, 2016. The primary reason for the change is a decrease in the value of investments.

Louisiana Educational Television Authority Management's Discussion and Analysis

The following is a condensed Statement of Revenues, Expenses, and Changes in Net Assets for the Foundation for the year ended June 30, 2016 with comparative amounts for the year ended June 30, 2015:

| | 2016 | 2015 | Variance | % Variance |
|----------------------------------|----------------------|----------------------|-----------------------|------------|
| Revenues | | | | |
| Grants and contributions | \$ 3,570,828 | \$ 3,739,499 | \$ (168,671) | -4.51% |
| Underwriting and productions | 1,847,098 | 2,341,176 | (494,078) | -21.10% |
| Investment returns (losses) | (1,575,770) | 1,049,316 | (2,625,086) | -250.17% |
| Endowment returns (losses) | (214,878) | 143,090 | (357,968) | -250.17% |
| | <u>3,627,278</u> | <u>7,273,081</u> | <u>(3,645,803)</u> | -50.13% |
| Expenses | | | | |
| Program services | 4,119,368 | 4,242,265 | (122,897) | -2.90% |
| Management and general | 765,599 | 690,222 | 75,377 | 10.92% |
| Support to LETA | 1,287,730 | 991,490 | 296,240 | 29.88% |
| | <u>6,172,697</u> | <u>5,923,977</u> | <u>248,720</u> | 4.20% |
| Change in net position | <u>(2,545,419)</u> | <u>1,349,104</u> | <u>(3,894,523)</u> | -288.67% |
| Net position, beginning of year | <u>36,560,413</u> | <u>35,211,309</u> | <u>1,349,104</u> | 3.83% |
| Net position, end of year | <u>\$ 34,014,994</u> | <u>\$ 36,560,413</u> | <u>\$ (2,545,419)</u> | -6.96% |

Total investment returns decreased by \$2,983,054, approximately 250%, from June 30, 2015 to June 30, 2016 due primarily to a decrease in appreciation of investments. Program service expenses decreased by \$122,897 from June 30, 2015 to June 30, 2016. This decrease is due to the completion of several productions during the 2014-2015 fiscal year that were not repeated during the 2015-2016 fiscal year.

Louisiana Educational Television Authority Management's Discussion and Analysis

General Fund Budgetary Highlights

In order to cope with reductions in state general fund appropriations, LETA has had to rely on increased entrepreneurial activities and increased support from the Foundation for Excellence in Louisiana Public Broadcasting. In addition, LETA has continued to decrease operating expenses through continued performance and quality improvement efforts and delayed equipment and building maintenance and repairs whenever possible. There were no significant reductions in services provided.

Factors Considered in the Development of Next Year's Budget and Goals

LETA's officials considered the following factors and indicators when setting next year's budget, establishing fiscal year goals, and addressing other issues that will impact LETA's operations. Included among the factors considered were:

- A 41.3% decrease in LETA's state general fund appropriation over the past 9 years.
- A 323% increase in LETA's self-generated revenue budget appropriation over the past 8 years.
- LETA's dedicated staff continues to shoulder increasing responsibilities as the staff has been reduced by 23% over the past 10 years – from 91 employees in fiscal year 2006 to the current staff of 70.
- Continued partnership with the Office of the Secretary of State to expand the digital media archive library of Louisiana's historical media collection.
- Continue to work closely with the Louisiana Department of Culture, Recreation and Tourism to promote Louisiana across the nation as a premier tourist destination.
- Continued commitment to LETA's pre-K literacy programs through an increased number of Super Why Camps and other early childhood initiatives.
- Continued partnership with the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) to enhance GOHSEP's education and training programs and to expand community outreach and public awareness related to hurricane preparedness and other emergency situations.
- Continued reliance on singular production projects for basic state operating budget.
- Increased reliance on the support of the Foundation.

Contacting the Louisiana Educational Television Authority

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of 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, please contact:

Ms. Beth Courtney
Executive Director
7733 Perkins Road
Baton Rouge, LA 70810
225.767.4200

Government-Wide Financial Statements

Louisiana Educational Television Authority
Statement of Net Position
June 30, 2016

| | Primary Government | Component Unit |
|--|-----------------------|----------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 3,500 | \$ 2,974,755 |
| Cash restricted for capital projects | 2,758,894 | - |
| Investments | - | 26,929,638 |
| Endowment investments | - | 3,672,223 |
| Accounts receivable, net | 32,223 | 94,786 |
| Interest receivable | - | 1,208 |
| Due from related party | 14,950 | 269,038 |
| Cost of programs not yet broadcast | - | 164,779 |
| Prepaid lease | 177,217 | - |
| | <u>2,986,784</u> | <u>34,106,427</u> |
| Deferred Outflows of Resources | | |
| Deferred outflows of resources related to pensions | 1,664,978 | - |
| | <u>\$ 4,651,762</u> | <u>\$ 34,106,427</u> |

See accompanying notes to financial statements.

Louisiana Educational Television Authority
Statement of Net Position (Continued)
June 30, 2016

| | Primary Government | Component Unit |
|---|-----------------------|----------------------|
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | |
| Current Liabilities | | |
| Accounts payable | \$ 65,082 | \$ 6,624 |
| Accrued salaries and wages payable | 183,045 | - |
| Due to related party | 19,778 | 14,950 |
| Due to State of Louisiana | 3,500 | - |
| Unearned underwriting and production revenues | - | 46,859 |
| Accrued compensated absences | 25,353 | - |
| | <u>296,758</u> | <u>68,433</u> |
| Noncurrent Liabilities | | |
| Other postemployment benefits obligation | 7,885,874 | - |
| Accrued compensated absences | 481,707 | - |
| Pension liability | 13,445,836 | - |
| | <u>21,813,417</u> | <u>-</u> |
| | 22,110,175 | 68,433 |
| Deferred Inflows of Resources | | |
| Pension deferrals | 135,481 | - |
| Grants and contributions | - | 23,000 |
| | <u>135,481</u> | <u>23,000</u> |
| Net Position | | |
| Restricted for capital projects | 2,834,341 | - |
| Unrestricted | (20,428,235) | 34,014,994 |
| | <u>(17,593,894)</u> | <u>34,014,994</u> |
| | <u>\$ 4,651,762</u> | <u>\$ 34,106,427</u> |

See accompanying notes to financial statements.

Louisiana Educational Television Authority
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2016

| Functions/Programs | Expenses | Program Revenues | | | Primary Government | Component Unit |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net Revenue (Expense) and Changes in Net Position | Net Revenue (Expense) and Changes in Net Assets |
| Primary Government | | | | | | |
| Programming and production | \$ 2,340,313 | \$ 124,672 | \$ - | \$ 532,917 | \$ (1,682,724) | |
| Broadcasting | 3,221,957 | 798,129 | - | - | (2,423,828) | |
| Program information | 259,372 | - | - | - | (259,372) | |
| Management and general | 972,616 | - | - | - | (972,616) | |
| | <u>6,794,258</u> | <u>922,801</u> | <u>-</u> | <u>532,917</u> | <u>(5,338,540)</u> | |
| Component Unit | <u>5,765,264</u> | <u>1,439,665</u> | <u>3,570,828</u> | <u>-</u> | | \$ (754,771) |
| General Revenues | | | | | | |
| State appropriations | | | | | 5,101,081 | - |
| Contributions not assigned to a specific program | | | | | 131,400 | - |
| Financial support from component unit | | | | | 1,287,730 | - |
| Interest and investment earnings (losses) | | | | | 6,324 | (1,575,770) |
| Endowment investment earnings (losses) | | | | | - | (214,878) |
| | | | | | <u>6,526,535</u> | <u>(1,790,648)</u> |
| Increase (decrease) in net position | | | | | 1,187,995 | (2,545,419) |
| Capital assets purchased for the benefit of the State of Louisiana | | | | | (625,637) | - |
| Net position, beginning of year | | | | | (18,156,252) | 36,560,413 |
| Net position, end of year | | | | | <u>\$ (17,593,894)</u> | <u>\$ 34,014,994</u> |

See accompanying notes to financial statements.

Fund Financial Statements

Louisiana Educational Television Authority
Balance Sheet – Governmental Funds
June 30, 2016

| | General Fund | Capital Projects Fund | Total Funds |
|--------------------------------------|-------------------|--------------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 3,500 | \$ 2,758,894 | \$ 2,762,394 |
| Accounts receivable | 32,223 | - | 32,223 |
| Due from related party | 14,950 | - | 14,950 |
| Prepaid lease | 177,217 | - | 177,217 |
| | <u>\$ 227,890</u> | <u>\$ 2,758,894</u> | <u>\$ 2,986,784</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 65,082 | \$ - | \$ 65,082 |
| Accrued salaries payable | 183,045 | - | 183,045 |
| Due to related party | 19,778 | - | 19,778 |
| Due to State of Louisiana | 3,500 | - | 3,500 |
| | <u>271,405</u> | <u>-</u> | <u>271,405</u> |
| Fund Balances | | | |
| Restricted | - | 2,758,894 | 2,758,894 |
| Unassigned | (43,515) | - | (43,515) |
| | <u>(43,515)</u> | <u>2,758,894</u> | <u>2,715,379</u> |
| | <u>\$ 227,890</u> | <u>\$ 2,758,894</u> | <u>\$ 2,986,784</u> |

See accompanying notes to financial statements.

