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LOUISIANA EDUCATIONAL TELEVISION AUTHORITY

REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

JUNE 30, 2005

CONTENTS

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August 22, 2005 (except for Note 15, as to which the date is August 29, 2005)

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities of the Louisiana Educational Television Authority, Baton Rouge, Louisiana, as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

As discussed in Note 1, the financial statements of Louisiana Educational Television Authority, are intended to present the financial position and the changes in financial position, of only that portion of the governmental activities, that is attributable to the transactions of Louisiana Educational Television Authority. They do not purport to, and do not, present fairly the financial position of the State of Louisiana as of June 30, 2005, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Louisiana Educational Television Authority, Baton Rouge, Louisiana, as of June 30, 2005, and the changes in the financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated August 22, 2005, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal controls 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 our audit performed in accordance with Government Auditing Standards and should be used in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The accompanying supplemental information schedules and "Annual Financial Report - General Fund Only" as required by the Louisiana Division of Administration listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the Louisiana Educational Television Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

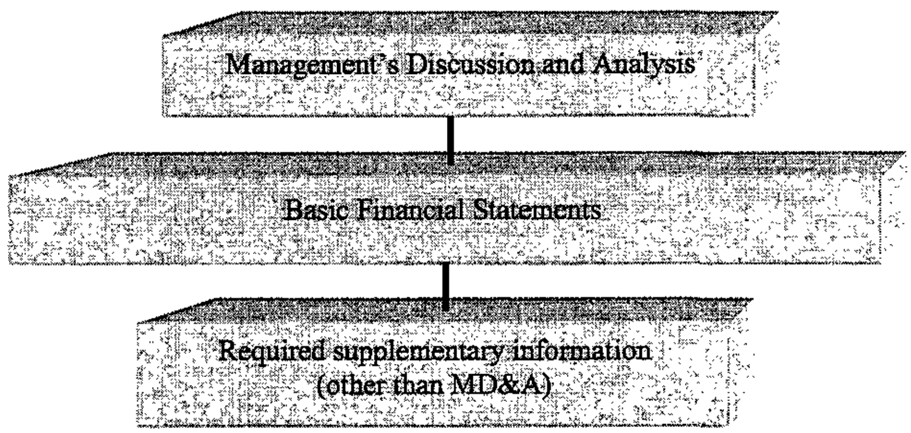
Hannis T. Bourgeois, LLP

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Louisiana Educational Television Authority, hereinafter referred to as LETA, presents a narrative overview and analysis of LETA's financial activities for the year ended June 30, 2005.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

FINANCIAL HIGHLIGHTS

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

- During FY 2004-05, LETA's Total Assets decreased to $8,966,810; a decrease of $1,091,041, below the $10,057,851 in Total Assets for FY 2003-04. The majority of this decrease was due to changes in net receivables and cash, which was offset by an increase in prepaid expenses.

- Total Liabilities decreased to $3,162,111 for FY 2004-05; a decrease of $1,027,441 below the $4,189,552 in Total Liabilities for FY 2003-04. The majority of this decrease is attributable to reduction in accounts payable and accrued expenses.

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

- FELPB Total Assets increased to $23,976,594; an increase of $1,328,759 over the $22,647,835 for FY 2003-04. The primary contributing factor in this change is attributable to an increase in the market value of securities and investments.
- Total Liabilities decreased by $100,749 from $6,969,775 in FY 2003-04 to $6,869,026 for FY 2004-05, which is mainly attributable to a $81,000 reduction in the "Due to LETA" account.

Included within this report are appropriate references to the

- "Due to LETA" fund;
- Associated notes regarding Friends of Louisiana Public Broadcasting;
- Investments and related matters involving the FELPB.

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

The following is a condensed Statement of Net Assets for LETA at June 30, 2005 with comparative to FY 2004:

	Total Governmental Activities 2005	Total Governmental Activities 2004
ASSETS		
Cash and Equivalents	$1,769,724	$ 2,411,588
Accounts/Grants Receivable	93,666	877,760
Prepaid Expenses	415,917	-
Due from Component Unit	6,687,503	6,768,503
Total Assets	8,966,810	10,057,851
LIABILITIES		
Accounts Payable	261,115	1,256,224
Deferred Revenue	541,975	425,346
Due to Primary Government	3,500	3,500
Long-Term Liabilities		
Due Within One Year	365,692	333,964
Due In More Than One Year	1,989,829	2,170,518
Total Liabilities	3,162,111	4,189,552
NET ASSETS		
Restricted for Capital Projects	1,166,377	1,982,135
Restricted for Tower Lease	415,917	-
Unrestricted	4,222,405	3,886,164
Total Net Assets	$ 5,804,699	$ 5,868,299

The following is a condensed Statement of Net Assets for FELPB at June 30, 2005 with comparative to FY 2004:

	FY 2005	FY 2004
ASSETS		
Cash and Equivalents	$ 3,155,588	$ 2,980,033
Marketable Securities and Investments at Market Value	20,205,296	19,080,858
Receivables, Net	496,081	452,857
Capital Assets (Net Depreciation)	2,703	9,909
Other Assets	116,926	124,178
Total Assets	23,976,594	22,647,835
LIABILITIES		
Accounts Payable and Accrued Expenses	84,574	61,085
Deferred Revenues	96,949	140,187
Due To LETA	6,687,503	6,768,503
Total Liabilities	6,869,026	6,969,775
NET ASSETS		
Restricted	150,748	121,380
Unrestricted	16,956,820	15,556,680
Total Net Assets	$17,107,568	$15,678,060

The following is a condensed Summary of Changes in Net Assets for LETA for the year ended June 30, 2005 with comparative figures from FY 2004:

	FY 2005	FY 2004
REVENUES		
Program Revenues:		
Charges for Services	$ 278,773	$ 1,386,175
Operating Grants and Contributions	442,944	3,957
Capital Grants and Contributions	89,768	902,422
General Revenues:		
State Appropriations	8,110,089	8,370,693
Interest and Investment Earnings	259,000	262,000
Total Revenues	9,180,574	10,925,247
EXPENSES		
Programming and Production	2,217,909	2,039,084
Broadcasting	3,746,896	6,284,809
Program Information	206,941	191,226
Management and General	1,299,820	1,262,854
Interest on Long Term Debt	85,242	15,910
Total Expenses	7,556,808	9,793,883
Extraordinary Items:		
Gain on Capital Lease Termination	-	2,910,079
Changes in Net Assets	1,623,766	4,041,443
Capital Assets Purchased for the Benefit of the State	(1,687,366)	(5,531,174)
Net Assets – Beginning of Year	5,868,299	7,358,030
Net Assets – End of Year	$ 5,804,699	$ 5,868,299

The following is a condensed Summary of Changes in Net Assets for FELPB for the year ended June 30, 2005 with comparative figures from FY 2004:

	FY 2005	FY 2004
REVENUES		
Program Revenues:		
Charges for Services	$1,161,658	$1,503,834
Operating Grants and Contributions	1,600,157	1,670,684
General Revenues:		
Grants and Contributions not restricted to Specific Purposes	1,532,780	1,365,823
Investment Income	684,773	1,242,238
Total Revenues	4,979,368	5,782,579
EXPENSES		
Personal Services	172,225	446,916
Travel	113,820	110,177
Operating Services	2,225,653	2,201,072
Professional Services	824,635	614,863
Capital Outlay/General Support	106,764	47,487
Total Expenses	3,443,097	3,420,515
Change in Net Assets	1,536,271	2,362,064
Capital Assets Purchased for the Benefit of the State	(106,763)	(265,510)
Net Assets-Beginning of Year	15,678,060	13,581,506
Net Assets-Beginning of Year	$17,107,568	$15,678,060

SIGNIFICANT CHANGES IN NET ASSETS BALANCES

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

- Total Net Assets decreased from $5,868,299 at the end of FY 2003-04, to $5,804,699 at the end of FY 2004-05; a decrease of $63600.

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

- The "Due to LETA" fund liability decreased from $6,768,503 in FY 2003-04 to $6,687,503 in FY 2004-05; a decrease of $81,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- Completion of the transmission portion of the mandated digital conversion and the beginning of the implementation of the content portion of digital conversion;
- Development of LETA's long-range response to changes in Public Television programming, funding levels, and other pressures at the National level;
- Development of responses to changes in public television's shift in its overall implementation of children's programming;
- Development of a fiber network in association with other state agencies to provide a direct two-way flow between all transmitter locations, and the development of additional cooperative ventures utilizing the fiber link for homeland security, public safety, and other such projects;
- Development of additional historical projects to follow the Louisiana: A History project, and continued follow-up on utilization, distribution, and development of associated usage of Louisiana: A History;
- Continued activities associated with the Teleplex Cooperative Endeavor Agreement;
- Continued activities related to satellite resources with PBS as the initial term of the current agreement expires in 2006;

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

- Increased LETA's presence statewide via projects associated with the state-wide fiber network;
- Increased opportunities for programming and revenue enhancement for LETA via digital broadcasts and multicasting opportunities;
- Increased opportunities as a result of via LETA/FELPB's ability to secure grant funding for projects and activities;
- Increased opportunity for additional local productions as the new remote production truck comes "on-line";
- Resolution to the Loral bankruptcy proceeding and a the payment to LETA of the outstanding claim against Loral;

- Increased LETA presence in New Orleans area as additional cooperative ventures are undertaken with WLAE/WYES, and as the Teleplex project moves forward;
- Continued positive response to the Signpost to Freedom: The 1953 Baton Rouge Bus Boycott, Making Waves, Louisiana: A History, and other historical projects;
- Increased revenue and national exposure due to the sales/distribution of Facts on Fire, Louisiana: A History , and other completed LETA projects via ShopLPB, and our affiliation with ShopPBS, NETA, and other national organizations;
- Continued positive response to video streaming in the classroom, and adaptation of like models for other educational services;
- Utilization of DDF and PTFP grants for digital distribution and digital production equipment acquisition;
- Positive economic developments that improve investment opportunities for FELPB funds.

