

REPORT

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY

JUNE 30, 2016 AND 2015

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY

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INDEPENDENT AUDITOR'S REPORT

December 21, 2016

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Dr. John Nicklow, President
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We have audited the accompanying financial statements of WWNO-FM Radio Station (the Station), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Station as of June 30, 2016 and 2015, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Station's proportionate share of net pension liability and the schedule of the Station's contributions to retirement systems, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise the Station's basic financial statements. The schedule of compensation, benefits and other payments to the General Manager, and the schedule of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of compensation, benefits and other payments to the General Manager and the schedule of functional expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

The Management's Discussion and Analysis of WWNO-FM Radio Station's financial performance presents a narrative overview and analysis of WWNO-FM Radio Station's financial activities for the year ended June 30, 2016. This document focuses on the current year's activities, resulting changes and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the WWNO-FM Radio Station financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

WWNO-FM Radio Station adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, during the year ending June 30, 2015. The adoption of the statement required WWNO-FM Radio Station to record a beginning net pension liability and the effects on net position of the contributions made by WWNO-FM Radio Station during the measurement period (the year ended June 30, 2014). As a result, beginning net position decreased by \$1,399,222. WWNO-FM Radio Station did not restate beginning balances related to all other deferred inflows and outflows of resources related to pensions as it was not practical to determine these amounts.

- ★ WWNO-FM Radio Station's liabilities exceeded assets at the close of fiscal year 2016 by \$458,096, which represents an increase from the last fiscal year mainly due to an increase to net pension liability.
- ★ Deferred outflows of resources and deferred inflows of resources related to pensions were \$351,680 and \$77,471, respectively, as of June 30, 2016. The deferred outflows and inflows of resources were a result of changes to the net pension liability.
- ★ WWNO-FM Radio Station's operating revenue increased \$101,737 or 5.26% while operating expenses decreased \$194,962 or (8.16)%. Non-operating revenues decreased \$31,485 or (7.05)%.
- ★ Net position increased by \$258,249 or 58.41 % mainly due to the overall increase of operating revenue and reduction of current year expenses. The largest increase in revenue was from underwriting fees which increased \$303,679 in 2016. The largest decrease in expenses was programming and production costs which decreased \$139,567 in 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

The minimum requirements for the Station established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* 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, if applicable.

WWNO-FM RADIO STATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

The financial statements also include notes that explain some of the information in the financial statements and provide more detail data.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for WWNO-FM Radio Station as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position (page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of WWNO-FM Radio Station is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position (page 9) presents information showing how WWNO-FM Radio Station's position changed as a result of current year operations. Regardless of when cash is affected, all changes in fund net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 10-11) presents information showing how WWNO-FM Radio Station's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Condensed Statements of Net Position
as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 1,238,314	\$ 1,067,814
Capital assets	2,850	4,965
Total assets	1,241,164	1,072,779
Deferred outflows of resources	351,680	162,391
Current liabilities	38,813	94,001
Noncurrent liabilities	1,660,447	1,386,692
Total liabilities	1,699,260	1,480,693
Deferred inflows of resources	77,471	196,613
Net position:		
Invested in capital assets	2,850	4,965
Unrestricted	(186,737)	(447,101)
Total net position	\$ (183,887)	\$ (442,136)

WWNO-FM RADIO STATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Restricted net position represents those assets that are available for spending on restricted purposes only as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net positions are those that do not have any limitations on what these amounts may be used for.

Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Operating grants and contributions	\$ 2,036,525	\$ 1,934,788
Non-operating revenues:		
University support	407,681	441,175
Interest income	2,188	1,044
Other nonoperating revenues	5,072	4,207
	<u>414,941</u>	<u>446,426</u>
Total revenues	<u>2,451,466</u>	<u>2,381,214</u>
Operating Expenses:		
Program - public broadcasting	1,703,199	1,866,935
Administrative	490,018	521,244
Total expenses	<u>2,193,217</u>	<u>2,388,179</u>
Increase (decrease) in net position	<u>\$ 258,249</u>	<u>\$ (6,965)</u>

WWNO-FM Radio Station's total revenues increased approximately \$70,252 or 2.95%.

Total expenses of all programs and services decreased by approximately \$194,962 or 8.16%.