Louisiana Educational Television Authority
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended June 30, 2016

| | |
|--|-------------------------------|
| Total fund balances as reflected on the governmental funds balance sheet | \$ 2,715,379 |
| Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of net position | 1,664,978 |
| Pension related deferrals are deferred inflows of resources on the statement of net position | (135,481) |
| Liabilities that are not due and payable in the current period are not reported in the governmental funds balance sheet; however, the liabilities are recorded in the statement of net position. | |
| Other postemployment benefits obligation | (7,885,874) |
| Accrued compensated absences | (507,060) |
| Pension liability | <u>(13,445,836)</u> |
| Net position as reflected on the statement of net position | <u><u>\$ (17,593,894)</u></u> |

Louisiana Educational Television Authority
Statement of Revenues, Expenditures, and Changes in Fund
Balances – Governmental Funds
For the Year Ended June 30, 2016

| | General Fund | Capital Projects Fund | Total Funds |
|---------------------------------------|--------------------|--------------------------|---------------------|
| Revenues | | | |
| State appropriations | \$ 5,101,081 | \$ - | \$ 5,101,081 |
| Grants and contributions | 664,317 | - | 664,317 |
| Financial support from component unit | 1,287,730 | - | 1,287,730 |
| Projects and local productions | 124,672 | - | 124,672 |
| Lease and rental revenues | 798,129 | - | 798,129 |
| Interest | - | 6,324 | 6,324 |
| | <u>7,975,929</u> | <u>6,324</u> | <u>7,982,253</u> |
| Expenditures | | | |
| Programming and production | 2,614,227 | - | 2,614,227 |
| Broadcasting | 4,076,495 | 75,447 | 4,151,942 |
| Program information | 289,807 | - | 289,807 |
| Management and general | 1,088,558 | - | 1,088,558 |
| | <u>8,069,087</u> | <u>75,447</u> | <u>8,144,534</u> |
| Decrease in fund balances | (93,158) | (69,123) | (162,281) |
| Fund balances, beginning of year | 49,643 | 2,828,017 | 2,877,660 |
| Fund balances, end of year | \$ (43,515) | \$ 2,758,894 | \$ 2,715,379 |

See accompanying notes to financial statements.

Louisiana Educational Television Authority
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Decrease in fund balances as shown on the statement of revenues, expenditures, and changes in fund balances \$ (162,281)

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets should be allocated over the estimated useful lives as depreciation expense. However, Louisiana Educational Television Authority is only the custodian of these assets and the State of Louisiana is the owner. Neither the capital assets nor the depreciation expense are recorded in these financial statements.

Equipment purchased for the benefit of the State of Louisiana 625,637

Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds:

| | |
|---|------------------|
| Change in accrued compensated absences | 50,392 |
| Change in other postemployment benefits obligation | (489,454) |
| Change in pension liability | (486,781) |
| Change in deferred inflows/outflows of pension resources/expenses | <u>1,650,482</u> |

Decrease in net position as reflected on the statement of activities \$ 1,187,995

Louisiana Educational Television Authority

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Organization

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

The Foundation for Excellence in Louisiana Public Broadcasting (the “Foundation”) was established August 7, 1992 as a nonprofit Louisiana Corporation. It was organized to direct all of its efforts to the support of the LETA. The Foundation provides for an endowment to support public television in the State of Louisiana and may serve as a “repository” for funds to be utilized for the promotion, development, enhancement and assistance of public television in Louisiana. Furthermore, the Foundation operates under the authority of its Board of Directors. A majority of the Directors are nominated and appointed by the non-LETA Directors and a minority of the Directors are nominated by LETA’s board.

Financial Reporting Entity

Based upon an assessment by the Louisiana Division of Administration - Office of Statewide Reporting and Accounting Policy (“OSRAP”), the Foundation is included as a component unit of LETA. The Governmental Accounting Standards Board (“GASB”) issued Statement No. 61 (GASB 61), “*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34*” to determine if a component unit is included in the financial reporting entity of its primary government. It has been determined that LETA is able to impose its will on the Foundation and the Foundation provides specific financial benefits to, and may impose specific financial burdens on, LETA. In addition, OSRAP has determined that exclusion of the Foundation from the financial reporting entity would render LETA’s financial statements to be misleading or incomplete. Therefore, LETA’s financial statements present the operations of the Foundation as a discretely presented component unit.

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (“FASB”), including FASB Accounting Standards Codification 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Nevertheless, the Foundation follows LETA’s - the primary government – financial reporting framework within these financial statements. Therefore, modifications have been made to the Foundation’s financial information for these differences.

The Foundation reported grants totaling \$23,000 as temporarily restricted net assets for the year ended June 30, 2016 due to the Foundation not meeting the grants’ specifications prior to year-end. To comply with the primary government’s financial reporting framework, the grant revenues have been reduced by \$23,000 and are reported as a deferred inflow of resources within these financial statements. The Foundation reported grants totaling \$54,540 as temporarily restricted net assets for the year ended June 30, 2015. These grants were earned in the current fiscal year and are included as grant revenues within these financial statements. The Foundation’s audited financial statements can be obtained from LETA’s management.

Louisiana Educational Television Authority

Notes to Financial Statements

Financial Statement Presentation

LETA's financial statements include both government-wide and fund financial statements which categorize all of LETA's activities as governmental.

- Government-Wide Financial Statements:

In the government-wide statement of net position, the governmental activity column is presented on a consolidated basis by column and is reported on a full accrual, economic resource basis. This basis recognizes all long-term assets and receivables as well as long-term debt and obligations. LETA's net assets is reported in two parts – restricted and expendable for capital projects and unrestricted.

In addition, the government-wide statement of activities reports both the gross and net cost of each of LETA's functions. The functions are also supported by general government revenues; such as: appropriations from the State of Louisiana, earnings on the capital projects cash account, and support transferred from the component unit, the Foundation. The statement of activities reduces gross expenses by related program revenues and grants. Program revenues must be directly associated with the function. 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 revenues. LETA does not allocate indirect costs. This government-wide focus is more on the sustainability of LETA as an entity and the change in LETA's net assets resulting from the current year's activities.

- Net Position:

LETA has implemented GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective for the 2016 fiscal year. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components:

- o Net Investment in Capital Assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- o Restricted - Consists of amounts with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- o Unrestricted - All other amounts that do not meet the definition of "restricted" or "net investment in capital assets."

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

Louisiana Educational Television Authority

Notes to Financial Statements

- Fund Financial Statements:

The financial transactions of LETA 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.

All of LETA's funds are reported as governmental funds. The focus of the governmental funds measurement – in the fund financial 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 LETA:

- o The general fund is the general operating fund of LETA. It is used to account for the legislative appropriations provided to fund the general operating expenses of LETA and those other expenses not funded through other specific legislative appropriations of revenues.
- o The capital projects fund is used to account for specific legislative appropriations and state general obligation bond revenues for the construction of transmitter and tower facilities at the stations and conversion to digital transmission comprising LETA's network.

- Fund Balance:

In fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy primarily on the extent to which LETA is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in the following five components:

- o Nonspendable - This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- o Restricted - This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributions, or laws or regulations of other governments) or by law, through constitutional provisions or enabling legislation. Enabling legislation authorizes LETA to assess, levy, change or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
- o Committed - This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of LETA. Those committed amounts cannot be used for any other purpose unless LETA removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- o Assigned - This component consists of amounts that are constrained by LETA's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by LETA or the designee as established in LETA's fund balance policy.
- o Unassigned - This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is LETA's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) are available for use.

It is LETA's policy to use restricted resources first, assigned, then unassigned as they are needed.

Louisiana Educational Television Authority

Notes to Financial Statements

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.

- **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.
- **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 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.

Use of 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 disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses reported during the period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

LETA's budgetary process incorporates a yearly appropriation process, which is valid for a period of one year. Louisiana statute provides for an extension period of 45 days in order to liquidate encumbrances established prior to June 30. 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 prepaid lease expense, general fund transfers between the General Fund and the Capital Outlay Fund, and in-kind contributions since LETA does not budget for these transactions. In addition, this budgetary information was adjusted 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.

Louisiana Educational Television Authority

Notes to Financial Statements

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 the programs and supporting services benefited.

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.

Cash and Cash Equivalents

For financial statement purposes, cash includes demand deposits and cash equivalents include amounts in money market funds. All highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Petty Cash Fund

LETA maintains a permanent travel and petty cash 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 LETA's operating fund when expenditure vouchers are presented.

Investments

Investments are carried at fair value. Purchases and sales of securities are recorded on trade dates, and realized gains and losses are determined on the basis of average cost of securities sold. Investment return includes interest, dividends, administrative fees, and realized and unrealized gains and losses, and is included in the statement of activities as increases or decreases in unrestricted net assets.

The Foundation invests in alternative investments consisting of managed futures, commodities, private equity, private real estate, and other non-traditional investments. These investments utilize a variety of instrument strategies incorporating marketable securities and, in some cases, derivative instruments, all of which are reported at fair value by the fund managers.

Distributions of alternative investments are recognized as income to the extent of the Foundation's share of undistributed income of such investments; distributions in excess of the amount recognized as income are recorded as a reduction of investment cost. Investments considered to be permanently impaired in value are written down to their estimated net realizable value and the write down is recorded as a realized loss on investments.

Accounts Receivable

Accounts receivable consists primarily of amounts owed by customers for educational, productions, and uplink services provided. Management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer, the relationship with the customer, and the age of the receivable balance. As a result of these reviews, customer balances deemed to be uncollectible are charged to the allowance for doubtful accounts. Management has determined that the accounts receivable balance to be collectible and an allowance for doubtful accounts is considered unnecessary.

Louisiana Educational Television Authority

Notes to Financial Statements

Cost of Programs Not Yet Broadcast

Costs the Foundation incurs for programs not yet broadcast are recorded as prepaid expenses. Such costs relate to program rights purchased by the Foundation that will be broadcast subsequent to June 30. Programs broadcasted within one year are classified as current assets whereas programs to be broadcasted in more than one year are classified as long-term. At June 30, 2016, there were no long-term costs incurred for programs not yet broadcast. As the programs are broadcast, the costs incurred will be included in operating expenses. Program status is evaluated annually. Costs associated with programs not considered to have future benefit are adjusted to net realizable value.

Property and Equipment

Capital assets acquired by LETA are not included in the accompanying financial statements, but are reported in the State of Louisiana's comprehensive annual financial report. LETA acts only as a custodian of these assets and title actually rests with the State of Louisiana.