ADDITIONAL NOTATION

In August 2005, Hurricane Katrina devastated New Orleans and severely impacted other areas throughout the state. While it is impossible to assess the total impact of this tragedy at this time, it is clear that LETA will play a major role in the recovery process. As public television and radio is currently non-existent in the metro New Orleans area, LETA has stepped forward to provide assistance in the affected areas, and will be at the forefront in the development of a consolidated plan for public broadcasting for Louisiana.

Also, during FY 2004-05, the parties continued to refine the Cooperative Endeavor Agreement for the New Orleans Teleplex. As there was no formal Agreement signed prior to the end of the fiscal year, the Division of Administration directed LETA to not transfer the annual $1 million in funding that is set-aside in LETA's budget for the project. Therefore, LETA did not transfer the funds to the UNO Foundation as in previous years, and that reduction in expenditures is noted in this audit.

Additionally, a request for an across-the-board reduction in State revenue of 1.75% by the Governor was implemented via HB 842. For LETA, this reduction was at a level of $138,917.

CONTACTING THE LETA's MANAGEMENT

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2005

	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash and Cash Equivalents	$ 1,769,724	$ 3,155,588
Marketable Securities and Investments, at Market Value	-	20,205,296
Receivables, Net	93,666	496,081
Due from Component Unit	6,687,503	-
Capital Assets (Net of Accumulated Depreciation)	-	2,703
Prepaid Expenses	415,917	-
Other Assets	-	116,926
Total Assets	8,966,810	23,976,594
LIABILITIES		
Accounts Payable and Accrued Expenses	261,115	84,574
Deferred Revenues	541,975	96,949
Due to Component Unit	-	6,687,503
Due to Primary Government	3,500	-
Long-Term Liabilities:		
Due Within One Year	365,692	-
Due in MoreThan One Year	1,989,829	-
Total Liabilities	3,162,111	6,869,026
NET ASSETS		
Investment in Capital Assets	-	2,703
Restricted for:		
Capital Projects	1,166,377	-
Tower Lease	415,917	-
Friends of L.P.B Transfer Agreement	-	150,748
Unrestricted	4,222,405	16,954,117
Total Net Assets	$ 5,804,699	$ 17,107,568

The accompanying notes constitute an integral part of this statement.

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

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

		Program Revenues	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
Programming and Production	$ 2,217,909	$ 278,773	$ -
Broadcasting	3,746,896	-	434,000
Program Information	206,941	-	-
Management and General	1,299,820	-	8,944
Interest on Long-Term Debt	85,242	-	-
Total Primary Government	$ 7,556,808	$ 278,773	$ 442,944
Component Unit:			
Foundation for Excellence in L.P.B.	$ 3,443,097	$ 1,161,658	$ 1,600,157

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

Total General Revenues

Change in Net Assets

Capital Assets Purchased for the Benefit of the State of Louisiana

Net Assets - Beginning of Year

Net Assets - End of Year

The accompanying notes constitute an integral part of this statement.

Capital Grants and Contributions	Primary Government Governmental Activities Net (Expense) Revenue and Changes in Net Assets	Component Unit Net (Expense) Revenue and Changes in Net Assets
$ -	$ (1,939,136)	$ -
89,768	(3,223,128)	-
-	(206,941)	-
-	(1,290,876)	-
-	(85,242)	-
$ 89,768	(6,745,323)	-
$ -	-	(681,282)
	8,110,089	-
	-	1,532,780
	259,000	684,773
	8,369,089	2,217,553
	1,623,766	1,536,271
	(1,687,366)	(106,763)
	5,868,299	15,678,060
	$ 5,804,699	$ 17,107,568

FUND FINANCIAL STATEMENTS

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

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2005

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 4,358	$ 1,765,366	$ 1,769,724
Accounts/Grants Receivable	79,194	-	79,194
Due from Component Unit	6,744,517	-	6,744,517
Due from Primary Government	14,472	-	14,472
Prepaid Expenses	415,917	-	415,917
Total Assets	$ 7,258,458	$ 1,765,366	$ 9,023,824
LIABILITIES			
Accounts Payable	$ 83,568	$ -	$ 83,568
Accrued Expenses	177,547	-	177,547
Deferred Revenue	-	541,975	541,975
Due to Component Unit	-	57,014	57,014
Due to Primary Government	3,500	-	3,500
Total Liabilities	264,615	598,989	863,604
FUND BALANCES			
Fund Balances:			
Reserved for Capital Projects	-	1,166,377	1,166,377
Reserved for Tower Lease	415,917	-	415,917
Unreserved:			
Designated for Technological Advances	6,577,926	-	6,577,926
Total Fund Balances	6,993,843	1,166,377	8,160,220
Total Liabilities and Fund Balances	$ 7,258,458	$ 1,765,366	$ 9,023,824

The accompanying notes constitute an integral part of this statement.

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

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

FOR THE YEAR ENDED JUNE 30, 2005

Fund Balances-Total Governmental Funds		$ 8,160,220
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Long-term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds:		
LEAF Acquisitions Payable	$ 1,846,791	
Compensated Absences	508,730	2,355,521
Net Assets of Governmental Activities		$ 5,804,699

The accompanying notes constitute an integral part of this statement.

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	General	Capital Projects	Total Governmental Funds
REVENUES:			
State General Fund	$ 8,110,089	$ -	$ 8,110,089
State General Fund-Interagency Transfers	30,663	-	30,663
Donated Facilities, Administrative Support, and Programming	8,944	-	8,944
Federal Grants	467,291	89,768	557,059
Special Projects/Local Productions	214,819	-	214,819
Interest and Dividend Income	259,000	-	259,000
Total Support and Revenues	9,090,806	89,768	9,180,574
EXPENDITURES:			
Programming and Production	2,217,909	-	2,217,909
Broadcasting	4,451,647	905,526	5,357,173
Program Information	206,941	-	206,941
Management and General	1,299,820	-	1,299,820
Debt Service:			
Principal Retirement	226,050	-	226,050
Interest	85,242	-	85,242
Total Expenditures	8,487,609	905,526	9,393,135
Excess (Deficiency) of Revenues Over Expenditures	603,197	(815,758)	(212,561)
Fund Balances - Beginning of Year	6,390,646	1,982,135	8,372,781
Fund Balances - End of Year	$ 6,993,843	$ 1,166,377	$ 8,160,220

The accompanying notes constitute an integral part of this statement.

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

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

FOR THE YEAR ENDED JUNE 30, 2005

Net Change in Fund Balances-Total Governmental Funds		$ (212,561)
Amounts Reported for Governmental Acitivities in the Statement of Activities are Different Because:		
The Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of Governmental Funds but has no Effect on Net Assets:		
Principal Payments on LEAF Acquisitions	226,050	
Governmental Funds Report Capital Outlays as Expenditures. In the Statement of Activities the Cost of Those Assets Should be Allocated Over the Estimated Useful Lives as Depreciation Expense. However, Because the Authority is Only the Custodian of These Assets and the State of Louisiana is the Owner, Neither the Capital Assets nor the Depreciation Expense Thereon is Recorded in These Financial Statements.	1,687,366	
Some Expenses Reported in the Statement of Activities do Not Require the use of Current Financial Resources and, Therefore, are not Reported as Expenditures in Governmental Funds:		
Increase in Compensated Absences Payable	(77,089)	1,836,327
Change in Net Assets of Governmental Activities		$ 1,623,766

The accompanying notes constitute an integral part of this statement.

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

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

FOR THE YEAR ENDED JUNE 30, 2005

	Original Budget	Final Budget	Actual
REVENUES:			
State General Fund	$ 9,249,006	$ 8,110,089	$ 8,110,089
State General Fund-Interagency Transfers	644,005	644,005	30,663
State General Fund-Self Generated	690,000	690,000	-
Donated Facilities, Administrative Support, and Programming	-	-	8,944
Federal Grants	33,291	33,291	467,291
Other	-	-	473,819
Total Revenues	10,616,302	9,477,385	9,090,806
EXPENDITURES:			
Personal Services	5,164,995	5,086,393	4,717,944
Operating Services	1,987,213	1,913,826	1,918,926
Professional Services	104,800	114,240	122,927
Other Charges	2,822,133	1,821,065	1,086,380
Capital Outlay/General Support	18,500	31,000	155,284
Interagency Transfers	207,369	199,569	174,856
Debt Service:			
Principal Retirement	226,050	226,050	226,050
Interest	85,242	85,242	85,242
Total Expenditures	10,616,302	9,477,385	8,487,609
Excess (Deficiency) of Revenues Over Expenditures	-	-	603,197
Fund Balance (Deficit) - Beginning of Year	-	-	6,390,646
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 6,993,843

The accompanying notes constitute an integral part of this statement.