CAPITAL ASSET ADMINISTRATION

At June 30, 2016, WWNO-FM Radio Station had \$2,850 (net of accumulated depreciation of \$638,794) invested in capital assets, all of which is equipment.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS

WWNO-FM Radio Station management considered the following factors and indicators when planning next year's operations:

- ★ Industry factors
- ★ Cost of living adjustments for salaries and other expenses

CONTACTING THE WWNO-FM RADIO STATION MANAGEMENT

This financial report is designed to provide our supporters, benefactors, listeners and creditors with a general overview of WWNO-FM Radio Station's finances and to show WWNO-FM Radio Station's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Paul Maassen, General Manager of WWNO-FM, University of New Orleans, New Orleans, Louisiana 70148.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS:</u>		
CURRENT ASSETS:		
Cash	\$ 606	\$ 3,373
Grants receivable	-	4,609
Pledges receivable, net	139,933	129,462
Due from UNO Foundation	408,928	222,722
Prepaid expenses	<u>7,568</u>	<u>7,222</u>
Total current assets	<u>557,035</u>	<u>367,388</u>
NONCURRENT ASSETS:		
Cash - board designated reserve	650,000	650,000
Cash - private grant funds	31,279	50,426
Capital assets, net	<u>2,850</u>	<u>4,965</u>
Total noncurrent assets	<u>684,129</u>	<u>705,391</u>
Total assets	<u>1,241,164</u>	<u>1,072,779</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>351,680</u>	<u>162,391</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,592,844</u>	<u>\$ 1,235,170</u>
<u>LIABILITIES:</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 34,654	\$ 94,001
Compensated absences - current	<u>4,159</u>	<u>-</u>
Total current liabilities	<u>38,813</u>	<u>94,001</u>
NONCURRENT LIABILITIES:		
Compensated absences	59,919	75,758
Net pension liability	<u>1,600,528</u>	<u>1,310,934</u>
Total noncurrent liabilities	<u>1,660,447</u>	<u>1,386,692</u>
Total liabilities	<u>1,699,260</u>	<u>1,480,693</u>
DEFERRED INFLOWS OF RESOURCES	<u>77,471</u>	<u>196,613</u>
<u>NET POSITION:</u>		
Invested in capital assets	2,850	4,965
Unrestricted	<u>(186,737)</u>	<u>(447,101)</u>
Total net position	<u>(183,887)</u>	<u>(442,136)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 1,592,844</u>	<u>\$ 1,235,170</u>

See accompanying notes.

WWNO-FM RADIO STATION
 A PUBLIC TELECOMMUNICATIONS ENTITY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES:		
Corporation for Public Broadcasting	\$ 176,188	\$ 157,408
Donated services income	201,390	199,560
Grants	125,000	133,434
Other operating revenues	<u>1,533,947</u>	<u>1,444,386</u>
Total operating revenues	<u>2,036,525</u>	<u>1,934,788</u>
OPERATING EXPENSES:		
Program services:		
Programming and production	996,375	1,135,942
Broadcasting	526,674	547,174
Program information and promotion	180,150	183,819
Support services:		
Management and general	230,349	257,929
Fund raising and membership development	183,224	195,303
Underwriting and grant solicitation	<u>76,445</u>	<u>68,012</u>
Total operating expenses	<u>2,193,217</u>	<u>2,388,179</u>
OPERATING LOSS	<u>(156,692)</u>	<u>(453,391)</u>
NONOPERATING REVENUES:		
University support	407,681	441,175
Interest income	2,188	1,044
Other nonoperating revenues	<u>5,072</u>	<u>4,207</u>
Total nonoperating revenues	<u>414,941</u>	<u>446,426</u>
Increase (decrease) in net position	<u>258,249</u>	<u>(6,965)</u>
Net position (deficit) at beginning of year, before restatement	(442,136)	964,051
Cummulative effect of change in accounting principle	<u>-</u>	<u>(1,399,222)</u>
Net deficit at beginning of year, after restatement	<u>(442,136)</u>	<u>(435,171)</u>
NET DEFICIT AT END OF YEAR	<u>\$ (183,887)</u>	<u>\$ (442,136)</u>

See accompanying notes.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Corporation for Public Broadcasting	\$ 176,188	\$ 157,408
Payments for employee compensation	(759,330)	(718,167)
Payments for benefits	(298,219)	(266,395)
Payments for supplies and services	(639,696)	(747,430)
Grants	129,609	140,697
Other receipts	1,367,346	1,470,396
Net cash provided (used) by operating activities	<u>(24,102)</u>	<u>36,509</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	<u>2,188</u>	<u>1,044</u>
Net cash provided by investing activities	<u>2,188</u>	<u>1,044</u>
 Net increase (decrease) in cash	(21,914)	37,553
 Cash at beginning of the year	<u>703,799</u>	<u>666,246</u>
 Cash at the end of the year	<u>\$ 681,885</u>	<u>\$ 703,799</u>
 NON-CASH FINANCING ACTIVITIES:		
University support	\$ 407,681	\$ 441,175
In-kind contributions	<u>201,390</u>	<u>199,560</u>
	<u>\$ 609,071</u>	<u>\$ 640,735</u>

See accompanying notes.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

(Continued)