The Foundation's equipment is stated at cost less accumulated depreciation and is depreciated using the straight-line method over the estimated useful life. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Accrued Compensated Absences

Employees of LETA, 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. LETA 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 of service earned by the retiree. The unused annual and sick leave is counted towards the number of years serviced only for computing the rate of retirement pay due the retiree and does not count toward the number of years necessary for retirement. The liability for unused annual leave payable at June 30, 2016 is \$507,060.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as an expense and a liability in the financial statements in the period in which the leave is earned. The compensated absences liability is recorded as a long-term liability with the portion expected to be paid within one year recorded as a current liability and an expense allocated on a functional basis. The accrued compensated absences balance is not recorded in the governmental fund-type financial statements at June 30, 2016 and represents a reconciling item between the fund and government-wide presentation.

Pensions

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Louisiana Educational Television Authority

Notes to Financial Statements

Grants and Contributions

Grants and contributions received by the Foundation restricted to support such programs are included in deferred revenue if the donor requires commensurate value in return for their support. In such cases, the costs incurred by the Foundation will be recorded as expenses and the deferred revenue will be recognized as revenue when the programs are initially broadcast. If the donor's support is nonreciprocal in nature, the grants and contributions are included as revenue in temporarily restricted net assets. The related costs incurred by the Foundation are recorded as net assets released from restrictions and as unrestricted expenses in the accompanying statement of activities.

Lease Revenue

LETA and the Foundation entered into contracts with Nextel Spectrum Acquisition Corporation (Sprint Nextel) and Clearwire Corporation (Clearwire), in accordance with Federal Communications Commission (FCC) rules, to lease excess capacity on it EBS frequencies. Under the terms of the contracts, LETA and the Foundation remain the licensee on the EBS frequencies and have responsibility for compliance with all educational and other requirements imposed by the FCC. The contacts require upfront payments that are recorded as deferred inflows of resources and amortized over the life of the lease. In addition, LETA and Foundation receive monthly and anniversary payments which are recognized as revenues when earned. LETA and Foundation's lease revenues from EBS frequencies totaled \$138,732 and \$70,807, respectively, for the year ended June 30, 2016.

Underwriting Contributions

The Foundation records revenue from program underwriting on a pro rata basis for the period covered, and for production underwriting on an estimated percentage-of-completion basis.

Production Revenue and Expense

The Foundation uses the percentage-of-completion method of accounting for production revenue, whereby the cumulative production revenue earned equals the ratio of costs incurred to the estimated total costs at completion applied to the total committed revenues from outside sponsors. Production costs include charges by subcontractors plus all direct labor and other direct costs. Indirect and general and administrative expenses are charged to expense as incurred.

Cost estimates on programs are reviewed periodically as the work progresses and adjustments, if needed, are reflected in the period in which the estimates are revised.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the Foundation was \$53,556 for the year ended June 30, 2016.

Louisiana Educational Television Authority

Notes to Financial Statements

Income Taxes

The Foundation has been recognized by the Internal Revenue Service as an organization exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in these financial statements. With few exceptions, the Foundation is no longer subject to federal or state examinations by tax authorities for the years before 2013.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2016.

2. Deposits

All monies of LETA are deposited with the Louisiana Department of Treasury, which is responsible for maintaining these deposits in accordance with Louisiana State Law. Consequently, management of LETA does not have any control over the cash balances. Deposits consist of the following at June 30, 2016:

| | Cash | Money Market | Total |
|---|-------------------|-------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Deposits per statement of net position (reconciled bank balance) | \$ 2,762,394 | \$ - | \$ 2,762,394 |
| Deposits held by Louisiana Treasury | \$ 2,758,894 | \$ - | \$ 2,758,894 |
| Deposits held by financial institution | \$ 3,500 | \$ - | \$ 3,500 |
| Category 3 bank balances: | | | |
| a. Uninsured and uncollateralized | \$ - | \$ - | \$ - |
| b. Uninsured and collateralized with securities held by the pledging institution | - | - | - |
| c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Foundation's name | - | - | - |
| Total category 3 bank balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Louisiana Educational Television Authority

Notes to Financial Statements

Custodial Deposit Risk

The Louisiana Department of Treasury is responsible for maintaining the cash balances and securing such balances from risk through custodial agreements. The risk disclosures required by accounting principles generally accepted in the United States are included with the State of Louisiana's Comprehensive Annual Financial Report.

In the normal course of operations, the Foundation maintains cash deposits with major financial institutions which, from time to time, may exceed federally insured limits. Management periodically assesses the financial condition of the institutions and believes the risk of incurring material losses related to this credit risk is remote.

3. Investments

The Foundation's investments are measured at fair value and are comprised of the following at June 30, 2016:

| | |
|----------------------------------|----------------------|
| Government and agency securities | \$ 85,063 |
| Common and preferred stocks | 5,218,299 |
| Mutual funds | 15,375,734 |
| Alternative investments | 6,250,542 |
| | <u>\$ 26,929,638</u> |

The following schedule summarizes the Foundation's investment return, including interest and administrative fees, and its classification in the financial statements for the year ended June 30, 2016:

| | |
|--|-----------------------|
| Net realized gain(loss) on sale of investments | \$ 602,385 |
| Net unrealized gain(loss) on investments | (2,633,304) |
| | <u>(2,030,919)</u> |
| Interest and dividend income | 564,048 |
| Investment fees | (108,899) |
| | <u>\$ (1,575,770)</u> |

Custodial Credit Risk

The risk that in the event of the failure of the counterparty to a transaction the Foundation will not be able to recover the value of investments that are in the possession of an outside party. At June 30, 2016, the Foundation's investments in common and preferred stocks and mutual funds are uninsured on the performance of the custodian and are exposed to custodial credit risk because they are held by the counterparty, but not in the Foundation's name.

Louisiana Educational Television Authority

Notes to Financial Statements

Interest Rate Risk

The risk that changes in interest rates will adversely affect the fair value of investments. Also, investments can be highly sensitive to changes in interest rates due to their terms or characteristics. At June 30, 2016, \$93,252 of the Foundation's investments consisted of government and agency securities. The Foundation's investments in government and agency securities are held within a pooled investment managed by the Baton Rouge Area Foundation.

Credit Risk

The risk that the issuer or counterparty will not meet its obligations. This credit risk is measured by the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating organizations (rating agencies) such as Standard & Poor's (S&P) and Moody's. The Foundation limits its investment in bonds to those classified as investment grade by S&P (EBB or better) and Moody's (Baa or better). Investments in commercial paper must have a rating of not less than AI by S&P and PI by Moody's.

Concentration of Credit Risk

The risk of loss that may occur due to the amount of investment in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds or external investment pools). The Foundation's investment policy establishes a target asset mix which is meant to diversify the portfolio and pose a lower risk that a concentration may exist.

4. Board Designated Endowment

The Foundation's Board of Directors has designated 12% of total investments as a general endowment fund to support the mission of the Foundation. Since the endowment resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while maintaining the purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Accordingly, over the long term, the Foundation expects the current spending policies to allow its endowment to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The following schedule summarizes the changes in the Foundation's endowment net assets for the year ended June 30, 2016:

| | |
|--|---------------------|
| Balance at July 1, 2015 | \$ 3,885,686 |
| Net purchases/sales of investments | 63,482 |
| Income on sales/maturities of investments | 82,142 |
| Appreciation (depreciation) of investments | (359,087) |
| Balance at June 30, 2016 | <u>\$ 3,672,223</u> |

Louisiana Educational Television Authority

Notes to Financial Statements

The Foundation's board designated endowment was comprised of the following at June 30, 2016:

| | |
|----------------------------------|---------------------|
| Government and agency securities | \$ 11,600 |
| Common and preferred stocks | 711,586 |
| Mutual funds | 2,096,690 |
| Alternative investments | 852,347 |
| | <u>\$ 3,672,223</u> |

The following schedule summarizes endowment investment return(loss), including interest and administrative fees, and its classification in the financial statements for the year ended June 30, 2016:

| | |
|--|---------------------|
| Net realized gain(loss) on sale of investments | \$ 82,142 |
| Net unrealized gain(loss) on investments | <u>(359,087)</u> |
| | (276,945) |
| Interest and dividend income | 76,916 |
| Investment fees | <u>(14,849)</u> |
| | <u>\$ (214,878)</u> |

The investments note disclosure for custodial credit risk, interest rate risk, credit risk, and concentration of credit risk at Note 3 also applies to the investments held as endowment net assets.

5. Fair Value Measurements

The fair value measurement accounting literature provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level I inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Foundation has the ability access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the assets.

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments in common stocks and mutual funds (with the exception of the BRAF Pool), are valued at the quoted market prices in the active market on which the individual securities are traded. The investments in the BRAF pool represent various specific investments and various pools of funds held by BRAF for the benefit of the Foundation and other non-profit organizations. These funds are valued at the fair value of the underlying securities which are primarily determined from closing prices reported on the active market.