Nonbudgeted Items and Adjustments	Budgetary Basis	Variance With Final Budget - Favorable (Unfavorable)
$ -	$ 8,110,089	$ -
-	30,663	(613,342)
190,908	190,908	(499,092)
(8,944)	-	-
(434,000)	33,291	-
(390,065)	83,754	83,754
(642,101)	8,448,705	(1,028,680)
(18,683)	4,699,261	387,132
(47,603)	1,871,323	42,503
(8,944)	113,983	257
190,908	1,277,288	543,777
(127,870)	27,414	3,586
-	174,856	24,713
-	226,050	-
-	85,242	-
(12,192)	8,475,417	1,001,968
(629,909)	(26,712)	(26,712)
6,424,619	(33,973)	(33,973)
$ 5,794,710	$ (60,685)	$ (60,685)

Note 1 - Summary of Significant Accounting Policies -

A. Organization

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

B. Financial Reporting Entity

The financial reporting entity consists of (1) the primary government, (Louisiana Educational Television Authority), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Governmental Accounting Standards Board (GASB) issued Statement No.39, determining whether certain organizations are component units, amends GASB 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting, as a component unit, an organization that raises and hold economic resources for the direct benefit of a governmental unit and is effective for periods beginning after June 15, 2003.

Organizations that are legally separate, tax-exempt entities and that meet all of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Based on the foregoing criteria, the management of the Louisiana Educational Television Authority has included the Foundation for Excellence in Louisiana Public Broadcasting as a component unit of the Louisiana Educational Television Authority. Since the Authority appoints the board members of the Foundation and there is a financial benefit/burden relationship between the two entities, the funds of the Foundation will be discretely presented in the Louisiana Educational Television Authority's financial statements for the year ended June 30, 2005.

In addition, it has been determined that the assets and revenues of Friends of L.P.B. did not meet the $2 million dollar threshold for reporting component units. Therefore, the funds of Friends of L.P.B. will not be presented in the Authority's statements for the year ended June 30, 2005.

C. Basis of Presentation

Financial Statements - Government-Wide Statements

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

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

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

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

The Authority does not allocate indirect costs.

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

Financial Statements - Fund Financial Statements

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

The following fund type is used by the Authority:

Governmental Funds:

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

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

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

Financial statement presentation of the Foundation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations.* Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as applicable. As of June 30, 2005, there were no permanently restricted net assets.

D. Basis of Accounting and Measurement Focus

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

1. Accrual -

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

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

2. Modified Accrual -

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

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

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

E. Budgets and Budgetary Accounting

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

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

F. Encumbrances

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

G. Petty Cash Imprest Fund

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

H. Assets, Liabilities, and Net Assets or Equity

Capital Assets

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

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

Marketable Securities and Investments

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

Costs Incurred for Programs Not Yet Broadcast

Costs incurred for programs not yet broadcast relate to programs acquired by the Foundation for Excellence in Louisiana Public Broadcasting with broadcast dates subsequent to June 30, 2005. Grants, contributions and underwriting related to these programs are included in deferred revenue. As the programs are telecast, the costs incurred will be included in operating expenses and the related deferred revenue will be recognized.

Contributed Services/In-kind Contributions

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

During the year ended June 30, 2005, the value of contributed services or assets meeting the requirements for recognition by the Foundation was not material and has not been recorded.

Long-Term Obligations

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

Estimates

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

Accrued Vacation and Sick Leave

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

In the government-wide financial statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March of 2000), no compensated absences liability is recorded at June 30, 2005, in the governmental fund-type financial statements. Therefore this amount represents a reconciling item between the fund and government-wide presentation.

Net Assets

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

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

I. Income Taxes

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

Note 2 - Deposits and Investments -

Deposits

For reporting purposes, included as deposits are bank accounts and money market funds. Deposits in bank accounts and money market funds are stated at cost, which approximate market. Under State law these deposits must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank. The deposits of the L.E.T.A. and the Foundation at June 30, 2005 were secured as follows:

L.E.T.A.:

	Deposits in Bank Accounts			
	Cash	Certificates of Deposit	Other (Money Market Accounts)	Total
Deposits in Bank Accounts per Balance Sheet	$ 1,769,724	$ -	$ -	$ 1,769,724
Bank Balances (Category 3 Only) Identify Amounts Reported as Category 3 by the Descriptions Below:				
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 Entity's Name	-	-	-	-
Total Category 3 Bank Balances	$ -	$ -	$ -	$ -
Total Bank Balances (Regardless of Category)	$ 1,768,351	$ -	$ -	$ 1,768,351

Included above is cash held in the Treasury in the amount of $858, and cash held as Capital Outlay funds in the amount of $1,765,366.

Foundation:

		Deposits in Bank Accounts		
	Cash	Certificates of Deposit	Other (Money Market Accounts)	Total
Deposits in Bank Accounts per Balance Sheet	$ 2,775,970	$ -	$ 379,618	$ 3,155,588
Bank Balances (Category 3 Only):				
a. Unisured 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 Entities Name	2,761,651	-	-	2,761,651
Total Category 3 Bank Balances	$ 2,761,651	$ -	$ -	$ 2,761,651
Total Bank Balances (Regardless of Category)	$ 2,861,651	$ -	$ 379,618	$ 3,241,269

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the L.E.T.A.'s and the Foundation's deposits may not be returned to it. As of June 30, 2005, $3,141,269 of the Foundation's bank balance $3,241,269 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entities name. All of the L.E.T.A.'s deposits were held by the State Treasurer with the exception of a small cash account which was completely covered by FDIC insurance.

Investments

Custodial Credit Risk - Investments. Custodial credit risk for investments is 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 investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty, or by the counterparty's trust department or agent but not in the name of the Foundation. At June 30, 2005, all of the Foundation's investments were held by an agent in the name of the Foundation.

Interest Rate Risk - Investments. Interest rate risk is defined as 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.

The Foundation's investment policy states that the weighted maturity of the fixed income portfolio shall not exceed fifteen years, excluding government obligations or agency securities at the time of purchase nor an average life exceeding twelve years for mortgages. Furthermore, the Foundation invests in hedge funds which may take both long and short term positions and use leverage.

As of June 30, 2005, the Foundation had the following debt investments and maturities:

			Investment Maturities (in Years)			
Investment Type	Cost	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasury Securities	$ 2,403,898	$ 2,381,211	$ 273,724	$ 722,285	$ 415,313	$ 969,889
U.S. Government Agency Securities	5,311,442	5,229,473	1,610,627	3,304,828	314,018	-
Total	$ 7,715,340	$ 7,610,684	$ 1,884,351	$ 4,027,113	$ 729,331	$ 969,889

Credit Risk - Investments. The credit risk of investments is 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 (BBB or better) and Moody's (Baa or better). Investments in commercial paper must have a rating of not less than A1 by S&P and P1 by Moody's.

The following table illustrates the Foundation's investment exposure to credit risk as of June 30, 2005:

Rating	Fair Value
AAA	$ 5,229,473

Concentration of Credit Risk - Investments. The concentration of credit risk is 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 limits the percentage that can be invested in the securities of any one issuer, excluding obligations of the U.S. Government at the time of purchase to no more than 5% of the Foundation's total equity assets. At June 30, 2005, the Foundation did not have more than 5% of its total investments that were invested with one issuer.

Note 3 - Investments -

The cost and estimated fair value including gross unrealized gains and loses of the Foundation's investments at June 30, 2005 were as follows:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury Securities	$ 2,403,898	$ -	$ 22,687	$ 2,381,211
U.S. Government Agency Obligations	5,311,442	-	81,969	5,229,473
Common Stocks	7,161,586	1,180,033	244,800	8,096,819
Mutual Funds	594,463	149,145	-	743,608
Meridian Horizon Fund	2,612,593	1,141,592	-	3,754,185
	$ 18,083,982	$ 2,470,770	$ 349,456	$ 20,205,296

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

	Primary Government	Component Unit
Realized Gains	$ -	$ 1,313,307
Realized (Losses)	-	(198,694)
Net Decrease in Unrealized Gains at June 30, 2005 Compared to June 30, 2004	-	(507,904)
Net Interest and Dividend Income	259,000	78,064
	$ 259,000	$ 684,773

Meridian Horizon Fund invests in various long-term and short-term equity positions in United States and European stocks. It also may invest in options, futures and other forms of derivative investments.

There were no marketable securities held by the primary government at June 30, 2005.

Note 4 - Receivables and Payables -

Receivables consist of the following at June 30, 2005:

	Governmental Activities	Component Unit
Accounts/Interagency	$ 93,666	$ 172,344
Accrued Interest	-	55,561
Federal Grants	-	97,050
Due from Friends of Louisiana Public Broadcasting	-	171,126
	$ 93,666	$ 496,081

Payables consist of the following at June 30, 2005:

	Governmental Activities	Component Unit
Accounts	$ 83,568	$ 84,574
Accrued Payroll	177,547	-
	$ 261,115	$ 84,574

Note 5 - Lease and Rental Commitments -

The Authority's operating rental commitments consist of various tower sites. These operating lease agreements have nonappropriation exculpatory clauses that allow cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period.

In November 2003, the Authority entered into an operating lease agreement with Public Broadcasting Service for the use of their transponder. The agreement is for $50,000 per month and expires on September 30, 2006. Per the terms of the agreement, the lease is contingent upon the State Legislature continuing to fund appropriations in order for the authority to meet the lease obligations.

Total operating rental and lease expenditures for the year ended June 30, 2005 amounted to $695,286.