	<u>2016</u>	<u>2015</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (156,692)	\$ (453,391)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	2,115	21,875
University support	407,681	441,175
Pension expense	5,072	(49,859)
Changes in assets and liabilities:		
Decrease (increase) in receivables, net	(192,068)	33,273
Decrease (increase) in prepaid expenses	(346)	(1,074)
Decrease (increase) in deferred outflows of resources	(189,289)	-
Increase (decrease) in accounts payable and accrued liabilities	(59,347)	38,862
Increase (decrease) in compensated absences	(11,680)	5,648
Increase (decrease) in net pension liability	289,594	-
Increase (decrease) in deferred inflows of resources	(119,142)	-
	<u>\$ (24,102)</u>	<u>\$ 36,509</u>
RECONCILIATION OF CASH TO THE STATEMENTS OF NET POSITION:		
Cash classified as current assets	\$ 606	\$ 3,373
Cash classified as noncurrent assets	681,279	700,426
	<u>\$ 681,885</u>	<u>\$ 703,799</u>

See accompanying notes.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Nature of Operations:

The Louisiana State University Board of Supervisors (the Board), the governing body over all campuses under the organizational structure of the LSU System, approved establishment of a public radio station (network) to be housed at, and operated by, the University of New Orleans (UNO). In February 1972, the Federal Communication Commission (FCC) assigned the radio station the call letters WWNO-FM. The Corporation for Public Broadcasting (CPB) was contacted in an effort to gain an understanding of the requirements to becoming a CPB "supported" station. In 1973, WWNO-FM Radio Station attained this status. UNO has since been transferred to the University of Louisiana System.

In December 1994, WWNO Radio Station received permission to establish a second radio station to serve the Thibodaux and Houma areas. In February 1995, the FCC assigned this second radio station the call letters, KTLN. KTLN received its license and began operating as a simulcast station of WWNO-FM in August 1995.

WWNO-FM Radio Station (the Station) is a departmental budget unit of UNO and is reported in the university's annual financial statements in the same respect as a public service department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity:

The Station is a public telecommunications entity operated by the University of New Orleans. The accompanying financial statements of the Station contain sub-account information of the University of New Orleans. As such, the accompanying financial statements present information only as to the transactions of the Station as authorized by Louisiana statutes and administrative regulations. Annually, the University of New Orleans issues both comprehensive and general-purpose financial statements, which include the activity contained in the accompanying financial statements.

Implementation of GASB 68 & 71:

During the year ended June 30, 2015, WWNO-FM Radio Station adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement No. 68 established new standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for participating employers of defined benefit pension plans. This statement also required additional note disclosures and required supplementary information to be presented in the participating employers financial statements. GASB Statement No. 71 amended GASB Statement No. 68 requiring governments to recognize a beginning deferred outflow of resources for pension contributions made subsequent to the measurement date of the beginning net pension liability.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation:

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards.

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, cash and cash equivalents includes all highly liquid investments (including restricted assets) with maturity of three months or less when purchased.

Capital Assets:

Capital assets are reported at cost at the date of acquisition or their estimated fair value on the date of donation. The Station follows Louisiana Property Assistance Agency (LPAA) policy for capitalizing and reporting equipment. For movable property, the Station’s capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Routine expenditures for maintenance and repairs which do not materially extend the useful life of the asset are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 5 to 12 years for movable property. In accordance with University policies, a full year of depreciation is taken in the year of acquisition.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Classification of Revenues and Expenses:

The Station has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating Revenues:

Operating revenues include activities that have the characteristics of exchange transactions, such as most federal, state and local grants, contracts and federal appropriations. Operating revenues also include contributions of cash and services donated by outside parties.

Non-operating Revenues:

Non-operating revenues include other activities, such as University support, investment income and the Station's proportionate share of non-employer contributing entities pension contributions.

Operating Expenses:

Operating expenses are those expenses that are essential to the primary operations of the Station.

Non-operating Expenses:

All other expenses are reported as nonoperating expenses.

Pledged Contributions:

Pledged contributions are recorded as revenue when the promise to give is made. Other contributions are recorded as revenue when received. Contributions collected by the UNO Foundation on behalf of the Station and used to pay expenses on behalf of the Station are not recognized as revenue in the financial statements. The related expenses are also not recognized in these financial statements.

In-Kind Contributions:

University support provided by UNO is recorded in revenue and expense when received.

Donated services from various private businesses and organizations are recorded in both revenue and expense at the fair value of the services received.

WWNO-FM RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Board Designated Reserve and Private Grant Funds:

Certain assets are segregated and classified as noncurrent assets and may not be used except for specific board-designated or grant expenditure purposes.

Restricted Resources:

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

Net Position:

The Station's net position is classified as follows:

Invested in Capital Assets:

This represents the Station's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction or improvement of those capital assets, if any.

Unrestricted Net Position:

Unrestricted net position represents resources used for transactions relating to the general operations of the Station and may be used at the discretion of the Station's management and board to meet current expenses and for any purpose.