Louisiana Educational Television Authority

Notes to Financial Statements

The following table sets forth by level the Foundation's assets at fair value as of June 30, 2016:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------|----------------------|------------------|---------------------|----------------------|
| Cash equivalents | | | | |
| Money market funds | \$ 1,264,633 | \$ - | \$ - | \$ 1,264,633 |
| Investments | | | | |
| Government securities | 85,063 | - | - | 85,063 |
| Common and preferred stocks | 5,166,971 | 51,328 | - | 5,218,299 |
| Mutual funds | 15,375,734 | - | - | 15,375,734 |
| Alternative investments | - | - | 6,250,542 | 6,250,542 |
| | <u>20,627,768</u> | <u>51,328</u> | <u>6,250,542</u> | <u>26,929,638</u> |
| Investments - Endowment | | | | |
| Government securities | 11,600 | - | - | 11,600 |
| Common and preferred stocks | 704,587 | 6,999 | - | 711,586 |
| Mutual funds | 2,096,690 | - | - | 2,096,690 |
| Alternative investments | - | - | 852,347 | 852,347 |
| | <u>2,812,877</u> | <u>6,999</u> | <u>852,347</u> | <u>3,672,223</u> |
| | <u>\$ 24,705,278</u> | <u>\$ 58,327</u> | <u>\$ 7,102,889</u> | <u>\$ 31,866,494</u> |

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used by the fund managers in determining the value at June 30, 2016:

| | <u>Alternative Investments</u> |
|------------------------------------|------------------------------------|
| Balance at July 1, 2015 | \$ 6,499,272 |
| Purchases | 1,961,229 |
| Sales and maturities | (585,247) |
| Net realized/unrealized gain(loss) | <u>(772,365)</u> |
| Balance at June 30, 2015 | <u>\$ 7,102,889</u> |

Louisiana Educational Television Authority

Notes to Financial Statements

6. Property and Equipment

The Foundation's property and equipment consist of the following:

| | Balance at July 1, 2015 | Additions | Deletions | Balance at June 30, 2016 |
|--------------------------|----------------------------|-------------|-------------|-----------------------------|
| Computer software | \$ 69,938 | \$ - | \$ - | \$ 69,938 |
| Accumulated depreciation | (69,938) | - | - | (69,938) |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

7. Noncurrent Liabilities

The following is a summary of changes in LETA's noncurrent liabilities:

| | Balance at July 1, 2015 | Additions | Reductions | Balance at June 30, 2016 | Due Within One Year |
|------------------------------|----------------------------|---------------------|-----------------------|-----------------------------|------------------------|
| Accrued compensated absences | \$ 557,452 | \$ 5,074 | \$ (80,819) | \$ 481,707 | \$ 25,810 |
| OPEB obligation | 7,396,420 | 781,076 | (291,622) | 7,885,874 | - |
| Net pension obligation | 12,959,055 | 1,822,371 | (1,335,590) | 13,445,836 | - |
| | <u>\$ 20,912,927</u> | <u>\$ 2,608,521</u> | <u>\$ (1,708,031)</u> | <u>\$ 21,813,417</u> | <u>\$ 25,810</u> |

8. Lease Commitments

LETA leases multiple tower sites and satellite space to broadcast programs under non-cancelable lease agreements. LETA's aggregate remaining minimum rental commitments as of June 30, 2015 under these leases are summarized as follows:

| Year Ending June 30: | Amount |
|----------------------|---------------------|
| 2017 | 488,415 |
| 2018 | 457,700 |
| 2019 | 457,700 |
| 2020 | 457,700 |
| 2021 | 457,700 |
| Thereafter | 181,842 |
| | <u>\$ 2,501,057</u> |

Rental expense for the year ended June 30, 2016 was \$594,276 and is included in broadcasting expenses in the accompanying financial statements.

Louisiana Educational Television Authority

Notes to Financial Statements

9. Pension Liability

Plan Description

Employees of LETA are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System ("LASERS"). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a public financial report that can be obtained at www.lasersonline.org.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service.

Louisiana Educational Television Authority

Notes to Financial Statements

Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan ("DROP"). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan ("SDP") which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option ("IBO") in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Louisiana Educational Television Authority

Notes to Financial Statements

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments ("COLA") that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS. LETA's contribution rate is as follows:

| For the Year Ended June 30 | Contribution Percentage | |
|-------------------------------|-------------------------|----------|
| | Employee | Employer |
| 2014 | 8.00% | 31.30% |
| 2015 | 8.00% | 37.00% |
| 2016 | 8.00% | 37.20% |

Employees with a hire date before July 1, 2006 have a contribution rate of 7.5% and 8.0% with a hire date after July 1, 2006. LETA's contractually required composite contribution rate for the year ended June 30, 2016 was 37.20% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from LETA were \$1,306,003 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, LETA reported a liability of \$13,445,836 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. LETA's proportion of the net pension liability was based on a projection of LETA's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, LETA's proportion was 0.19769%, which was a decrease of 0.00956% from its proportion measured as of June 30, 2014.

Louisiana Educational Television Authority

Notes to Financial Statements

For the year ended June 30, 2016, LETA's recognized pension expense was \$841,354 plus amortization of change in proportionate share, differences between employer contributions and proportionate share of contributions, and deferred outflows and inflows of resources totaling \$163,905.

At June 30, 2016, LETA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| | <u> </u> | <u> </u> |
| Differences between expected and actual experience | \$ 17,975 | \$ 110,131 |
| Changes of assumptions | - | - |
| Net difference between projected and actual actual earnings on pension plan investments | - | 12,160 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 341,000 | 13,190 |
| Employer contributions subsequent to the measurement date | <u>1,306,003</u> | <u>-</u> |
| Total | <u><u>\$ 1,664,978</u></u> | <u><u>\$ 135,481</u></u> |

Employer contributions subsequent to the measurement date totaled \$1,306,003. The balance is reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | <u>Amount</u> |
|------------------------|---------------|
| 2017 | \$ (38,018) |
| 2018 | 72,115 |
| 2019 | (100,779) |
| 2020 | 290,176 |

Louisiana Educational Television Authority

Notes to Financial Statements

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 are as follows:

| Valuation Date | June 30, 2015 | | | | | | | | | | | | | | | | | | |
|---|---|--------------------|--------------------|--------------------|---------|------|-------|--------|------|------|-------------|------|-------|----------------|------|-------|----------|------|-------|
| Actuarial Cost Method | Entry Age Normal | | | | | | | | | | | | | | | | | | |
| Actuarial Assumptions: | | | | | | | | | | | | | | | | | | | |
| Expected Remaining Service Lives | 3 years. | | | | | | | | | | | | | | | | | | |
| Investment Rate of Return | 7.75% per annum. | | | | | | | | | | | | | | | | | | |
| Inflation Rate | 3.0% per annum. | | | | | | | | | | | | | | | | | | |
| Mortality | <u>Non-disabled members</u> - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. <u>Disabled members</u> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement. | | | | | | | | | | | | | | | | | | |
| Termination, Disability, and Retirement | Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members. | | | | | | | | | | | | | | | | | | |
| Salary Increases | Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are: <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Member Type</u></th> <th style="text-align: center;"><u>Lower Range</u></th> <th style="text-align: center;"><u>Upper Range</u></th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">4.0%</td> <td style="text-align: center;">13.0%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">3.0%</td> <td style="text-align: center;">5.5%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">14.5%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">14.5%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">14.5%</td> </tr> </tbody> </table> | <u>Member Type</u> | <u>Lower Range</u> | <u>Upper Range</u> | Regular | 4.0% | 13.0% | Judges | 3.0% | 5.5% | Corrections | 3.6% | 14.5% | Hazardous Duty | 3.6% | 14.5% | Wildlife | 3.6% | 14.5% |
| <u>Member Type</u> | <u>Lower Range</u> | <u>Upper Range</u> | | | | | | | | | | | | | | | | | |
| Regular | 4.0% | 13.0% | | | | | | | | | | | | | | | | | |
| Judges | 3.0% | 5.5% | | | | | | | | | | | | | | | | | |
| Corrections | 3.6% | 14.5% | | | | | | | | | | | | | | | | | |
| Hazardous Duty | 3.6% | 14.5% | | | | | | | | | | | | | | | | | |
| Wildlife | 3.6% | 14.5% | | | | | | | | | | | | | | | | | |
| Cost of Living Adjustments | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic. | | | | | | | | | | | | | | | | | | |

Louisiana Educational Television Authority

Notes to Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return* |
|----------------------------|-------------------|---|
| Cash | 0% | 0.50% |
| Domestic equity | 27% | 4.69% |
| International equity | 30% | 5.83% |
| Domestic fixed income | 11% | 2.34% |
| International fixed income | 2% | 4.00% |
| Alternative investments | 23% | 8.09% |
| Global asset allocation | 7% | 3.42% |
| Total | 100% | 5.78% |

*For reference only: Target Allocation presented in LASERS 2015 CAFR, page 45, and Long-Term Expected Real Rate of Return, page 28.

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.75%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

| | 1.0% Decrease (6.75%) | Current Discount Rate (7.75%) | 1.0% Increase (8.75%) |
|--|--------------------------|-------------------------------------|--------------------------|
| Employer's proportionate share of the net pension liability | \$ 16,971,547 | \$ 13,445,836 | \$ 10,451,645 |

Louisiana Educational Television Authority

Notes to Financial Statements

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2015 Comprehensive Annual Financial Report at www.lasersonline.org.

Payables to the Pension Plan

At June 30, 2016, LETA had no payables to LASERS for the employee and employer legally-required contributions.

10. Postemployment Benefits Other than Pensions

Plan Description

Employees of LETA voluntarily participate in the State of Louisiana's health insurance plan administered by the Office of Group Benefits ("OGB"). OGB offers several standard healthcare plans for both active and retired employees. OGB provides an agent, multiple-employer defined benefit plan that provides medical, prescription drug, and life insurance benefits to eligible retirees and their eligible beneficiaries. The postemployment benefits plan ("OPEB Plan") is a cost-sharing, multiple-employer defined benefit plan but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. Participants are eligible for plan benefits if they retire under one of the state retirement systems and are covered by the active medical plan immediately before retirement. R.S. 42:801-883 provide the authority to establish and amend benefit provisions in the plan.

OGB does not issue a publicly-available financial report of the OPEB Plan; however, the entity is included in the state of Louisiana's Comprehensive Annual Financial Report ("CAFR"). The CAFR may be obtained from the Office of Statewide Reporting and Accounting Policy at www.doa.la.gov/osrap.

Funding Policy

The OPEB Plan is currently funded on a "pay-as-you-go" basis through a combination of retiree and LETA contributions. Employees do not contribute to their postemployment benefits costs until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the OPEB Plan and if the member has Medicare coverage.