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

Year	Rental Property	Amount
2006	Tower Sites/Satellite	$ 695,254
2007	Tower Sites/Satellite	242,754
2008	Tower Sites/Satellite	93,706
2009	Tower Sites/Satellite	94,708
2010	Tower Sites/Satellite	77,708
Thereafter	Tower Sites/Satellite	554,695
		$ 1,758,825

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

Louisiana Education Television Authority:

Board Meetings Board Member	Attended	Per Diem Paid
Dr. William Arceneaux	9	$ -
Jesse Bankston	3	-
Wayne Berry	8	-
Lucile Blum	0	-
Fr. James Carter	0	-
Carl Crowe	3	-
Bob Davidge	8	-
Barbara Decuir	6	-
Clare Duhon	0	-
Felicia L. Harry	6	-
Jane Kirkpatrick	1	-
Betty Lauricella	3	-
Jim Nickel	2	-
Clinton Raspberry	0	-
Jennifer Reilly	4	-
Deano Thornton	4	-
Sissie Villaume	1	-
Carole Wallin	1	-
James White	1	-
Rose Hudson	6	-
		$ -

Foundation for Excellence in L.P.B.:

Board Member	Board Meetings Attended	Per Diem Paid
Dudley Coates	2	$ -
Alston Johnson	1	-
Mary Joseph	3	-
Frank McArthur	2	-
Huel Perkins	3	-
Charles Spencer	2	-
Joe Traigle	1	-
Roger Ogden	0	-
Virginia Shehee	0	-
Harold Block	0	-
		$ -

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

During the current and prior years, monies were received from various universities who were leasing unused transponder space on a satellite which was owned by Louisiana Educational Television Authority (L.E.T.A.). Upon receipt, these rental payments were deposited in the Trust account of the Foundation and are therefore considered due to L.E.T.A. At June 30, 2005, the net amount owed to L.E.T.A. for these rentals is $6,744,861 which includes $1,907,600 of interest earnings.

In the current year and prior years, $730,935 of these funds were spent on digital conversion expenses and accordingly this cumulative amount has been applied to the due to L.E.T.A. balance at June 30, 2005.

In the current year, the Foundation expended the remaining $29,250 of the TFN funds received for equipment and facilities rental for L.E.T.A. in accordance with a Board resolution relating to the equipment and facilities agreement. Therefore, there are no funds remaining in the Due to L.E.T.A. balance at June 30, 2005 relating to this rental.

In addition, during the current and prior year the Foundation entered into a contract with the Louisiana Lottery Corporation to provide production and nightly distribution services for the various lottery games. All equipment used in providing these services was purchased by the Foundation on behalf of L.E.T.A. and were recorded on L.E.T.A.'s fixed asset listing in the prior years. Accordingly, the cumulative net of revenue earned less expenses incurred for these services amounted to $730,591 and is considered owed to L.E.T.A. This amount is also included in the Due to L.E.T.A. balance at June 30, 2005.

In the current year, the Foundation received on behalf of L.E.T.A. $497,667 for the purchase of equipment and payment of a tower lease. During the current year, $792,658 of these funds had been used or transferred to L.E.T.A. for the purchase of equipment and payment of a tower lease. The cumulative net amount of the funds received and expended for the purchase of equipment totaling $57,014 has been deducted from the Due to L.E.T.A. balance at June 30, 2005.

Note 8 - Changes in Capital Assets -

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

	Balance at July 1, 2004	Adjustments and Additions	Adjustments and Deletions	Balance at June 30, 2005
Furniture and Fixtures	$ 69,938	$ -	$ -	$ 69,938
Less: Accumulated Depreciation	(60,029)	(7,206)	-	(67,235)
Component Unit Capital Assets, Net	$ 9,909	$ (7,206)	$ -	$ 2,703

Depreciation expense for the year ended June 30, 2005 was $7,206.

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

The following is a summary of the changes to General Long-Term Obligations for the year ended June 30, 2005:

	Balance at July 1, 2004	Additions	Reductions	Balance at June 30, 2005
Compensated Absences Payable	$ 431,641	$ 77,089	$ -	$ 508,730
LEAF Acquisitions Payable	2,072,841	-	226,050	1,846,791
	$ 2,504,482	$ 77,089	$ 226,050	$ 2,355,521

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations as of June 30, 2005:

	LEAF Acquisitions Payable	Compensated Absences	Total
Current Portion	$ 238,509	$ 127,183	$ 365,692
Long-Term Portion	1,608,282	381,547	1,989,829
Total	$ 1,846,791	$ 508,730	$ 2,355,521

A schedule of the future principal payments for the LEAF Acquisitions Payable at June 30, 2005 is as follows:

Year	
2006	$ 238,509
2007	246,447
2008	254,649
2009	263,024
2010	271,878
Thereafter	572,284
	$ 1,846,791

Note 10 - Retirement System -

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

Funding Policy: Plan members of the Authority are required by state statue to contribute 7.5 percent of their annual covered salary and the office (as the employer) is required to contribute at an actuarially determined rate. The current employer rate is 17.8% percent of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contribution is funded by the State of Louisiana through the annual legislative appropriation. The Authority's contributions to LASERS for the year ended June 30, 2005 was $889,539, which $263,086 was contributed by employees and $626,453 was contributed by the Authority and were equal to the required contribution for the year.

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

LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the Authority to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Authority's employees become eligible for those benefits if they reach normal retirement age while working for the Authority. Monthly premiums are paid jointly by the employees and the employer (from the Authority's appropriation) for both retirees' and active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMO's authorized by Group Benefits. The Authority recognizes the cost of providing benefits as an expenditure when paid during the year. For the year ended June 30, 2005 the costs of retirees' benefits totaled $108,165, while the number of retirees is 27. The cost of retirees' benefits is net of participant's contribution.

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

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

Furthermore, a separate agreement dated August 9, 1994 (as amended in 2002), was entered into between Friends of Louisiana Public Broadcasting and the Foundation for Excellence in Louisiana Public Broadcasting. Under the terms of this agreement, Friends of Louisiana Public Broadcasting transfers quarterly excess funds as calculated per the agreement; to be used to pay for certain approved expenses. For the fiscal year ended June 30, 2005, $1,091,553 was transferred to the Foundation (which includes a receivable of $165,792) under the terms of this agreement.

At June 30, 2005, $1,062,185 of the temporarily restricted net assets available for the purposes specified in these two agreements were spent and therefore released from restriction. The remaining $150,748 is temporarily restricted at June 30, 2005.

Note 13 - Designation of Fund Balance - General Fund -

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

Note 14 - Restricted Net Assets -

Restricted net assets at June 30, 2005 consist of the following:

	Governmental Activities	Component Unit
Capital Projects	$ 1,166,377	$ -
Friends of LPB Transfer Agreement	-	150,748
Tower Lease	415,917	-
	$ 1,582,294	$ 150,748

Note 15 - Subsequent Event - Hurricane Katrina -

Subsequent to our report date, but prior to the final issuance of our report, hurricane Katrina hit the southeast Louisiana coast on August 29, 2005. The path of Katrina took the storm directly over the New Orleans area of Louisiana. Initial damages due to the wind and flooding are expected to be catastrophic in this area. At this time we are unable to evaluate the effect, if any, that this event may have on the L.E.T.A.

OTHER SUPPLEMENTARY INFORMATION

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

SCHEDULE OF INTERAGENCY REVENUE

FOR THE YEAR ENDED JUNE 30, 2005

Program	
Workplace Essentials	$ 13,500
DOTD	9,063
Board of Regents	8,100
Total Interagency Revenue	$ 30,663

See auditor's report.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Federal Expenditures
U.S. Department of Education			
Passed Through Louisiana Department of Education:			
Adult Education	84.002	$ 33,291	$ 33,291
Total U.S. Department of Education			33,291
U.S. Department of Commerce			
Public Telecommunications Facilities Program	11.550	$ 1,531,837	434,000
Passed Through Educational Broadcasting Foundation:			
Public Telecommunications Facilities Program	11.550	$ 863,120	89,768
Total U.S. Department of Commerce			523,768
Total Federal Assistance			$ 557,059

See auditor's report.

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

Hannis T. Bourgeois, LLP
Certified Public Accountants

Randy J. Bonnecaze, CPA*
Joseph D. Richard, Jr., CPA*
Ronnie E. Stamper, CPA*
Fernand P. Genre, CPA*
Stephen M. Huggins, CPA*
Monica L. Zumo, CPA*
Ronald L. Gagnet, CPA*
Douglas J. Nelson, CPA*
Celeste D. Viator, CPA*
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2322 Tremont Drive
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Members American Institute of Certified Public Accountants

1175 Del Este Avenue, Suite B
Denham Springs, LA 70726

www.htbcpa.com

August 22, 2005

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

We have audited the financial statements of the governmental activities, and the discretely presented component unit of the Louisiana Educational Television Authority, as of and for the year ended June 30, 2005, and have issued our report thereon dated August 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control component as does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management, others within the Organization, the Census Bureau, and the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and various cognizant agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

Harris T. Bourgeois, LLP

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Hannis T. Bourgeois, LLP
Certified Public Accountants

Randy J. Bonnecaze, CPA*
Joseph D. Richard, Jr., CPA*
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August 22, 2005

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

We have audited the compliance of the Louisiana Educational Television Authority, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Authority, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, others within the organization, the Census Bureau, and the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and various cognizant agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2005

Summary of Auditor's Results:

(1) As required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the following is a summary of the results of our audit:

* Type of report issued on financial statements - unqualified.

* Type of report issued on compliance for major programs-unqualified.

* The results of audit procedures disclosed no material non-compliance in major programs.

* The results of audit procedures disclosed no questioned costs.

* Our audit disclosed no findings, which are required to be reported under Section 510(a).