Retirement Plans:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and changes in fiduciary net position of the defined benefit pension plans in which the Station participates have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management:

The Station is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. UNO's insurance coverage insures the Station against these types of losses.

2. CASH AND CASH EQUIVALENTS:

At June 30, 2016 and 2015, cash consisted of interest-bearing demand deposits totaling \$681,885 and \$703,799, respectively. \$650,000 of the cash was designated by the Board as a reserve for each of the years ended June 30, 2016 and 2015. \$31,279 and \$50,426 of the cash was designated for future grant expenditures as of June 30, 2016 and 2015, respectively. These deposits are part of pooled cash held and controlled by UNO and are secured from risk by the university through a custodial agreement.

Custodial credit risk is the risk that in the event of a bank failure, the Station's deposits may not be recovered. 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 the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

3. OTHER POSTEMPLOYMENT BENEFITS:

The University of New Orleans provides certain continuing health care and life insurance benefits for its retired employees. All of the University's employees become eligible for these benefits once they reach normal retirement age while working for the University. These benefits are paid by the University on behalf of the Station. GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the accounting and financial reporting for other postemployment benefits, including disclosing funding for the plan.

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3. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

The amount of the Station's liability is not readily determinable by the University as the calculation is based on the combined salaries of all University employees as a whole and shown on the University's financial statements as such.

4. CAPITAL ASSETS:

Capital assets consisted only of equipment at June 30, 2016 and 2015. Depreciation taken on equipment for the years ended June 30, 2016 and 2015 was \$2,115 and \$21,875, respectively.

A summary of changes in equipment follows:

	June 30	
	<u>2016</u>	<u>2015</u>
Balance at beginning of year	\$ 641,643	\$ 641,643
Accumulated depreciation	<u>(636,678)</u>	<u>(614,803)</u>
Balance at beginning of year, net	4,965	26,840
Depreciation expense	<u>(2,115)</u>	<u>(21,875)</u>
Balance at end of year, net	<u><u>\$ 2,850</u></u>	<u><u>\$ 4,965</u></u>

5. COMPENSATED ABSENCES:

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. Upon separation of employment, both classified and non-classified personnel and their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. The method for computing the liability for unused annual and sick leave conforms to Governmental Accounting Standards Board (GASB) Statement No. 16, *Accounting for Compensated Absences*. The liability for compensated absences has thus been calculated on a maximum of 300 hours of accumulated annual leave and on a maximum of 200 hours of accumulated sick leave for unclassified employees having at least 5 years of retirement system credit. The employer's portion of the Medicare tax and/or social security tax expected to be paid on the calculated liability for annual and sick leave has been included in the estimated liability for compensated absences.

The liability for unused annual leave and unused sick leave at June 30, 2016 and 2015 is estimated to be \$64,078 and \$75,758, respectively. Following is a summary of changes in compensated absences payable:

	<u>2016</u>	<u>2015</u>
Beginning Balance, July 1	\$ 75,758	\$ 70,110
Additions	796	5,648
Reductions	<u>(12,476)</u>	<u>-</u>
Ending Balance, June 30	<u><u>\$ 64,078</u></u>	<u><u>\$ 75,758</u></u>
Due within one year	<u><u>\$ 4,159</u></u>	<u><u>\$ -</u></u>

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6. LEASES:

The Station is obligated under two operating leases for the rental of tower space for the operation of WWNO-FM/KTLN.

The first lease extends through June 30, 2017 with quarterly lease payments of \$900. The second lease renewed on April 1, 2014 and expires on March 31, 2019. In April of 2015, the monthly lease payments of \$7,134 increased by 5% to \$7,491 and will continue to increase by 5% each April until the end of the lease. Combined lease payments for tower rental were \$90,278 and \$86,151 for the years ended June 30, 2016 and 2015, respectively.

The future lease payments due under the noncancelable lease agreements at June 30, 2016, are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2017	\$ 94,612
2018	99,163
2019	<u>74,327</u>
Total	<u>\$ 268,102</u>

7. PENSION PLANS:

Plan Descriptions:

Substantially all employees of WWNO-FM Radio Station are provided with pensions through cost-sharing multiple-employer defined benefit pension plans, administered by the Teachers' Retirement System of Louisiana (TRSL) or the Louisiana State Employees' Retirement System (LASERS). The authority to establish and amend the benefit terms of TRSL and LASERS was granted to the respective Board of Trustees and the Louisiana Legislature by Title 11 of the Louisiana Revised Statutes. TRSL and LASERS each issues publicly available financial reports that can be obtained at www.trsl.org or www.lasersonline.org, respectively.