The contribution requirements of plan members and LETA are established and may be amended by R.S. 42:801-883. Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who begin participation or rejoin the plan before January 1, 2002, pay approximately 25 percent of the cost of coverage (except single retirees under age 65, who pay approximately 25 percent of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer and employee is based on the following schedule:

| <u>Service</u> | <u>Employer</u> | <u>Employee</u> |
|----------------|-----------------|-----------------|
| Under 10 years | 19% | 81% |
| 10-14 years | 38% | 62% |
| 15-19 years | 56% | 44% |
| 20+ years | 75% | 25% |

Louisiana Educational Television Authority

Notes to Financial Statements

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retirees and spouses of retirees subject to maximum values. The total monthly premium for individual retirees is approximately \$1 per thousand dollars of coverage of which the employer pays 50 percent of the premium.

Annual OPEB Cost and Net OPEB Obligation

LETA's Annual Required Contribution ("ARC") represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at the end of the year for LETA were as follows:

| | |
|--|----------------------------|
| Annual required contribution (ARC) | \$ 773,820 |
| Interest on net OPEB obligation | 295,619 |
| Adjustment to ARC | <u>(282,408)</u> |
| Annual OPEB cost | 787,031 |
| Less contributions made | <u>(297,577)</u> |
| Increase in net OPEB obligation | 489,454 |
| Net OPEB Obligation, beginning of year | <u>7,396,420</u> |
| Net OPEB Obligation, end of year | <u><u>\$ 7,885,874</u></u> |

The following table provides LETA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual Cost Contributed | Net OPEB Obligation |
|-------------------------|------------------------|---|------------------------|
| June 30, 2014 | \$ 728,800 | 26.3% | \$ 6,864,777 |
| June 30, 2015 | 751,250 | 26.3% | 7,396,420 |
| June 30, 2016 | 787,031 | 37.8% | 7,885,874 |

Louisiana Educational Television Authority

Notes to Financial Statements

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the funded status of the plan was as follows:

| | |
|--|----------------------------|
| Actuarial accrued liability (AAL) | \$ 9,974,783 |
| Actuarial value of plan assets | <u>-</u> |
| Unfunded actuarial accrued liability (UAAL) | <u><u>\$ 9,974,783</u></u> |
| Funded ratio (actuarial value of plan assets - AAL) | - |
| Covered payroll (annual payroll of active employees covered by the plan) | \$ 3,805,139 |
| UAAL as a percentage of covered payroll | 262% |

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress presented as required supplementary information following the notes to the financial statements presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. At the valuation date, LETA had 62 active and 44 retired participants with OGB medical or life insurance coverage. The UAAL was amortized as a level percentage of projected payroll over the maximum acceptable period of 30 years on an open basis. The RP-2014 Mortality Table was used in making actuarial assumptions. The actuarial assumptions included a 4.0 percent investment rate of return (discount rate). Retirement rate assumptions differ by employment group and date of plan participation. The health care cost trend rate assumption is used to project the cost of health care to future years. The valuation assumes a starting healthcare trend rate of 7.5 percent (6.5 percent post 65) grading down by 0.5 percent annually until an ultimate trend rate of 4.5 percent is reached. Assumptions also include payroll growth of 3.0 percent.

Louisiana Educational Television Authority

Notes to Financial Statements

11. Individual Fund Disclosures

Deficit Fund Balance

Funds that have a deficit fund balance at June 30, 2016 are as follows:

| Fund | Balance |
|--------------|-------------|
| Major Fund: | |
| General fund | \$ (43,515) |

LETA plans to eliminate the deficit in the general fund with future state appropriations and earnings from productions.

12. Related Party Transactions

An agreement was entered into between the Foundation, the component unit, and the related party Friends of Louisiana Public Broadcasting. Under the terms of this agreement, Friends of Louisiana Public Broadcasting transfers funds in excess of calculated amounts to the Foundation to be used to pay for approved expenses. For the year ended June 30, 2016, Friends of Louisiana Public Broadcasting transferred \$1,321,537 to the Foundation with \$249,260 of that amount recorded as a related party receivable.

The Foundation, the component unit, was organized to support LETA, the primary government. For the year ended June 30, 2016, the Foundation provided financial support to LETA totaling \$1,287,730, with \$14,950 of that amount recorded as a related party receivable by LETA and a related party payable by the Foundation.

Employees of LETA perform services for the Foundation for productions, programming, broadcasting, and administrative services. In return, the Foundation reimburses LETA for the services performed by those personnel. These transactions are recorded as a reduction in salaries and related benefits in LETA's accounting records and as personnel expenses in the Foundation's accounting records. For the year ended June 30, 2016, the Foundation reimbursed LETA \$407,433 for personnel expenses.

The Foundation and Friends of Louisiana Public Broadcasting rent office space from LETA on a monthly basis. Rental revenue from the Foundation and Friends of Louisiana Public Broadcasting was \$8,292 and \$30,377, respectively, for the year ended June 30, 2016.

The Foundation reimburses LETA for the use of LETA's production, programming, and broadcasting equipment. For the year ended June 30, 2016, the Foundation's equipment rental expense was \$620,729. This balance is reported as rental revenue by LETA.

Due to cash flows and timing of receipts toward the end of the 2016 fiscal year, the component unit, the Foundation, paid some of LETA's bills for operating supplies and services in order for the bills to be paid in a timely manner. LETA recorded these payments totaling \$19,778 for the year ended June 30, 2016 as a related party payable, and the Foundation recorded these payments as a related party receivable.

Louisiana Educational Television Authority

Notes to Financial Statements

13. Legal Proceeding and Contingency

LETA is involved in an ongoing legal proceeding with an employee who claims disability harassment and discrimination in the workplace. The current status of the litigation is that discovery is still ongoing in the case. Management cannot reasonably estimate a loss contingency since litigation is inherently unpredictable. LETA has substantial defenses in these matters but could incur judgments or enter into settlements of claims that could have a material adverse effect on the results of operations.

LETA is not responsible for paying defense costs in this matter. The State of Louisiana through the Office of Risk Management is paying defense legal fees.

14. Concentrations

In the normal course of operations, the Foundation maintains cash deposits with major financial institutions which, from time to time, may exceed federally insured limits. Management periodically assesses the financial condition of the institutions and believes the risk of incurring material losses related to this credit risk is remote.

Included in receivables are amounts due from various entities for such items as underwriting agreements, educational services, and production services. Payment of these accounts is dependent upon the various entities' ability to fund their projects and programs.

LETA received general fund appropriations from the State of Louisiana totaling \$5,101,081 for the year ended June 30, 2016.

The Foundation received revenue totaling \$2,084,417 from the Corporation for Public Broadcasting and \$1,321,537 from the related party, Friends for Louisiana Public Broadcasting, during the year ended June 30, 2016.

15. Subsequent Events

LETA evaluated subsequent events through September 14, 2016, which was the date the financial statements were available to be issued.

Required Supplementary Information

Louisiana Educational Television Authority
Schedule of Budgetary Comparison – General Fund
For the Year Ended June 30, 2016

| | Original Budget | Final Budget | Actual | Nonbudgeted items and adjustments | Actual Amounts Budgetary Basis | Variance Favorable (Unfavorable) |
|--|--------------------|------------------|--------------------|---|--------------------------------------|--|
| Revenues | | | | | | |
| State appropriations | \$ 5,132,426 | \$ 5,101,081 | \$ 5,101,081 | \$ - | \$ 5,101,081 | \$ - |
| Grants and contributions | 131,400 | 131,400 | 664,317 | (532,917) | 131,400 | - |
| Support from component unit | 1,537,473 | 853,654 | 1,287,730 | (9,465) | 1,278,265 | 424,611 |
| Projects and local productions | 415,917 | 415,917 | 124,672 | 416,497 | 541,169 | 125,252 |
| Lease and rental revenues | 797,400 | 1,417,400 | 798,129 | - | 798,129 | (619,271) |
| | <u>8,014,616</u> | <u>7,919,452</u> | <u>7,975,929</u> | <u>(125,885)</u> | <u>7,850,044</u> | <u>(69,408)</u> |
| Expenditures | | | | | | |
| Programming and production | 2,796,723 | 2,763,459 | 2,614,227 | 109,341 | 2,723,568 | 39,891 |
| Broadcasting | 3,699,972 | 3,661,855 | 4,076,495 | (361,795) | 3,714,700 | (52,845) |
| Program information | 310,747 | 306,935 | 289,807 | 38,812 | 328,619 | (21,684) |
| Management and general | 1,207,174 | 1,187,203 | 1,088,558 | 65,189 | 1,153,747 | 33,456 |
| | <u>8,014,616</u> | <u>7,919,452</u> | <u>8,069,087</u> | <u>(148,453)</u> | <u>7,920,634</u> | <u>(1,182)</u> |
| Excess (deficiency) of revenues over expenditures | - | - | (93,158) | 22,568 | (70,590) | (70,590) |
| Fund balances, beginning of year | - | - | 49,643 | (1,033,377) | (1,095,522) | (1,095,522) |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (43,515)</u> | <u>\$ (1,010,809)</u> | <u>\$ (1,166,112)</u> | <u>\$ (1,166,112)</u> |

See independent auditor's report.

Louisiana Educational Television Authority
Schedule of Funding Progress for OPEB Plan
For the Year Ended June 30, 2016

| <u>Date of the Actuarial Valuation</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) (b)</u> | <u>Unfunded AAL (UAAL) (b - a)</u> | <u>Funded Ratio (a / b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a % of Covered Payroll [(b - a) / c]</u> |
|--|--------------------------------------|--|------------------------------------|-----------------------------|----------------------------|---|
| July 1, 2013 | - | 9,712,900 | 9,712,900 | - | 4,038,500 | 241% |
| July 1, 2014 | - | 9,464,600 | 9,464,600 | - | 4,058,800 | 233% |
| July 1, 2015 | - | 9,974,783 | 9,974,783 | - | 3,805,139 | 262% |

See independent auditor's report.