* The following program was determined to be Type A major program:

	C.F.D.A. Number
Public Telecommunications Facilities Program	11.550

* The dollar threshold used to distinguish between Type A and Type B programs was $300,000 as specified under Section 520(b).

* The Authority qualified as a low risk auditee under Section 530.

(2) Findings - Financial Statement Audit:
None

(3) Findings and Questioned Costs - Major Federal Award Program Audit:
None

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2005

No prior year audit findings.

ANNUAL FINANCIAL REPORT

662
Schedule Number

STATE OF LOUISIANA
Annual Fiscal Reports
Fiscal Year Ending June 30, 2005

LOUSIANA EDUCATIONAL TELEVISION AUTHORITY

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

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Elizabeth "Beth" Courtney, Executive Director of Louisiana Educational Television Authority (LETA) who duly sworn, deposes and says, that the financial reports herewith given present fairly financial information of Louisiana Educational Television Authority at June 30, 2005 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 26th day of August, 2005.

Beth Courtney
Signature of Agency Official

Linia M. Yandle
NOTARY PUBLIC# 036550

Prepared by: Joanne Gaudet
Title: Accountant Supervisor
Telephone No.: 225-767-4270
Date: August 26, 2005

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, 2005

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	8,110,089.00	0.00	0.00		8,110,089.00	8,110,089	0.00
5	GENERAL FUND-SGR	222,018.48	0.00	52,643.75		274,662.23	690,000	415,337.77-
6	GENERAL FUND- IAT	49,482.00	0.00	14,472.00		63,954.00	677,296	613,342.00-
11	TOTAL APPROPRIATED REVENUE	8,381,589.48	0.00	67,115.75		8,448,705.23	9,477,385	1,028,679.77-
B	EXPENDITURES							
12	APPROPRIATED EXPENDITURES:							
	ADMINISTRATION/SUPPORT SRVS	675,808.39	0.00	181.15		675,989.54	724,122	48,132.46
	BROADCASTING	7,689,327.81	637.78-	83,387.88	+637.78	~~7,772,077.91~~ 7,772,715.69	8,753,263	~~981,185.09~~ 980,547.31
27	TOTAL APPROPRIATED EXPENDITURES	8,365,136.20	637.78-	83,569.03	637.78	~~8,448,067.45~~ 8,448,705.23	9,477,385	~~1,029,317.55~~ 1,028,679.77
28	EXCESS (DEFICIENCY) OF APPROPRIATED REVENUES OVER APPROPRIATED EXPENDITURES	16,453.28	637.78	16,453.28-		ϕ ~~637.78-~~	0	ϕ ~~637.78-~~

RUN DATE : 08/15/05
RUN TIME : 19:29:35
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, 2005

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, 2005 III	UNCLASSIFIED CASH RECEIPTS AT JUNE 30, 2005 IV	TOTAL CASH DEPOSIT WITH TREASURY III + IV V	ACCOUNTS RECEIVABLE AT JUNE 30, 2005 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	1835	222,018.48	0.00	222,018.48	52,643.75		274,662.23
B SUBTOTAL - GENERAL FUND-SGR			222,018.48	0.00	222,018.48	52,643.75		274,662.23
GENERAL FUND- IAT								
C0	003	1835	41,382.00	0.00	41,382.00	14,472.00		55,854.00
C0		1930	8,100.00	0.00	8,100.00	0.00		8,100.00
C SUBTOTAL - GENERAL FUND- IAT			49,482.00	0.00	49,482.00	14,472.00		63,954.00
AUXILIARY FUND								
D SUBTOTAL - AUXILIARY FUND			0.00	0.00	0.00	0.00		0.00
OTHER FUNDS								
E SUBTOTAL - OTHER FUNDS			0.00	0.00	0.00	0.00		0.00

SCHEDULE 3

STATE OF LOUISIANA
SCHEDULE OF APPROPRIATED REVENUE BY TYPE
GENERAL OPERATING APPROPRIATION FUNDS
FOR YEAR ENDED JUNE 30, 2005

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, 2005 III	UNCLASSIFIED CASH RECEIPTS AT JUNE 30, 2005 IV	TOTAL CASH DEPOSIT WITH TREASURY III + IV V	ACCOUNTS RECEIVABLE AT JUNE 30, 2005 VI	AGENCY ADJUSTMENT VII	TOTAL REVENUE VIII
F TOTAL - APPROPRIATED REVENUE			271,500.48	0.00	271,500.48	67,115.75		338,616.23

RUN DATE : 08/15/05
RUN TIME : 19:35:30
REPORT ID : 4G33-ST
DISTRIBUTE TO: 6620001

STATE OF LOUISIANA
SCHEDULE OF NON APPROPRIATED
(MAJOR STATE REVENUE & INCOME NOT AVAILABLE)
FOR YEAR ENDED JUNE 30, 2005

LA EDUCATIONAL TV AUTHORITY

ISIS AGENCY NO. 662

ISIS APPR NUMBER I	REVENUE COLLECTION CENTER II	REVENUE SOURCE CODE III	CLASSIFIED CASH RECEIPTS THROUGH JUNE 30, 2005 IV	UNCLASSIFIED CASH RECEIPTS AT JUNE 30, 2005 V	TOTAL CASH DEPOSIT WITH TREASURY IV + V VI	ACCOUNTS RECEIVABLE AT JUNE 30, 2005 VII	AGENCY ADJUSTMENT VIII	TOTAL REVENUE IX
GENERAL-INCOME NOT AVAILABLE								
AI XB2	N662	1925	100.00	0.00	100.00	0.00		100.00
A SUBTOTAL - GENERAL-INCOME NOT AVAILABLE			100.00	0.00	100.00	0.00		100.00
GENERAL -MAJOR STATE REV								
B SUBTOTAL - GENERAL -MAJOR STATE REV			0.00	0.00	0.00	0.00		0.00
OTHER NON-APPROPRIATED REVENUE								
C SUBTOTAL - OTHER NON-APPROPRIATED REVENUE			0.00	0.00	0.00	0.00		0.00
D TOTAL - NON APPROPRIATED FUND SOURCES			100.00	0.00	100.00	0.00		100.00

SCHEDULE 4

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
STATE OF LOUISIANA
NON APPROPRIATED OTHER FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005

Schedule No. 6
ISIS Agency No. 662

				TOTAL
REVENUES (Full Accrual)				
Satellite Interest	$	$ 259,000	$	$ 259,000
Donated Support		8,944		8,944
Lottery		131,065		131,065
Tower Lease Grant		434,000		434,000
Total Revenues		833,009		833,009
EXPENSES (Full Accrual)				
Personal Services	$	$ 18,683	$	$ 18,683
Professional Services		8,944		8,944
Operating Services		47,603		47,603
Capital Outlay		127,870		127,870
Total Expenses		203,100		203,100
Excess (deficiency) of revenues over expenses	(26,712)	629,909		603,197
Fund balances at beginning of year	(147,439)	6,538,085		6,390,646
Adjustments				
Fund balances at end of year	$ (174,151)	$ 7,167,994	$	$ 6,993,843

ISIS Agency No._______
Schedule No.________

STATE OF LOUISIANA

______________________________(agency)

ESCROW FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 20__

Unit Name:

Balance at beginning of year	$	________
Revenues (additions July 1, 2004 through June 30, 2005):		
________		________
________		________
________		________
________		________
Expenditures (deductions July 1, 2004 through June 30, 2005):		
________		________
________		________
________		________
________		________
Balance as of June 30, 2005		________
Accruals		
Receivables:		
Amount classified in 2005 (July 1, 2005 through August 14, 2005)		________
*Amount classified in 2006 (July 1, 2005 through August 14, 2005)		________
**Amount not classified as of August 14, 2005 (GASB 34 full accrual)		________
Payables:		
Amount paid in 2005 (July 1, 2005 through August 14, 2005)		________
*Amount paid in 2006 (July 1, 2005 through August 14, 2005)		________
**Amount not paid as of August 14, 2005 (GASB 34 full accrual)		________
Balance at end of year	$	________

*Should be accruals for prior year activity but reflected in the 2006 fiscal year.
**Should be accruals for prior year activity not yet reflected in the financial system.

Prepared By____________________________
Telephone_____________________________
Email_________________________________

Schedule 8

Department/Commission/District Louisiana Educational Television Authority

Budget Schedule No. 662

Preparer: Joanne Gaudet

Phone Number: 767-4270

Cash Basis
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

DUNS Number: 017-852-104

EIN Number: 72-0850372

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

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other Identifying No.	Pass-through Entity's Number	Project Name	Award ID Number	Award Period	Cash Disbursements	Receipts/ Issues	Total
Direct Awards:										
U.S. Dept of Commerce			11.550		Public Telecommunications Facilities Program (PTFP)	22-02-N00007	10/01/00-9/30/04	434,000		434,000
Pass thru Awards:										
U.S. Dept of Education	LA Dept of Education		84.002		Adult Education State Leadership		2/01/04-12/31/04 2/01/05-12/31/05	33,291		33,291
U.S. Dept of Commerce	Educational Broadcasting Foundation		11.550		Public Telecommunications Facilities Program (PTFP)	22-02-N01060	10/01/01-9/30/05	89,768		89,768
						Total		557,059		557,059

Schedule No. 10
ISIS Agency No. 662

STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID BOARD (COMMISSION) MEMBERS, BY FUND
FOR THE YEAR ENDED JUNE 30, 2005

NAME	NUMBER	AMOUNT
William Arceneaux	9	$0.00
Jesse Bankston	3	$0.00
Wayne Berry	8	$0.00
Lucile Blum	0	$0.00
Fr. James Carter	0	$0.00
Carl Crowe	3	$0.00
Bob Davidge	8	$0.00
Barbara DeCuir	6	$0.00
Clara Duhon	0	$0.00
Jane Kirkpatrick	1	$0.00
Felicia Harry	6	$0.00
Betty Lauricella	3	$0.00
Jim Nickel	2	$0.00
Clinton Raspberry	0	$0.00
Jennifer Reilly	4	$0.00
Deano Thornton	4	$0.00
Sissie Villaume	1	$0.00
Carole Wallin	1	$0.00
James White	1	$0.00
TOTAL		$0.00

The per diem payments are authorized by Louisiana Revised Statute N/A and are presented in compliance with Senate Concurrent Resolution No. 54 of the 1979 Session of the Legislature.
NOTE: Provide a separate copy of this schedule for each board (commission) by fund (appropriation).