Benefits Provided:

Teachers' Retirement System of Louisiana (TRSL):

TRSL provides retirement, deferred retirement option (DROP), disability, and survivor benefits through three membership plans. Retirement benefits are determined as 2% or 2.5% (Regular Plan), 1% or 3% (Plan A), or 2% (Plan B) of final average salary for each year of credited service. Final average salary is based upon the member's highest successive thirty-six months of salary for members hired prior to January 1, 2011 or sixty months of salary for members hired on or after January 1, 2011. Employees hired prior to July 1, 1999 are eligible to retire at age sixty with five years of accredited service or twenty years of creditable teaching

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7. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Teachers' Retirement System of Louisiana (TRS): (Continued)

service regardless of age. Employees hired on or after July 1, 1999 and prior to January 1, 2011 are eligible to retire at age sixty with five years of accredited service, at age 55 with 25 years of accredited service, or at any age with thirty years of accredited service. Employees hired on or after January 1, 2011 are eligible to retire at age sixty with five years of accredited service or at any age with twenty years of service credit.

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Plan (DROP) on the first retirement eligibility date for a period not to exceed the third anniversary of retirement eligibility. Delayed participation reduces the three-year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP, the member can continue employment and earn additional accruals to be added to the fixed pre-DROP benefit. Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based upon the account balance.

Disability benefits for employees hired prior to January 1, 2011 are determined at 2.5% of average compensation multiplied by the years of creditable service, but not to exceed 50% of average compensation. Disability benefits for employees hired on or after January 1, 2011 shall receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Survivor benefits are determined at fifty percent of the benefit to which the employee would have been entitled upon retirement at the age of sixty using a factor of 2.5% regardless of years of service or age, or \$600 per month, whichever is greater, provided the member was an active member at the time of death and had five years of creditable service with at least two years of which were earned immediately prior to death.

TRS allows for the payment of ad hoc permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

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7. PENSION PLANS: (Continued)

Louisiana State Employees' Retirement System (LASERS):

LASERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. The age and years of creditable service required in order for a member to retire with full benefits are established by statute and vary depending on the member's hire date, employer, and job classification. The substantial majority of members may retire with full benefits at any age upon completing thirty years of creditable service and at age sixty upon completing ten years of creditable service. Additionally, members may choose to retire with twenty years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

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

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age sixty after five years of creditable service and, may also retire at any age, with a reduced benefit, after twenty years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age fifty-five, with twenty-five years of creditable service at any age, or with a reduced benefit after twenty years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest sixty consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5%

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7. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Louisiana State Employees' Retirement System (LASERS): (Continued)

accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, house clerk, sergeants at arms, or senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

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

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

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

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

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7. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Louisiana State Employees' Retirement System (LASERS): (Continued)

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student.

The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child. LASERS allows for the payment of ad hoc permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions:

Teachers' Retirement System of Louisiana (TRSL):

Contribution requirements of active employees are governed by Section 101-104 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:101-11:104) and may be amended by the Louisiana Legislature. Employees participating in TRSL are included in both the TRSL Regular Plan and TRSL Optional Retirement Plan. Members are required by state statute to contribute 8.0% of their annual covered salaries and the Station is required to make employer contributions based on an actuarially determined rate. The Regular Plan employer contribution rate for the fiscal years ended June 30, 2016 and 2015 was 25.3% and 26.4%, respectively, of annual covered payroll. The Optional Retirement Plan employer contribution rate for the fiscal years ended June 30, 2016 and 2015 was 27.3% and 28.0%, respectively, of annual covered payroll. Total contributions paid to TRSL for the years ended June 30, 2016 and 2015 was \$151,181 and \$145,876, respectively.

Louisiana State Employees' Retirement System (LASERS):

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. The Station employee participating in LASERS is included in the Regular Plan. Members are required by state statute to contribute 7.5% of their annual covered salaries if hired before July 1, 2006 (closed plan) and 8.0% of their annual covered salaries if hired after July 1, 2006, and the Station is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the fiscal years ended June 30, 2016 and 2015 was 37.2% and 37.0%, respectively, of annual covered payroll. Total contributions paid to LASERS for the years ended June 30, 2016 and 2015 was \$14,864 and \$14,784, respectively.

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JUNE 30, 2016 AND 2015

7. PENSION PLANS: (Continued)

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

The following table reflects the Station's reported net pension liability, pension expense, proportion share of the net pension liability and changes in proportion as of June 30, 2016.

	<u>TRSL</u>	<u>LASERS</u>	<u>Total</u>
Net Pension Liability	<u>\$ 1,457,367</u>	<u>\$ 143,161</u>	<u>\$ 1,600,528</u>
Pension Expense	<u>\$ 130,642</u>	<u>\$ 16,253</u>	<u>\$ 146,895</u>
Proportion of Net Pension Liability	0.013554%	0.002105%	
Change in Proportion Increase	0.001845%	0.000280%	

The following table reflects the Station's reported net pension liability, pension expense, proportion share of the net pension liability and changes in proportion as of June 30, 2015.