Louisiana Educational Television Authority
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2016

| | <u>2016</u> | <u>2015</u> |
|--|---------------|---------------|
| Authority's proportion of the net pension liability | 0.19769% | 0.20725% |
| Authority's proportionate share of the net pension liability | \$ 13,445,836 | \$ 12,959,055 |
| Authority's covered-employee payroll | \$ 3,752,039 | \$ 3,818,137 |
| Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll | 358.36% | 339.41% |
| Plan fiduciary net position as a percentage of the total pension liability | 62.70% | 65.00% |

** The above schedule is intended to present information for 10 years. Additional years will be displayed as they become available.*

Louisiana Educational Television Authority
Schedule of Employer's Pension Contributions
For the Year Ended June 30, 2016

| | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|
| Contractually required contribution | \$ 1,395,759 | \$ 1,420,347 |
| Contributions in relation to the contractually required contribution | <u>1,306,003</u> | <u>1,416,778</u> |
| Contribution deficiency (excess) | <u>\$ 89,756</u> | <u>\$ 3,569</u> |
| Authority's covered employee payroll | \$ 3,752,039 | \$ 3,818,137 |
| Contributions as a percentage of covered employee payroll | 34.81% | 37.11% |

** The above schedule is intended to present information for 10 years. Additional years will be displayed as they become available.*

Louisiana Educational Television Authority

Notes to Required Supplementary Information

Changes of Benefit Terms

There were no changes of benefit terms for the year ended June 30, 2016.

Changes of Assumptions

There were no changes of benefit assumptions for the year ended June 30, 2016.

Measurement Date

The amounts presented within the Schedule of Employer's Share of Net Pension Liability have measurement date of the previous fiscal year end.

Other Supplementary Information

**Louisiana Educational Television Authority
Schedule of Board Members and Per Diem Paid
For the Year Ended June 30, 2016**

| Board Member | Per Diem Paid |
|---|---------------|
| Louisiana Educational Television Authority | |
| Wayne Berry | \$ - |
| David Bondy | - |
| Gwendolyn Carter | - |
| Fr. James Carter | - |
| Julie Cherry | - |
| Barbara DeCuir | - |
| Christian Goudeau | - |
| Gwen Guillotte | - |
| Jada Lewis | - |
| Glenn Kinsey | - |
| Kathy Kliebert | - |
| Melissa Kyle | - |
| Barry Landry | - |
| Samuel Meredith | - |
| Scott Richard | - |
| Deano Thornton | - |
| William Weldon | - |
| Katara Williams | - |
| Foundation for Excellence in Louisiana Public Broadcasting | |
| William Arceneaux | \$ - |
| Sally Clausen | - |
| Dudley Coates | - |
| Rose Hudson | - |
| Alston Johnson, III | - |
| Mary Joseph | - |
| Frank McArthur | - |
| Charles Spencer | - |
| Darrell Pappillion | - |

See independent auditor's report.

***Reports Required by
Government Auditing Standards***

Independent Auditor’s 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*

To the Board Members of the
Louisiana Educational Television Authority
Baton Rouge, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities, the discretely presented component unit, and each major fund, of the Louisiana Educational Television Authority, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Louisiana Educational Television Authority’s basic financial statements, and have issued our report thereon dated September 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana Educational Television Authority’ internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Educational Television Authority’ internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Educational Television Authority’ internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Educational Television Authority financial statements are free from 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 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Covington, Louisiana
September 14, 2016

Louisiana Educational Television Authority
Schedule of Findings
For the Year Ended June 30, 2016

A. Summary of Auditors' Reports

a. Financial Statements

Type of auditors' report issued: Unmodified

b. Internal control over financial reporting:

Material weaknesses identified _____ yes ✓ no

Significant deficiencies identified not
considered to be material weaknesses _____ yes ✓ none noted

c. Noncompliance material to financial
statements noted

_____ yes ✓ no

B. Findings in Accordance with *Government Auditing Standards*

None noted.

Louisiana Educational Television Authority
Schedule of Prior Year Findings
For the Year Ended June 30, 2016

A. Findings in Accordance with *Government Auditing Standards*

None noted.

Annual Fiscal Report

Louisiana Educational Television Authority
Annual Fiscal Report
For the Year Ended June 30, 2016

The following annual fiscal report to the Office of the Governor, Division of Administration, Office of Statewide Reporting and Accounting Policy presents the financial position of the Louisiana Educational Television Authority as of June 30, 2016, and the results of its operations (including cash flows) for the year then ended. The information is presented in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.

State of Louisiana
Louisiana Educational Television Authority
Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents

| | <u>Page</u> | |
|---|---|------|
| Affidavit | i | |
| Schedules | | |
| <u>Schedule:</u> | | |
| 1 | Schedule of Revenues and Expenditures - Budgetary Comparison | ii |
| 3 | Schedule of Appropriated Revenue by Type | iii |
| 10 | Schedule of Per Diem Paid to Board Members | v |
| 11 | Schedule of Consultant Fees for Feasibility Studies | vi |
| 13 | Schedule of Interagency Receipts | vii |
| 15 | Schedule of Comparison Figures | viii |
| 16 | Schedule of Cooperative Endeavors | ix |
| Notes to Annual Financial Report | | |
| <u>Note:</u> | | |
| A. | Not Used | |
| B. | Inventory of Materials and Supplies | 1 |
| C. | Deposits with Financial Institutions and Investments | 1 |
| D. | Unearned Revenue | 2 |
| E. | Operating and Capital Grants for GASB 34 Presentation | 2 |
| F. | Judgments, Claims, and Similar Contingencies | 2 |
| G. | Other Postemployment Benefits (OPEB) | 2 |
| H. | Lease and Rental Commitments | 3 |
| I. | Related Party Transactions | 3 |
| J. | On-Behalf Payments for Fringe Benefits and Salaries | 4 |
| K. | In-Kind Contributions | 4 |
| L. | Federal Receivable for Payroll and Related Benefit Accrual | 4 |
| M. | Subsequent Events | 4 |
| N. | Land and Land Improvements | 4 |
| O. | Impairment of Capital Assets and Insurance Recoveries | 4 |
| P. | Intangible Assets including Capitalized Software | 4 |
| Q. | Revenues - Pledged or Sold | 4 |
| R. | Prepaid Expenses and Advances | 5 |
| S. | Pollution Remediation Obligations | 5 |
| T. | Items Previously Reported as Assets and Liabilities | 5 |
| U. | Nonexchange Financial Guarantees | 5 |
| V. | Contracts Retainage Payable | 5 |
| W. | Government Combinations and Disposable of Government Operations | 5 |
| X. | Accounts Payable Paid with 2017 Appropriation (For LA GOV agencies) | 5 |

STATE OF LOUISIANA
Annual Fiscal Reports
Fiscal Year Ended June 30, 2016

Louisiana Educational Television Authority
7733 Perkins Road
Baton Rouge, LA 70810

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

Send electronically to the
Louisiana Legislative Auditor:

LLAFileroom@lla.la.gov

Physical Address:
1201 North Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Address:
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Beth Courtney, Executive Director of the Louisiana Educational Television Authority who duly sworn, deposes and says, that the financial reports herewith given present fairly financial information of the Louisiana Educational Television Authority at June 30, 2016 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 31st day of August, ____.


Signature of Agency Official


NOTARY PUBLIC

Prepared by: Joanne Gaudet
Title: Director Business Services
Telephone No.: 225-767-4270
Date:
Email: jgaudet@lpb.org

MARY Terrell Joseph
BAR 7575
EBR - common uncl deck

RUN DATE : 08/25/16
 RUN TIME : 00:01:26
 REPORT ID : 4G31-085
 DISTRIBUTE TO: 6620001

STATE OF LOUISIANA
 GENERAL OPERATING APPROPRIATION FUNDS
 SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY COMPARISON
 CURRENT YEAR APPROPRIATION (BUDGET - LEGAL BASIS)
 FOR YEAR ENDED JUNE 30, 2016

PAGE: 104

LA EDUCATIONAL TV AUTHORITY

ISIS AGENCY NO. 662

| | CASH BASIS I | ADJUSTMENTS II | ACCRUAL III | AGENCY ADJUSTMENTS IV | TOTAL V | REVISED BUDGET VI | VAR FAVORABLE (UNFAVORABLE) VII |
|---|--------------------|-------------------|----------------|-----------------------------|--------------|-------------------------|---------------------------------------|
| A REVENUES | | | | | | | |
| 1 APPROPRIATED BY LEGISLATURE: | | | | | | | |
| 2 STATE GENERAL REVENUE | 5,101,081.00 | 0.00 | 0.00 | | 5,101,081.00 | 5,101,081 | 0.00 |
| 5 GENERAL FUND-SGR | 2,373,279.26 | 0.00 | 29,157.15 | (4,412.94) | 2,398,023.47 | 2,402,454 | (4,430.53) |
| 6 GENERAL FUND- IAT | 345,464.53 | 0.00 | 5,475.00 | | 350,939.53 | 415,917 | 64,977.47- |
| 11 TOTAL APPROPRIATED REVENUE | 7,819,824.79 | 0.00 | 34,632.15 | (4,412.94) | 7,850,044.00 | 7,919,452 | (69,408.00) |
| B EXPENDITURES | | | | | | | |
| 12 APPROPRIATED EXPENDITURES: | | | | | | | |
| BROADCASTING | 7,769,597.04 | 0.00 | 84,859.90 | 66,177.06 | 7,920,634.00 | 7,919,452 | (1,182.00) |
| 27 TOTAL APPROPRIATED EXPENDITURES | 7,769,597.04 | 0.00 | 84,859.90 | 66,177.06 | 7,920,634.00 | 7,919,452 | (1,182.00) |
| 28 EXCESS (DEFICIENCY) OF APPROPRIATED REVENUES OVER APPROPRIATED EXPENDITURES | 50,227.75 | 0.00 | 50,227.75- | (70,590.00) | (70,590.00) | 0 | (70,590.00) |