ISIS No. 662

STATE OF LOUISIANA
SCHEDULE OF CONSULTANT FEES FOR FEASIBILITY STUDIES
AND OTHER SPECIAL REPORTS, BY FUND
FOR THE YEAR ENDED JUNE 30, 2005

Accounting and Auditing	$ 13,800
TOTAL	$ 13,800

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

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

Schedule No. 13
ISIS Agency No. 662

SCHEDULE OF INTERAGENCY RECEIPTS
FOR THE YEAR ENDED JUNE 30, 2005

I	II	III	IV	V	VI
Agency Number	Source	Classified June 30, 2005	Unclassified June 30, 2005	Accounts Receivable on a Modified Accrual Basis	Totals
671	Board of Regents	$8,100	$0.00	$0.00	$8,100
678	Dept of Education	22,194	0.00	11,097	33,291
271	Dept of Trans & Development	9,063	0.00	0.00	9,063
474	Dept of Labor	10,125	0.00	3,375	13,500
	Total	$ 49,482	$ 0.00	$ 14,472	$ 63,954

Schedule 13 is a recapitulation of the total Interagency Receipts reported as of August 14, 2005.

1. In column I, list the ISIS agency number, if applicable, of the source of revenue.
2. In column II, list the sources of the revenue (i.e. state agency, college, internal service fund, etc.)
3. In column III, enter the amount received from each source for June 30, 2005.
4. In column IV, enter the amount of unclassified cash for each source at June 30, 2005.
5. In column V, enter the amount of accounts receivable for each source received during the 45 day close.
6. In column VI, enter the total revenue received from each source.

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

Schedule Number 14
ISIS Agency Number 662

GASB 34 REVENUE ACCRUALS
FOR THE YEAR ENDED JUNE 30, 2005

Funding Source (list by name):	Organization #	Object	2003-04 GASB 34 Accrual reversal	2004-05 GASB 34 Accrual
Federal:			$	$
Self-Generated:				
Major State Revenue:				
Total GASB 34 accruals (gross)				
Less: Allowance for Uncollectibles (for all funding sources)				
Federal:				
Self-Generated:				
Major State Revenue:				
GASB 34 receivable adjustment net of uncollectibles			$	$
Amount included above not expected to be collected in one year				
Federal:				
Self-Generated:				
Major State Revenue:				
Total amount included above not expected to be collected in one year			$0.00	$0.00

STATE OF LOUISIANA

LOUISIANA EDUCATIONAL TELEVISION AUTHORITY

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the state, please complete the schedule below. If the change in revenues or expenditures is more than $3 million from the previous year's figures, explain the reason for the change. (Add additional sheets as necessary for the explanation section.)

	2005	2004	Difference	Percentage Change
1) Revenues (a)	$ 338,616.23	$ 1,045,447.57	$ -706,831.34	$ -67.6%
Expenditures (b)	8,475,417.41	9,459,035.02	-983,617.61	-10.4%

Explanation for change:

(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
+2005 Payroll Federal revenue accrual from Note R
-2004 Payroll Federal revenue accrual from Note R
(b)Expenditures must agree with total expenditures on Schedule 1 or Schedule 3-1, if prepared, **plus** 2005 payroll accrual, **less** 2004 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 $3 million, explain the reason for the difference. (Add additional sheets as necessary for the explanation section.)

	2005 Original Budget ©	2005 Final Budget (d)	Difference	Percentage Change
Revenues	$ 10,616,302	$ 9,477,385	$ -1,138,917	$ -10.7%
Expenditures	10,616,302	9,477,385	-1,138,917	-10.7%

Explanation of change:

3)

	2005 Final Budget (d)	2005 Actual (e)	Difference	Percentage Change
Revenues	$ 9,477,385	$ 8,448,705.23	$ 1,028,679.77	$ 10.8%
Expenditures	9,477,385	8,448,705.23	1,028,679.77	10.8%

Explanation of change:

©The original budget amount should equal the budget amount appropriated by the Legislature (Act 1).
(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.

NOTES TO THE FINANCIAL STATEMENT

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STATE OF LOUISIANA
LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
NOTES TO THE FINANCIAL REPORTS
FOR THE YEAR ENDED JUNE 30, 2005

INTRODUCTION

The Louisiana Educational Television Authority is an agency of the State of Louisiana reporting entity and was created in accordance with Title 17, Chapter 13 of the Louisiana Revised Statutes of 1950 as a part of the executive branch of government. The Louisiana Educational Television Authority is charged with educational progress within the State of Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

1. FUND ACCOUNTING

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

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

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

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

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

2. BASIS OF ACCOUNTING

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

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

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

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

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

B. IMPREST FUNDS

The agency maintains a permanent Travel and Petty Cash Imprest Fund in the amount of $3,500.00 as authorized by the Commissioner of Administration and advanced by the State Treasurer's Office in accordance with Title 39. The funds are permanently established and periodically replenished from agency operating funds when expenditure vouchers are presented. At June 30, 2005, the petty cash consists of:

- Cash in Bank Accounts $2,127.45
- Petty Cash on hand $0.00
- Other Receivables $1,372.55

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana Educational Television Authority agency may deposit funds with a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the agency may invest in time certificates of deposit in any bank domiciled or having a branch office in the State of Louisiana; savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

CASH NOT IN STATE TREASURY

The Louisiana Educational Television Authority agency had deposits in bank accounts totaling $0.00 at June 30, 2005. Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in a custodial bank in the name of the ____________ agency under the account of the pledging fiscal agent bank in a holding or custodial bank. The State Treasurer's Office or agency receives safekeeping receipts or an acknowledgement of the pledge of securities from the custodial bank. The deposits at June 30, 20___, consisted of the following:

	Cash	Certificates of Deposit	Other (Describe)	Total
Balance per agency books	$ ________	$ ________	$ ________	$ ________
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	$ ________	$ ________	$ ________	$ ________
b. Deposits not insured and collateralized with securities held by the pledging institution	________	________	________	________
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	________	________	________	________
Total bank balances **(All deposits regardless of custodial credit risk)**	$ ________	$ ________	$ ________	$ ________

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all deposits by 3 categories of 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 following is a breakdown by banking institution, program, and amount of the bank balances shown above:

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

2. INVESTMENTS

The Louisiana Educational Television Authority does not maintain investment accounts as authorized by ______________________ (note legal provisions authorizing investment by the agency).

A. Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are held by either a counterparty or held by a counterparty's trust department or agent but not in the entity's name.

Beginning with fiscal year ending June 30, 2004, GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the 3 categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments (regardless of exposure to custodial credit risk). Using the following table, list each type of investment disclosing the carrying amount, market value, and applicable exposure to custodial credit risk:

Type of Investments	Investments Exposed to Custodial Credit Risk: Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent, Not in Entity's Name	All Investments Regardless of Custodial Credit Risk Exposure: Reported Amount	Fair Value
Repurchase agreements	$	$	$	$
U.S. Government securities				
U.S. Agency Obligations				
Common & preferred stock				
Commercial paper				
Corporate bonds				
Other: (identify)				
Total Investments	$	$	$	$

*unregistered – not registered in the name of the government or entity

3. Derivatives:
The ____________________ does (does not) maintain investments in derivatives as part of its investment policy. If so, list the exposure to risks from these investments as follows:
Credit risk ____________________
Market risk ____________________
Legal Risk ____________________

4. Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount).

Rating	Fair Value
	$
Total	$

B. Interest Rate Risk

Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type.

		Investment Maturities (in Years)			
Type of Debt Investment	Fair Value	Less Than 1	1-5	6-10	Greater Than 10
U.S. Government obligations	$	$	$	$	$
U.S. Agency obligations					
U.S. Treasury obligations					
Mortgage Backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds					
Mutual funds					
Other					
Total debt investments	$	$	$	$	$

List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.):

Debt Investment	Fair Value	Terms
	$	
Total	$	

C. Concentration of Credit Risk

List, by amount and issuer, investments in any one issuer that represents 5% or more of total external investments (not including U.S. government securities, mutual funds, and investment pools).