	<u>TRSL</u>	<u>LASERS</u>	<u>Total</u>
Net Pension Liability	<u>\$ 1,196,830</u>	<u>\$ 114,104</u>	<u>\$ 1,310,934</u>
Pension Expense	<u>\$ 105,061</u>	<u>\$ 8,867</u>	<u>\$ 113,928</u>
Proportion of Net Pension Liability	0.011709%	0.001825%	
Change in Proportion Increase (Decrease)	(0.00009)%	0.00002%	

The net pension liabilities were measured as of June 30, 2015 and 2014 valuations, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of these dates. The Station's proportion of the net pension liability for TRSL and LASERS was based on a projection of the Station's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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7. PENSION PLANS: (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

At June 30, 2016 and 2015, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for its participation in TRSL:

	<u>2016</u>		<u>2015</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,725	\$ -	\$ 11,459
Net difference between projected and actual earnings on pension plan investments	-	32,163	-	152,718
Changes in proportion and differences between employer contributions and proportionate share of contributions	171,564	27,283	-	15,968
Employer contributions subsequent to the measurement date	151,181	-	145,876	-
Total	<u>\$ 322,745</u>	<u>\$ 76,171</u>	<u>\$ 145,876</u>	<u>\$ 180,145</u>

At June 30, 2016 and 2015, the Station reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for its participation in LASERS:

	<u>2016</u>		<u>2015</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 191	\$ 1,172	\$ -	\$ 2,033
Net difference between projected and actual earnings on pension plan investments	-	128	-	14,435
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,880	-	1,731	-
Employer contributions subsequent to the measurement date	14,864	-	14,784	-
Total	<u>\$ 28,935</u>	<u>\$ 1,300</u>	<u>\$ 16,515</u>	<u>\$ 16,468</u>

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JUNE 30, 2016 AND 2015

7. PENSION PLANS: (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date for TRSL and LASERS of \$151,181, and \$14,864, respectively, will be recognized as a reduction of the net pension liability during the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year ended June 30:	<u>TRSL</u>	<u>LASERS</u>	<u>Total</u>
2017	\$ (10,973)	\$ (5,174)	\$ (16,147)
2018	(10,973)	(5,483)	(16,456)
2019	(10,973)	1,024	(9,949)
2020	(62,475)	(3,137)	(65,612)
2021	-	-	-
Thereafter	-	-	-
	<u>\$ (95,394)</u>	<u>\$ (12,770)</u>	<u>\$ (108,164)</u>

Actuarial Assumptions:

The total pension liability in the June 30, 2015 and 2014 actuarial valuations for TRSL and LASERS were determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Actuarial Assumptions</u>	<u>TRSL</u>	<u>LASERS</u>
Inflation	2.50%	3.00%
Salary Increases	3.5% - 10.0%	3.0% - 14.5%
Investment Rate of Return	7.75%	7.75%
Dates of Experience Study	2008 - 2012	2009 - 2013
Mortality Rates	RP-2000 Mortality Table	RP-2000 Combined Healthy Mortality Table RP-2000 Disabled Retiree Table

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7. PENSION PLANS: (Continued)

Actuarial Assumptions: (Continued)

The long-term expected rate of return on pension plan investments of TRSL and LASERS were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and expected real rates of return of TRSL and LASERS for each major asset class of as of June 30, 2016 and 2015 are summarized in the following tables:

Teachers' Retirement System of Louisiana (TRSL):

Asset Class	2016		2015	
	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Fixed Income	14%	2.04%	14%	2.04%
International Fixed Income	7%	2.80%	7%	2.80%
Domestic Equity	31%	4.71%	31%	4.71%
International Equity	19%	5.69%	19%	5.69%
Alternative Investments	29%	5.94%	29%	5.94%
Total	100%		100%	

Louisiana State Employees' Retirement System (LASERS):

Asset Class	2016		2015	
	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Cash	0%	0.24%	0%	0.50%
Domestic equity	25%	4.56%	27%	4.69%
International equity	32%	5.67%	30%	5.83%
Domestic Fixed Income	8%	2.24%	11%	2.34%
International Fixed Income	6%	3.64%	2%	4.00%
Alternative Investments	22%	7.82%	23%	8.09%
Global Asset Allocation	7%	3.70%	7%	3.42%
Total	100%		100%	

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 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

7. PENSION PLANS: (Continued)

Discount Rate:

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

Sensitivity of the Station's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the Station's proportionate share of the net pension liability of TRSL and LASERS as of June 30, 2016 and 2015 using the current discount rate of 7.75% for both years, as well as what the Station's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

Station's proportionate share of the net pension liability in TRSL :