SCHEDULE 1

RUN DATE : 08/25/16
 RUN TIME : 00:02:06
 REPORT ID : 4632-085
 DISTRIBUTE TO: 6620001

STATE OF LOUISIANA
 SCHEDULE OF APPROPRIATED REVENUE BY TYPE
 GENERAL OPERATING APPROPRIATION FUNDS
 FOR YEAR ENDED JUNE 30, 2016

PAGE: 180

LA EDUCATIONAL TV AUTHORITY

ISIS AGENCY NO. 662

| APPROPRIATED REVENUE FUND | ISIS APPR NUMBER I | REVENUE SOURCE CODE II | CLASSIFIED CASH RECEIPTS THROUGH JUNE 30, 2016 III | UNCLASSIFIED CASH RECEIPTS AT JUNE 30, 2016 IV | TOTAL CASH DEPOSIT WITH TREASURY III + IV V | ACCOUNTS RECEIVABLE AT JUNE 30, 2016 VI | AGENCY ADJUSTMENT VII | TOTAL REVENUE VIII |
|---------------------------|------------------------------|------------------------|--|--|---|---|-----------------------|--------------------|
| FEDERAL AID | | | | | | | | |
| A | SUBTOTAL - FEDERAL AID | | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 |
| GENERAL FUND-SGR | | | | | | | | |
| B0 | 002 | 1480 | 50,068.44 | 0.00 | 50,068.44 | 0.00 | | 50,068.44 |
| B0 | | 1510 | 78,000.00 | 0.00 | 78,000.00 | 0.00 | | 78,000.00 |
| B0 | | 1785 | 0.00 | 0.00 | 0.00 | 2,646.15 | | 2,646.15 |
| B0 | | 1785 | 449,552.78 | 0.00 | 449,552.78 | 0.00 | | 449,552.78 |
| B0 | | 1805 | 0.00 | 0.00 | 0.00 | 26,511.00 | | 26,511.00 |
| B0 | | 1805 | 1,795,658.04 | 0.00 | 1,795,658.04 | 0.00 | (4,412.94) | 1,791,245.10 |
| B | SUBTOTAL - GENERAL FUND-SGR | | 2,373,279.26 | 0.00 | 2,373,279.26 | 29,157.15 | (4,412.94) | 2,398,023.47 |
| GENERAL FUND- IAT | | | | | | | | |
| C0 | 003 | 1745 | 0.00 | 0.00 | 0.00 | 5,475.00 | | 5,475.00 |
| C0 | | 1745 | 336,464.53 | 0.00 | 336,464.53 | 0.00 | | 336,464.53 |
| C0 | | 1935 | 9,000.00 | 0.00 | 9,000.00 | 0.00 | | 9,000.00 |
| C | SUBTOTAL - GENERAL FUND- IAT | | 345,464.53 | 0.00 | 345,464.53 | 5,475.00 | | 350,939.53 |
| AUXILIARY FUND | | | | | | | | |
| D | SUBTOTAL - AUXILIARY FUND | | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 |

SCHEDULE 3

RUN DATE : 08/25/16
 RUN TIME : 00:02:06
 REPORT ID : 4G32-085
 DISTRIBUTE TO: 6620001

STATE OF LOUISIANA
 SCHEDULE OF APPROPRIATED REVENUE BY TYPE
 GENERAL OPERATING APPROPRIATION FUNDS
 FOR YEAR ENDED JUNE 30, 2016

PAGE: 181

LA EDUCATIONAL TV AUTHORITY

ISIS AGENCY NO. 662

| APPROPRIATED REVENUE FUND | ISIS APPR NUMBER I | REVENUE SOURCE CODE II | CLASSIFIED CASH RECEIPTS THROUGH JUNE 30, 2016 III | UNCLASSIFIED CASH RECEIPTS AT JUNE 30, 2016 IV | TOTAL CASH DEPOSIT WITH TREASURY III + IV V | ACCOUNTS RECEIVABLE AT JUNE 30, 2016 VI | AGENCY ADJUSTMENT VII | TOTAL REVENUE VIII |
|---------------------------|------------------------------|------------------------|--|--|---|---|-----------------------|--------------------|
| OTHER FUNDS | | | | | | | | |
| E | SUBTOTAL - OTHER FUNDS | | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 |
| F | TOTAL - APPROPRIATED REVENUE | | 2,718,743.79 | 0.00 | 2,718,743.79 | 34,632.15 | (4,412.94) | 2,748,963.00 |

SCHEDULE 3

State of Louisiana
Louisiana Educational Television Authority
Schedule of Per Diem Paid to Board Members
For the Year Ended June 30, 2016

Schedule No. 10
 ISIS Agency No.662

| Board Member Name | Number of Meetings Attended | Per Diem Paid |
|---|-----------------------------|---------------|
| Wayne Berry | 10 | \$ - |
| David Bondy | 1 | - |
| Gwendolyn Carter | 9 | - |
| Fr. James Carter | 3 | - |
| Julie Cherry | 4 | - |
| Barbara DeCuir | 10 | - |
| Christian Goudeau | 6 | - |
| Gwen Guillotte | 3 | - |
| Glenn Kinsey | 4 | - |
| Kathy Kliebert | 7 | - |
| Melissa Kyle | 2 | - |
| Barry Landry | 4 | - |
| Jada Lewis | 3 | |
| Samuel Meredith | 3 | - |
| Scott Richard | 4 | - |
| Deano Thornton | 2 | - |
| William Weldon | 10 | - |
| Katara Williams | 3 | - |
| | | <u>\$ -</u> |
| | | |
| | | |
| The per diem payments are authorized by Louisiana Revised Statute and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature. | | |
| | | |

**State of Louisiana
Louisiana Educational Television Authority
Schedule of Consultant Fees for Feasibility Studies
And Other Special Reports, by Fund
For the Year Ended June 30, 2016**

Schedule No. 11
ISIS Agency No.662

| | |
|-------|---------------------------------------|
| NONE | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| TOTAL | \$ <u><u> </u></u> |

This schedule is prepared in compliance with Senate concurrent Resolution No. 35 of the Regular Session of 1974.

State of Louisiana
Louisiana Educational Television Authority
Schedule of Interagency Receipts
For the Year Ended June 30, 2016

Schedule No. 13
 ISIS Agency No.662

| I | II | III | IV | V | VI |
|---------------|--|-----------------------------|-------------------------------|--|-------------------|
| Agency Number | Source | Classified June 30, 2015 | Unclassified June 30, 2015 | Accounts Receivable on a Modified Accrual Basis | Totals |
| 111 | Governor's Office of Homeland Security and Emergency Preparedness | \$ 67,000 | \$ - | \$ - | \$ 67,000 |
| 955 | Louisiana Legislature / Joint Budget Committee | 81,960 | - | - | 81,960 |
| 265 | Office of Cultural Development | 9,000 | - | - | 9,000 |
| 601 | Louisiana State University | 12,500 | - | - | 12,500 |
| 139 | Louisiana Secretary of State | 12,000 | - | - | 12,000 |
| 634 | Southeastern Louisiana University | 12,080 | - | - | 12,080 |
| | Louisiana Lottery | 125,925 | - | 5,475 | 131,400 |
| | Port of New Orleans | 25,000 | - | - | 25,000 |
| | | <u>\$ 345,465</u> | <u>\$ -</u> | <u>\$ 5,475</u> | <u>\$ 350,940</u> |
| | | | | | |
| | | | | | |
| | | | | | |

State of Louisiana
Louisiana Educational Television Authority
Schedule of Comparison Figures
For the Year Ended June 30, 2016

Schedule No. 15
 ISIS Agency No.662

| | | | | | |
|-----|--|---------------|--------------|--------------|------------|
| 1) | To assist OSRAP in determining the reason for the change in financial position for the state, please complete the schedule below. If the change in revenues or expenditures is more than \$5 million from the previous year's figure, explain the reason for the change. | | | | |
| | | | | | Percentage |
| | | 2016 | 2015 | Difference | Change |
| | Revenues (a) | \$ 2,748,963 | \$ 2,815,853 | \$ (66,890) | -2.38% |
| | Expenditures (b) | \$ 7,920,634 | \$ 8,327,813 | \$ (407,179) | -4.89% |
| (a) | Revenues must equal the following: | | | | |
| | Total revenue on Schedule 3 or Schedule 3-1, if prepared | | | | |
| | + Full current year accrual revenues on Schedule 14 | | | | |
| | - Full prior year accrual revenues on Schedule 14 | | | | |
| | + 2016 Payroll Federal revenue accrual from Note R | | | | |
| | - 2015 Payroll Federal revenue accrual from Note R | | | | |
| (b) | Expenditures must agree with total expenditures on Schedule 1 or Schedule 3-1, if prepared, plus 2016 payroll accrual, less 2015 payroll accrual | | | | |
| 2) | To assist OSRAP in determining the reason for the changes in the budget, please complete the schedules below. If the change is more than \$5 million, explain the reason for the difference. | | | | |
| | | 2016 Original | 2016 Final | | Percentage |
| | | Budget (c) | Budget (d) | Difference | Change |
| | Revenues | \$ 8,014,616 | \$ 7,919,452 | \$ (95,164) | -1.20% |
| | Expenditures | \$ 8,014,616 | \$ 7,919,452 | \$ (95,164) | -1.20% |
| | | 2016 Final | 2016 | | Percentage |
| | | Budget (d) | Actual (e) | Difference | Change |
| | Revenues | \$ 7,919,452 | \$ 7,850,044 | \$ (69,408) | -0.88% |
| | Expenditures | \$ 7,919,452 | \$ 7,920,634 | \$ (1,182) | 0.01% |
| (c) | The original budget amount should equal the budget amount appropriated by the Legislature (Act 13 of the 2012 Reg. Session). | | | | |
| (d) | The final budget amount should equal the original budgeted amount plus or minus all of the BA7's (revisions) and it can be found on Schedule 1, column 6. | | | | |
| (e) | Actual revenues and expenditures can be found on Schedule 1, column 5. | | | | |