Issuer	Amount	% of Total Investments
	$	
Total	$	

D. Foreign Currency Risk

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

	Fair Value in U.S. Dollars	
Foreign Currency	Bonds	Stocks
____________	$ ________	$ ________
____________	________	________
____________	________	________
Total	$ ________	$ ________

5. Policies

Briefly describe the deposit and/or investment policies related to the custodial credit risk, concentration of credit risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

____

____

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

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

b. Securities underlying reverse repurchase agreements__________

c. Unrealized investment losses__________

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

e. Losses during the year due to default by counterparties to deposit or investment transactions __________

f. Amounts recovered from prior-period losses __________

Legal or Contractual Provisions for Reverse Repurchase Agreements

g. Source of legal or contractual authorization for use of reverse repurchase agreements __________

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

Reverse Repurchase Agreements as of June 30

i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at balance sheet date, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest ____________________

j. Commitments on June 30, ___, to repurchase securities under yield maintenance agreements ____________________

k. Market value on June 30, ___, of the securities to be repurchased ____________________

l. Description of the terms of the agreements to repurchase____________________

m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements ____________________

n. Amounts recovered from prior-period losses ____________________

Fair Value Disclosures

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

p. Basis for determining which investments, if any, are reported at amortized cost __

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

r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares ____________________

s. Any involuntary participation in an external investment pool____________________

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

u. Any income from investments associated with one fund that is assigned to another fund ____________________

D. GENERAL FIXED ASSETS –CAPITAL LEASES ONLY

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

Description of Item	Movable Property Tag No.	Date Acquired	Historical Cost of each Item
			$

E. INVENTORY OF MATERIALS AND SUPPLIES

In general, inventories are recorded as expenditures when purchased. The cost value of inventory, determined under (perpetual or periodic) inventory system using the (FIFO, LIFO, etc.) valuation method, at June 30, 2005, is $0. NOTE: Do not count postage as inventory. Include in prepayments, if material.

F. SEEDS

The agency is in receipt of a seed in the amount of $0 as authorized by the joint approval of the State Treasurer and the Commissioner of Administration and drawn against the State Treasurer. The seed represents a liability to the unit and must be repaid if not reauthorized annually.

The breakdown of advances by unit are as follows:

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

G. DEFERRED REVENUE

Deferred Revenue represents revenue (generally federal) that was received during fiscal year 2005 and not yet earned. Certain federal grants may fit this description. The deferred revenue amount(s) is/are $541,975 (federal), $0 (self-generated), and/or $0 (IAT).

H. OPERATING AND CAPITAL GRANTS FOR GASB 34 PRESENTATION

For OSRAP to complete the GASB 34 presentation, provide the following: the total operating grants and contributions were $467.291 and the total capital grants and contributions were $89,768.

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

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

I. JUDGEMENTS, 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, the state agency responsible for the state's risk management program.

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).

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

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

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

* Remote, reasonably possible, probable, or unknown

Claims and litigation cost of $0 were incurred in the current year.

J. LEAVE

1. Annual and Sick Leave

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement. The liability for unused annual leave payable at June 30, 2005, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.104, is estimated to be $444,195.04.

Civil Service General Circular Number 001155 states that classified employees belonging to the Teacher's Retirement System of Louisiana and to the Louisiana School Employee's Retirement System are not eligible for payment of unused sick leave upon retirement or death. L.R.S. 17:425 on the other hand provides for payment for up to 25 days of unused sick leave for members of these two systems. In Opinion Number 94-373, the Attorney General opined that the Civil Service Commission had jurisdiction over classified employees and therefore those members are not eligible for payment of unused sick leave. Because the Commission has no authority over unclassified employees, those members are eligible to receive such compensation. Also, LSA-R.S. 17:425 applies to all retirement systems for teachers and employees of any parish or city school board, the State Board of Elementary and Secondary Education, or other boards of control of publicly supported educational institutions. Should you have employees who upon retirement - or their heirs upon the employee's death - are compensated for up to 25 days of unused sick leave, disclose the liability. The liability for this unused sick leave payable at June 30, 2005 is $0.

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

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2005 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.104 is estimated to be $64,535.09.

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

LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the Louisiana Educational

Television Authority agency to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the agency's employees become eligible for those benefits if they reach normal retirement age while working for the agency. Monthly premiums are paid jointly by the employees and the employer (from the agency appropriation) for both retirees' and active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMOs authorized by Group Benefits. The agency recognizes the cost of providing benefits as an expenditure when paid during the year. For the year ended June 30, 2005, the costs of retirees' benefits totaled $108,164.70, while the number of retirees is 27. (As defined by the GASB Statement 12, dependents of a retiree should be counted as a single unit if the retiree is deceased and should not be counted if the retiree is alive.)
The cost of retirees' benefits is net of participant's contribution.

L. ENCUMBRANCES

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

Examples:
Wetlands Fund ____________________
Lottery Proceeds Fund ____________________
____
____

M. LEASE AND RENTAL COMMITMENTS

Lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period. Total operating lease expenditures for fiscal year 2004-2005 amounted to $695,286.00.

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

   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. (Note: If lease payments extend past FY 2020, please create additional columns and report these future minimum lease payments in five year increments.)

Nature of lease	FY2006	FY2007	FY2008	FY2009	FY2010	FY 2011 -2015	FY 2016 -2020
a. Office space	$	$	$	$	$	$	$
b. Equipment							
c. Land	95,254	92,754	93,706	94,708	77,708	247,778	306,917
d. Other	600,000	150,000					
Total	$ 695,254	$ 242,754	$ 93,706	$ 94,708	$ 77,708	$ 247,778	$ 306,917

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

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

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

Schedule A should be used to report all capital leases including new leases in effect as of 6/30/05. In Schedule B, report only those new leases entered into during fiscal year 2004-2005. Note: LEAF leases should not be included in this schedule.

SCHEDULE A – CAPITAL LEASES EXCEPT LEAF LEASES

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

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2005: (Note: If lease payments extend past FY 2025, please create additional rows and report these future minimum lease payments in five year increments.)

	Total
2006	$ ______
2007	______
2008	______
2009	______
2010	______
2011-2015	______
2016-2020	______
2021-2025	______
Thereafter	______
Total minimum lease payments	______
Less amounts representing executory costs	(______)
Net minimum lease payments	______
Less amounts representing interest	(______)
Present value of net minimum lease payments	$ ______

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

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

Following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 20___: (Note: If lease payments extend past FY 2025, please create additional rows and report these future minimum lease payments in five year increments.)

	Total
2006	$ ______
2007	______
2008	______
2009	______
2010	______
2011-2015	______
2016-2020	______
2021-2025	______
Thereafter	______
Total minimum lease payments	______
Less amounts representing executory costs	(______)
Net minimum lease payments	______
Less amounts representing interest	(______)
Present value of net minimum lease payments	$ ______

3. REVENUE LEASES

LESSOR DIRECT FINANCING LEASES

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

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

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

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

Minimum lease payments do not include contingent rentals, which may be received as stipulated in the lease contracts. Contingent rental payments occur if for example the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2005 were $ __________for office space, $___________ for equipment, and $ ____________ for land.

The agency received lease revenues for ________________________. Total revenues for fiscal year 20__ - 20__ totaled $_____________. The following is a schedule by years of minimum lease receivable for the five succeeding fiscal years as of June 30, 2005: (Note: If receivables extend past FY 2025, please create additional rows and report these future receivables in five year increments.)

Minimum Lease Receivables

2006	$ ______
2007	______
2008	______
2009	______
2010	______
2011-2015	______
2016-2020	______
2021-2025	______
Thereafter	______
Total	$ ______

4. LESSOR - Operating Lease

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

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

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

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

Nature of lease	FY 2006	FY2007	FY2008	FY2009	FY2010	FY 2011 -2015	FY 2016 -2020
a. Office space	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______
b. Equipment	______	______	______	______	______	______	______
c. Land	______	______	______	______	______	______	______
d. Other	______	______	______	______	______	______	______
Total minimum future rentals	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______

Current year lease revenues received in fiscal year________ totaled $_____________.
Contingent rentals received from operating leases for fiscal year 2005 were $ _________ for office space, $ ___________ for equipment, and $ ____________ for land.

N. RELATED PARTY TRANSACTIONS

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

During the current and prior years, monies were received from various universities who were leasing unused transponder space on a satellite which was owned by Louisiana Educational Television Authority (L.E.T.A.). Upon receipt, these rental payments were deposited in the Trust account of the Foundation and are therefore considered due to L.E.T.A. At June 30, 2005 the net amount owed to L.E.T.A. for these rentals is $6,744,861 which includes $1,907,600 of interest earnings.

In the current year and prior years, $730,935 of these funds were spent on digital conversion expenses and accordingly this cumulative amount has been applied to the due to L.E.T.A. balance at June 30, 2005.

In the current year, the Foundation expended the remaining $29,250 of the TFN funds received for equipment and facilities rental for L.E.T.A. in accordance with a Board resolution relating to the equipment and facilities agreement. Therefore, there are no funds remaining in the Due to L.E.T.A. balance at June 30, 2005 relating to this rental.

In addition, during the current and prior year the Foundation entered into a contract with the Louisiana Lottery Corporation to provide production and nightly distribution services for the various lottery games. All equipment used in providing these services was purchased by the Foundation on behalf of L.E.T.A. and were recorded on L.E.T.A.'s fixed asset listing in the prior years. Accordingly, the cumulative net of revenue earned less expenses incurred for these services amounted to $730,591 and is considered owed to L.E.T.A. This amount is also included in the Due to L.E.T.A. balance at June 30, 2005.

In the current year, the Foundation received on behalf of L.E.T.A. $497,667 for the purchase of equipment and payment of a tower lease. During the current year, $792,658 of these funds had been used or transferred to L.E.T.A. for the purchase of equipment and payment of a tower lease. The cumulative net amount of the funds received and expended for the purchase of equipment totaling $57,014 has been deducted from the Due to L.E.T.A. balance at June 30, 2005.

O. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

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

1. Reporting:
   a. Employer Entity:

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

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

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

   b. Paying Entity:

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

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

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

Contributor	Pension Plan

P. PASS-THROUGH GRANTS

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

The government entity monitors secondary recipients for compliance with program requirements.