<u>Fiscal Year End</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
06/30/16	\$ 1,844,031	\$ 1,457,367	\$ 1,128,403
06/30/15	\$ 1,524,338	\$ 1,196,830	\$ 918,105

Station's proportionate share of the net pension liability in LASERS:

<u>Fiscal Year End</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
06/30/16	\$ 180,737	\$ 143,161	\$ 111,304
06/30/15	\$ 146,348	\$ 114,104	\$ 86,773

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

7. PENSION PLANS: (Continued)

Support of Non-employer Contributing Entities:

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Station recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the years ended June 30, 2016 and 2015, the Station recognized revenue as a result of support received from non-employer contributing entities of \$5,072 and \$4,207, respectively, for its participation in TRSL. LASERS did not receive support from non-employer contributing entities and as a result no revenue was recorded for the participation in LASERS for the years ended June 30, 2016 and 2015.

Pension Plan Fiduciary Net Position:

Detailed information about the pension plans fiduciary net position is available in the separately issued financial reports for TRSL and LASERS and can be obtained on the plan's respective website or on the Louisiana Legislative Auditor's website: www.la.gov.

Payables to the Pension Plan:

As of June 30, 2016 and 2015, the Station had no payables recorded for outstanding contributions due to TRSL or LASERS.

8. IN-KIND CONTRIBUTIONS AND DONATED SERVICES:

University support includes donated facilities provided by UNO consisting of office and studio space together with related occupancy costs. The building was fully depreciated in 2012; therefore the Station can no longer claim the value of the donated portion of the building.

In addition to donated facilities, University support provides other services including, but not limited to, accounting, human resources and payroll. UNO also shares services with the Station, such as utilities and pays the Station's portion of these expenses. These other support services totaled \$407,681 and \$441,175 for the years ended June 30, 2016 and 2015, respectively.

During the years ended June 30, 2016 and 2015, the Station received the following donated services from private businesses and organizations:

	<u>2016</u>	<u>2015</u>
Radio programming	\$ 157,898	\$ 81,154
Advertising	34,835	68,953
Other services	<u>8,657</u>	<u>49,453</u>
	<u>\$ 201,390</u>	<u>\$ 199,560</u>

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

8. IN-KIND CONTRIBUTIONS AND DONATED SERVICES: (Continued)

The Station would normally have purchased these services with operating revenues. Management is unable to determine how long the services will continue to be donated.

9. DUE FROM UNO FOUNDATION:

During the years ended June 30, 2016 and 2015, the UNO Foundation collected \$1,117,153 and \$981,899, respectively, in contributions on behalf of the Station that were used by the Foundation to pay expenses on behalf of the Station in the amount of \$368,714 and \$536,889 during 2016 and 2015, respectively. At June 30, 2016 and 2015, the UNO Foundation held \$408,928 and \$222,722, respectively, on behalf of the Station.

10. CHANGE IN ACCOUNTING PRINCIPLE:

WWNO-FM Radio Station adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, during the year ending June 30, 2015. Upon adoption of these standards, beginning net position decreased by \$1,399,222 due to the initial measurement of the net pension liability for all pension plans in which the Station is a participating employer. The restatement of \$1,399,222 consisted of recording the Station's proportionate share of the collective net pension liability as of the beginning of the initial period of implementation of \$1,540,124 for all pension plan's in which it participates and was offset by deferred outflows of resources for contributions to pension plans made subsequent to the measurement date of the beginning net pension liability of \$140,902. The WWNO-FM Radio Station did not restate beginning balances related to all other deferred inflows and outflows of resources related to pensions as it was not practical to determine these amounts.

11. RECLASSIFICATIONS:

Certain amounts in 2015 have been reclassified to conform to the current year presentation. There was no effect on net position.

REQUIRED SUPPLEMENTARY INFORMATION

WWNO - FM RADIO STATION
 A PUBLIC TELECOMMUNICATIONS ENTITY
 SCHEDULE OF THE PROPORTIONATE SHARE OF
 NET PENSION LIABILITY
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a % of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
<u>Teachers' Retirement System of Louisiana</u>					
6/30/2016	0.013554 %	\$ 1,457,367	\$ 529,442	275.26%	62.50%
6/30/2015	0.011709 %	\$ 1,196,830	\$ 484,509	247.02%	63.70%
<u>Louisiana State Employees' Retirement System of Louisiana</u>					
6/30/2016	0.002105 %	\$ 143,161	\$ 39,957	358.29%	62.70%
6/30/2015	0.001825 %	\$ 114,104	\$ 39,957	285.57%	65.00%

The amounts presented above have a measurement date of the previous fiscal year.