**State of Louisiana
Louisiana Educational Television Authority
Schedule of Cooperative Endeavors
For the Year Ended June 30, 2016**

Schedule No. 16
ISIS Agency No.662

| Contract Financial Management System # | Parties to the Coop | Brief Description of the Coop | Multi-year, One-Time, or Other Appropriation | Original Amount of Coop, Plus Amendments, if any | Date Original Coop was Effective | End Date of Coop, as Amended, if Applicable | Funding Source per Coop Agreement | | | | | | | Paid - Inception for the year ended 6/30/2014 | Net Liability for the year ended 6/30/2014 |
|--|---------------------|-------------------------------|--|--|----------------------------------|---|---|----------|-----------------|-----------------|--------------|----------|------------------|---|--|
| | | | | | | | based on Net Liability for the year ended June 30, 2014 | | | | | | | | |
| | | | | | | | 100% State | 100% SGR | 100% Stat. Ded. | 100% G.O. Bonds | 100% Federal | 100% IAT | 100% Combination | | |
| | | | | | | | | | | | | | | 0.00 | |
| None Noted | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | 0.00 | |
| | | TOTAL | | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |

State of Louisiana
Louisiana Educational Television Authority
Notes to the Financial Reports
For the Year Ended June 30, 2016

B. INVENTORY OF MATERIALS AND SUPPLIES

In general, inventories are recorded as expenditures when purchased. The value of inventory, determined under (perpetual or periodic) inventory system using the (FIFO, LIFO, etc.) valuation method, at June 30, 2016, is \$0.00.

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose deposits that are insured with no custodial credit risk. GASB Statement 40 requires only the separate disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either: 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2015, consisted of the following:

| | <u>Cash</u> | <u>Other</u> | <u>Total</u> |
|--|-----------------|--------------|-----------------|
| Balance per agency books | <u>\$ 3,500</u> | <u>\$ -</u> | <u>\$ 3,500</u> |
| Deposits in bank accounts per bank | <u>\$ 3,500</u> | <u>\$ -</u> | <u>\$ 3,500</u> |
| Category 3 bank balances: | | | |
| a. Uninsured and uncollateralized | \$ - | \$ - | \$ - |
| b. Uninsured and collateralized with securities held by the pledging institution | - | - | - |
| c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the agency's name | - | - | - |
| Total category 3 bank balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The following is a breakdown by banking institution, program, and amount of "Deposits in bank accounts per bank" balances as shown above:

| <u>Banking Institution</u> | <u>Fund Type</u> | <u>Amount</u> |
|----------------------------|------------------|-----------------|
| Whitney Bank | Imprest Funds | <u>\$ 3,500</u> |
| Total | | <u>\$ 3,500</u> |

State of Louisiana
Louisiana Educational Television Authority
Notes to the Financial Reports
For the Year Ended June 30, 2016

2. INVESTMENTS (NONE)

The agency does not maintain investment accounts.

D. UNEARNED REVENUE – (NONE)

E. OPERATING AND CAPITAL GRANTS FOR GASB 34 PRESENTATION

Please provide the following: The total operating grants and contributions were \$0.00 and the total capital grants and contributions were \$0.00.

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, or renovation of capital assets.

The sum of both should equal total federal revenues on Schedule 3 plus current year federal accruals less prior year federal accruals. Occasionally the state may receive non-operating federal grants. If you have a non-operating federal grant, please identify and provide a description with the revenue amount on an attached sheet.

F. JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

Obligations and losses arising 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 (ORM), the state agency responsible for the state's risk management program.

Should you have claims which have not been submitted to ORM, include a schedule of these claims. Answer the questions below for those claims not being handled by ORM. Note: Liability for claims and judgments should include specific incremental claim expenditures/expenses, if known, or if it can be estimated (e.g., legal fees for outside legal assistance). NONE

In the current year, claim payments in the amount of \$0.00 were made and recoveries from settled and unsettled claims totaled \$0.00.

G. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OSRAP obtains OPEB information from the Office of Group Benefits (OGB) for the Plans that OGB administers; however, additional information is needed for plans that they do not administer. If your agency has an active or retired employee who is a member of the LSU System

State of Louisiana
Louisiana Educational Television Authority
Notes to the Financial Reports
For the Year Ended June 30, 2016

H. 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 2015-2016 amounted to \$594,276.

1. OPERATING LEASES

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 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 - 2026 | FY 2027 - 2031 |
|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------|
| a. Office space | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| b. Equipment | - | - | - | - | - | - | - |
| c. Land | - | - | - | - | - | - | - |
| d. Satellite | 440,715 | 435,000 | 435,000 | 435,000 | 435,000 | 108,750 | - |
| e. Towers | 47,700 | 22,700 | 22,700 | 22,700 | 22,700 | 73,092 | - |
| Total | <u>\$ 488,415</u> | <u>\$ 457,700</u> | <u>\$ 457,700</u> | <u>\$ 457,700</u> | <u>\$ 457,700</u> | <u>\$ 181,842</u> | <u>\$ -</u> |

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 Statement 13, and not in accordance with lease terms. The agency 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 - None

I. RELATED PARTY TRANSACTIONS

An agreement was entered into between the Foundation, the component unit, and the related party Friends of Louisiana Public Broadcasting. Under the terms of this agreement, Friends of Louisiana Public Broadcasting transfers funds in excess of calculated amounts to the Foundation to be used to pay for approved expenses. For the year ended June 30, 2016, Friends of Louisiana Public Broadcasting transferred \$1,321,537 to the Foundation with \$249,260 of that amount recorded as a related party receivable.

The Foundation, the component unit, was organized to support LETA, the primary government. For the year ended June 30, 2016, the Foundation provided financial support to LETA totaling \$1,287,730, with \$14,950 of that amount recorded as a related party receivable by LETA and a related party payable by the Foundation.

State of Louisiana
Louisiana Educational Television Authority
Notes to the Financial Reports
For the Year Ended June 30, 2016

Employees of LETA perform services for the Foundation for productions, programming, broadcasting, and administrative services. In return, the Foundation reimburses LETA for the services performed by those personnel. These transactions are recorded as a reduction in salaries and related benefits in LETA's accounting records and as personnel expenses in the Foundation's accounting records. For the year ended June 30, 2016, the Foundation reimbursed LETA \$407,433 for personnel expenses.

The Foundation and Friends of Louisiana Public Broadcasting rent office space from LETA on a monthly basis. Rental revenue from the Foundation and Friends of Louisiana Public Broadcasting was \$8,292 and \$30,377, respectively, for the year ended June 30, 2016.

The Foundation reimburses LETA for the use of LETA's production, programming, and broadcasting equipment. For the year ended June 30, 2016, the Foundation's equipment rental expense was \$620,729. This balance is reported as rental revenue by LETA.

Due to cash flows and timing of receipts toward the end of the 2016 fiscal year, the component unit, the Foundation, paid some of LETA's bills for operating supplies and services in order for the bills to be paid in a timely manner. LETA recorded these payments totaling \$19,778 for the year ended June 30, 2016 as a related party payable, and the Foundation recorded these payments as a related party receivable.

J. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES (NONE)

K. IN-KIND CONTRIBUTIONS

In-kind contributions are included in the accompanying financial reports.

L. FEDERAL RECEIVABLE FOR PAYROLL AND RELATED BENEFIT ACCRUAL (NONE)

M. SUBSEQUENT EVENTS (NONE)

N. LAND AND LAND IMPROVEMENTS (NONE)

O. IMPAIRMENT OF CAPITAL ASSETS AND INSURANCE RECOVERIES (NONE)

P. INTANGIBLE ASSETS INCLUDING CAPITALIZED SOFTWARE (NONE)

Q. REVENUES - PLEDGED OR SOLD (NONE)

State of Louisiana
Louisiana Educational Television Authority
Notes to the Financial Reports
For the Year Ended June 30, 2016

R. PREPAID EXPENSES AND ADVANCES

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 two of the cover letter, you should disclose this amount, including postage below.

With the implementation of GASB 65, some of the amounts that were formerly recognized as prepaid expenses and advances may now be recognized as a deferred outflow. Do not report the amount qualifying as deferred outflows in this note (Note R). Instead, report these items in Note U, *Items Previously Reported as Assets and Liabilities*.

| <u>Beginning Balance at July 01, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance at June 30, 2016</u> |
|---|------------------|------------------|--|
| \$ 198,917 | | \$ (21,700) | \$ 177,217 |

S. POLLUTION REMEDIATION OBLIGATIONS (Governmental Funds) (NONE)

T. ITEMS PREVIOUSLY REPORTED AS ASSETS AND LIABILITIES

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. For example, certain situations involving non-exchange transactions and certain situations involving sales and intra-entity transfers of future revenues are now required to be reported as deferred inflows of resources or deferred outflows of resources.

| | <u>Balance at 06/30/15</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at 06/30/16</u> |
|-------------------|--------------------------------|------------------|------------------|--------------------------------|
| Deferred Outflows | | | | |
| Pension deferrals | \$ 1,782,655 | \$ 1,323,978 | \$ (1,441,653) | \$ 1,664,980 |
| Deferred inflows | | | | |
| Pension deferrals | \$ 1,903,640 | \$ - | \$ (1,768,159) | \$ 135,481 |

U. NONEXCHANGE FINANCIAL GUARANTEES (NONE)

V. CONTRACTS RETAINAGE PAYABLES (NONE)

W. GOVERNMENT COMBINATIONS & DISPOSALS OF GOVERNMENT OPERATIONS (NONE)

X. ACCOUNTS PAYABLE PAID WITH 2017 APPROPRIATIONS (NONE)