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

Grant Name	Federal Identification Number	Amount
		$

Q. IN-KIND CONTRIBUTIONS

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

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

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

R. PAYROLL AND RELATED BENEFITS ACCRUAL

Agencies will be required to reflect the 2004-2005 accrued personal services cost for this fiscal year on the accompanying financial reports. The following schedule will aid you in doing so. As most agency units pay their employees biweekly this would require a fiscal year 2003-04 accrual calculation based on eight (8) days and the fiscal year 2004-05 calculation will be based on nine (9) days. Agencies must also determine the federal match on this accrual calculation. Agencies must submit the payroll accrual by program.

STATE OF LOUISIANA
LOUISIANA EDUCATIONAL TELEVISION AUTHORITY
NOTES TO THE FINANCIAL REPORTS
FOR THE YEAR ENDED JUNE 30, 2005

		FY 2003-04	FY 2004-05
1.	07/09/04 Payroll (gross & related)	$174,849.43	
2.	07/08/05 Payroll (gross & related)		$185,101.91
		X 80.0%	X 90.0%
2a.	Payroll accrual	$139,879.54	$166,591.72
2b.	Add voids and supplementals (off cycle) paid in the 45 day close with prior year appropriations.		
3.	Total payroll accruals	$139,879.54	$166,591.72
4.	Estimated federal receivable attributed to the accrual shown above	$ 0	$ 0

Total Agency Expenditures

5.	Total programs from Schedule 1(or 3-1 if applicable) (Schedule 1, col. V, line 18 or Schedule 3-1, col. V, line 16)	8,448,705.23
6.	Less: 2003-04 accrual from line 3, column 1 above	139,879.54
7.	Plus: 2004-05 accrual from line 3, column 2 above	166,591.72
8.	This should be the total for *all* programs	$ 8,475,417.41

Total Federal Revenue

9.	Federal Funds from Schedule 3, column VIII, line A or Schedule 3-1, column V, line 1 (Federal)	
10.	Less: 2003-04 accrual from line 4, column 1 above	
11.	Plus: 2004-05 accrual from line 4, column 2 above	
12.	Less: Deferred Revenues on Note G (Federal)	
13.	Total Federal Funds for all programs.	$ 0

Accrual by Programs:	Payroll	Federal Receivable
Program 1 Administrative Support	$ 20,464.96	$
Program 2Broadcasting	$146,126.76	
Program 3		
Program 4		
Program 5		
Total	$ 166,591.72	$ 0

S. COOPERATIVE ENDEAVORS

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

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding for fiscal year ending June 30, 2005, by funding source, is as follows:

Funding Source	Balance June 30, 2005
State General Fund	$
Self-generated revenue	
Statutorily dedicated revenue	
General obligation bonds	
Federal funds	
Interagency transfers	
Other funds/combination	

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

NOTE: Amounts in excess of contract limits cannot be used to reduce the outstanding contract balance at June 30, 2005. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2004. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

T. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2004-05:

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

U. SUBSEQUENT EVENTS (Describe)

V. PREPAID EXPENSES

Certain items are commonly paid for in advance. Examples are insurance premiums and rent. If your prepayments, along with your other adjustments, exceed the materiality levels as discussed on page 2 of the cover letter, you should disclose this amount below. The amount of prepaid expenses, including postage, for this agency at June 30, 2005 is $415,917.

W. ACCOUNTS PAYABLE

The total amount of open accounts payable should agree with Schedule 1, line 18 of column III plus column IV, less any system payroll voids and supplementals (off-cycle) paid in the 13th period. Accounts payable for this agency at June 30, 2005 is $83,569.03.

X. INFRASTRUCTURE

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

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

Description of Infrastructure	Cost
________________	$ ________
________________	________
________________	________
________________	________

Y. LAND AND LAND IMPROVEMENTS (not reported to State Land Office or Facility Planning and Control)

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

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

Description of Land or Improvement	Cost
________________	$ ________
________________	________
________________	________
________________	________

Information for Note C "Deposits with Financial Institutions and Investments"
(GASB Statement 3 Amended by GASB Statement 40)

I. Purpose:
Note C provides the required disclosures about the governmental entities' deposits with financial institutions and investments. The disclosures required for deposits and investments as of the fiscal year ended date provides information about the credit risk and market risk of the deposits and investments and are designed to provide users of the financial statements information about the potential for losses associated with the deposits and investments. GASB Statement 40 has modified or eliminated portions of GASB Statement 3 including:

- modified the custodial credit risk disclosures of Statement 3 for deposits and investments to limit the required disclosure to only those exposed to custodial credit risk (similar to GASB 3's category 3).
- established or modified disclosure requirements related to concentrations of credit risk of investments, credit risk of debt investments, and interest rate risks of debt investments (including sensitivity to changes in interest rates), and
- established disclosure requirements for foreign currency risks for both deposits and investments.

Although GASB Statement 40 eliminated some of the disclosures required for custodial credit risk (the 3 categories for example), the total reported amounts of all deposits and investments must still be reported.

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

- Generally, this section of the Note C disclosure refers to the various examples of "Deposits with Financial Institutions" (See "A" below for examples). The term "cash and cash equivalents" is used in reference to GASB Statement 9 that affects presentation for the balance sheet and statement of cash flows, not the note disclosures required by GASB Statement 3 & 40. "Deposits with Financial Institutions" include deposit accounts in banks, savings and loan associations, and credit unions. They can be demand, savings, or time accounts, including negotiable order of withdrawal (NOW) accounts and non-negotiable CD's.
- Do not include treasury cash, petty cash not in a bank account, or cash on hand in Note C as part of the deposits in bank accounts. As mentioned previously, these amounts would be reported separately.

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

B. Other definitions as applied to deposits:

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

III. "Investments" section of Note C:

- Types of investments for listing investments by type definitions/examples:
  1. Repurchase Agreements – An agreement in which a governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower): the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
  2. U.S. Government Obligations – examples include treasury bills, treasury notes and treasury strips; obligations of certain U.S. Government Agencies such as FNMA, FHLB, or SLMA.
  3. Common & Preferred Stock – a security that represents an ownership interest in an entity.
  4. Commercial Paper (mortgages, notes, etc.) – An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. Almost all commercial paper is rated as to credit risk by rating services.
  5. Corporate Bonds
  6. Other (identify) – It is not appropriate to present material amounts of investments as "Other", unless the note disclosure describes the composition of the "Other" category. The following are examples of other investments:
     a. Closed-end Mutual Fund – The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. A closed-end mutual fund has a constant number of shares, the value depends on the market supply and demand for the shares rather than directly on the value of the portfolio, the fund does issue certificates, and the securities are traded on a stock exchange.
     b. Open-end Mutual Funds – The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. In contrast to a closed-end mutual fund, the open-end mutual fund creates new shares to meet investor demand, the value depends directly on the value of the portfolio, and the fund does not issue certificates, but sends out periodic statements showing account activity. These investments are not evidenced by securities that exist in physical or book entry form.
     c. Reverse Repurchase Agreements - An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
     d. Investments in pools managed by another government - Generally, these investments would not be exposed to custodial credit risk because the investments themselves are not evidenced by securities that exist in physical or book entry form.
     e. Private placements, such as venture capital and limited partnerships
     f. Investments in real estate, annuity contracts, and direct investments in mortgages

IV. Risk Disclosures for Deposits and Investments:

- Deposits and investments are subject to several types of risks, mainly credit risk, market risk, interest rate risk, and foreign currency risk.

Credit risk - defined as the risk that a counterparty to an investment transaction will not fulfill its obligations and can be associated with the issuer of securities, with a financial institution holding deposits, or with a party holding investment or collateral securities.
Concentration of credit risk – defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer.
Market risk – defined as the risk that the market value of investment securities, collateral securities protecting a deposit, or securities of a repurchase agreement will decline.
Interest rate risk – defined as the risk that changes in interest rates will adversely affect the fair value of an investment.
Foreign currency risk – defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

A. Custodial Credit Risk Disclosures for Deposits:
Following GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who holds the collateral and how the collateral is held.
Collateral – Securities pledged by the financial institution for the purpose of securing the governmental entity's deposits.
Collateralized – When the entity's deposits are secured with securities pledged by the financial institution holding the deposits.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all deposits by the 3 categories of risk listed above. GASB Statement 40 requires only the 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.

B. Custodial Credit Risk Disclosures for Investments:
Following GASB Statement 3, investments (listed by type) were either classified into three categories (depending on whether they are insured or registered and who holds the securities and how they are held), or listed as non-classified investments.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the 3 categories of risk listed above. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. However, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

C. Additional Risk Disclosures for Required by GASB Statement 40
Credit Risk - Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).
Interest Rate Risk - Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years of those investments. In addition, list the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.)

Concentration of Credit Risk - List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments.
Foreign Currency Risk - Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List these by currency denomination and investment type, if applicable.
Deposits and Investments Policies Relating to Risk - Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, that fact should be stated.

V. Securities as Applied to Credit Risk of Deposits and Investments:
Securities defined – a transferable financial instrument that evidences ownership or creditorship. Securities can be in either paper or book-entry form.

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

2. Instruments or investments that are not securities include:
a. investments made directly with another party (such as limited partnerships)
b. real estate
c. direct investments in mortgages and other loans
d. investments in open-ended mutual funds (keyword here is open-ended)
e. pools managed by other governments
f. annuity contracts
g. guaranteed investment contracts