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

WWNO - FM RADIO STATION
 A PUBLIC TELECOMMUNICATIONS ENTITY
 SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
<u>Teachers' Retirement System of Louisiana</u>					
6/30/2016	\$ 151,181	\$ 151,181	-	\$ 565,377	26.74%
6/30/2015	\$ 145,876	\$ 145,876	-	\$ 529,442	27.55%
<u>Louisiana State Employees' Retirement System of Louisiana</u>					
6/30/2016	\$ 14,864	\$ 14,864	-	\$ 39,957	37.20%
6/30/2015	\$ 14,784	\$ 14,784	-	\$ 39,957	37.00%

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016 AND 2015

1. SCHEDULE OF THE PROPORTIONATE SHARE NET PENSION LIABILITY:

This schedule reflects the participation of WWNO-FM Radio Station's employees in TRSL and LASERS and its proportionate share of the net pension liability, the proportionate share of the net pension liability as a percentage of its covered payroll, and the plan fiduciary net position as a percentage of the total pension liability.

2. SCHEDULE OF PENSION CONTRIBUTIONS:

This schedule represents the employer contributions subsequent to the measurement date and recognized as a reduction of the net pension liability in future years.

3. CHANGES IN BENEFIT TERMS:

There were no changes in benefit terms for TRSL or LASERS since the previous valuation.

4. CHANGES IN ASSUMPTIONS:

There were no changes in assumptions for TRSL or LASERS since the previous valuation.

OTHER SUPPLEMENTARY INFORMATION

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE GENERAL MANAGER
JUNE 30, 2016

Agency Head: Paul Maassen
Position: General Manager

Salary	\$ 106,500
Benefits - insurance	10,333
Benefits - retirement	<u>29,074</u>
Total	<u><u>\$ 145,907</u></u>

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(with comparison totals for 2015)

	PROGRAM SERVICES			SUPPORTING SERVICES					TOTAL EXPENSES	
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Management and General	Fund Raising and Membership Development	Underwriting and Grant Solicitation	Total Supporting Services	2016	2015
Employee salaries and wages	\$ 231,415	\$ 226,196	\$ 75,496	\$ 533,107	\$ 119,497	\$ 63,342	\$ 44,321	\$ 227,160	\$ 760,267	\$ 718,435
Employee benefits	79,169	83,640	27,746	190,555	49,617	26,764	17,518	93,899	284,454	216,536
Travel	-	-	-	-	915	-	-	915	915	10,295
Tower rent and utilities	-	91,178	-	91,178	-	-	-	-	91,178	86,151
Utilities	-	10,678	-	10,678	-	-	-	-	10,678	15,376
Program costs	422,750	-	-	422,750	-	-	-	-	422,750	404,747
Repairs and maintenance	-	7,101	-	7,101	255	-	-	255	7,356	17,026
Advertising	34,835	-	-	34,835	-	552	-	552	35,387	69,141
Subscriptions and memberships	83,527	-	-	83,527	437	17	191	645	84,172	206,611
Printing, publications and graphics	-	-	-	-	-	-	-	-	-	176
Telephones and postage	10,678	6,324	6,001	23,003	5,571	4,827	1,994	12,392	35,395	33,215
Supplies	3,459	9,938	1,944	15,341	4,542	1,536	345	6,423	21,764	29,233
Bank fees	-	-	-	-	-	14,128	-	14,128	14,128	15,183
Audit fees	-	-	-	-	9,900	-	-	9,900	9,900	9,900
Sick and annual leave	(3,866)	(2,289)	(2,172)	(8,327)	(1,250)	(1,717)	(385)	(3,352)	(11,679)	5,648
Indirect administrative support	124,985	74,011	70,235	269,231	40,404	55,508	12,461	108,373	377,604	441,175
Depreciation on equipment	-	2,115	-	2,115	-	-	-	-	2,115	21,875
Software and IT Services	9,423	4,145	900	14,468	450	18,267	-	18,717	33,185	44,843
Miscellaneous	-	13,637	-	13,637	11	-	-	11	13,648	42,613
Total	\$ 996,375	\$ 526,674	\$ 180,150	\$ 1,703,199	\$ 230,349	\$ 183,224	\$ 76,445	\$ 490,018	\$ 2,193,217	\$ 2,388,179



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

December 21, 2016

Dr. John Nicklow, President
University of New Orleans
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of WWNO-FM Radio Station, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the WWNO-FM Radio Station's basic financial statements, and have issued our report thereon dated December 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WWNO-FM Radio Station's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WWNO-FM Radio Station's internal control. Accordingly, we do not express an opinion on the effectiveness of WWNO-FM Radio Station's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Station's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WWNO-FM Radio Station'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the WWNO-FM Radio Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of WWNO-FM Radio Station for the year ended June 30, 2016 was unmodified.

2. Internal Control Over Financial Reporting
Material weaknesses: none
Significant deficiencies: none

3. Compliance
Noncompliance material to the financial statements: none

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY
ACCEPTED GOVERNMENT AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None