

R E P O R T

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY

JUNE 30, 2019 AND 2018

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY

TABLE OF CONTENTS

JUNE 30, 2019 AND 2018

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4 - 7
FINANCIAL STATEMENTS:	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Fund Net Position	9
Statements of Cash Flows	10 - 11
Notes to Financial Statements.....	12 - 29
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Proportionate Share of Net Pension Liability	30
Schedule of Pension Contributions	31
Notes to Required Supplementary Information	32 - 33
SUPPLEMENTARY INFORMATION:	
Schedule of Compensation, Benefits, and Other Payments to the General Manager	34
Schedule of Functional Expenses.....	35
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	36 - 37
SUMMARY SCHEDULE OF FINDINGS.....	38



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INDEPENDENT AUDITOR'S REPORT

December 5, 2019

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

Report on Financial Statements

We have audited the accompanying financial statements of the WWNO-FM Radio Station (the Station), as of and for the years ended June 30, 2019 and 2018, 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, 2019 and 2018, 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

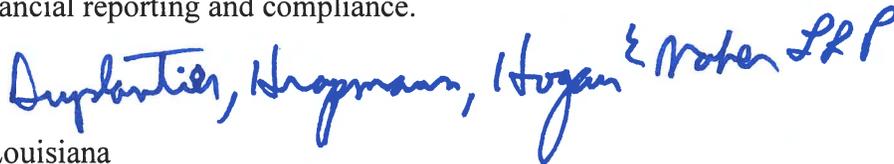
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Station's proportionate share of net pension liability, the schedule of the Station's contributions to retirement systems, and the notes to the required supplementary information 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 were derived from, and relate directly, to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 5, 2019, 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.



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, 2019 AND 2018

The Management's Discussion and Analysis of the WWNO-FM Radio Station's financial performance presents a narrative overview and analysis of the WWNO-FM Radio Station's financial activities for the year ended June 30, 2019. 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's liabilities and deferred inflows exceeded assets and deferred outflows at June 30, 2019 by \$524,094.
- ★ Deferred outflows of resources and deferred inflows of resources related to pensions were \$742,438 and \$378,400, respectively, as of June 30, 2019. The deferred outflows and inflows of resources were a result of changes to the net pension liability.
- ★ Operating revenue increased by \$365,513, or 18.11%.
- ★ Operating expenses decreased by \$198,271 or 6.79%.
- ★ Non-operating revenues decreased by \$75,987 or 14.77%.
- ★ Net deficit decreased by \$100,075 or 16.03%.

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.

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

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for the 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 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 the WWNO-FM Radio Station is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the 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 presents information showing how the 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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 672,074	\$ 581,076
Capital assets, net	231,519	221,467
Total assets	<u>903,593</u>	<u>802,543</u>
Deferred outflows of resources	<u>742,438</u>	<u>260,700</u>
Current liabilities	68,632	54,353
Noncurrent liabilities	1,723,093	1,322,123
Total liabilities	<u>1,791,725</u>	<u>1,376,476</u>
Deferred inflows of resources	<u>378,400</u>	<u>310,936</u>
Net position (deficit):		
Invested in capital assets	231,519	221,467
Unrestricted	(755,613)	(845,636)
Total net deficit	<u>\$ (524,094)</u>	<u>\$ (624,169)</u>

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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 Fund Net Position
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Operating grants and contributions	<u>\$2,384,154</u>	<u>\$2,018,641</u>
Non-operating revenues:		
University support	415,103	498,850
Capital gifts and grants	17,248	11,366
Other non-operating revenues	<u>6,058</u>	<u>4,180</u>
	<u>438,409</u>	<u>514,396</u>
Total revenues	<u>2,822,563</u>	<u>2,533,037</u>
Operating expenses:		
Program - public broadcasting	2,128,067	2,317,258
Administrative	<u>594,421</u>	<u>603,501</u>
Total expenses	<u>2,722,488</u>	<u>2,920,759</u>
Increase (decrease) in net position	<u>\$ 100,075</u>	<u>\$ (387,722)</u>

CAPITAL ASSET ADMINISTRATION

At June 30, 2019, the WWNO-FM Radio Station had \$231,519 (net of accumulated depreciation of \$544,740) invested in capital assets, which included equipment with a net book value of \$31,519 and an FCC license in the amount of \$200,000. The FCC license is an intangible asset with an indefinite useful life.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS

The WWNO-FM Radio Station's 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 the WWNO-FM Radio Station's finances and to show the 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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS:</u>		
CURRENT ASSETS:		
Grants receivable	\$ -	\$ 6,692
Pledges receivable, net	196,518	44,624
Due from UNO Foundation	309,710	131,400
Prepaid expenses	8,069	8,069
Total current assets	514,297	190,785
NONCURRENT ASSETS:		
Cash - board designated reserve	156,063	382,306
Cash - private grant funds	1,714	7,985
Capital assets, net	231,519	221,467
Total noncurrent assets	389,296	611,758
Total assets	903,593	802,543
DEFERRED OUTFLOWS OF RESOURCES	742,438	260,700
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,646,031	\$ 1,063,243
<u>LIABILITIES:</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 62,304	\$ 44,162
Compensated absences - current	6,328	10,191
Total current liabilities	68,632	54,353
NONCURRENT LIABILITIES:		
Compensated absences	84,550	64,869
Net pension liability	1,638,543	1,257,254
Total noncurrent liabilities	1,723,093	1,322,123
Total liabilities	1,791,725	1,376,476
DEFERRED INFLOWS OF RESOURCES	378,400	310,936
<u>NET POSITION (DEFICIT):</u>		
Invested in capital assets	231,519	221,467
Unrestricted	(755,613)	(845,636)
Total net deficit	(524,094)	(624,169)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 1,646,031	\$ 1,063,243

See accompanying notes.

WWNO-FM RADIO STATION
 A PUBLIC TELECOMMUNICATIONS ENTITY
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES:		
Corporation for Public Broadcasting	\$ 168,130	\$ 265,695
Donated services income	177,773	146,408
Grants	135,073	180,000
Other operating revenues	1,903,178	1,426,538
Total operating revenues	<u>2,384,154</u>	<u>2,018,641</u>
OPERATING EXPENSES:		
Program services:		
Programming and production	1,390,143	1,602,157
Broadcasting	527,647	513,230
Program information and promotion	210,277	201,871
Support services:		
Management and general	237,435	235,482
Fund raising and membership development	242,008	261,349
Underwriting and grant solicitation	114,978	106,670
Total operating expenses	<u>2,722,488</u>	<u>2,920,759</u>
OPERATING LOSS	<u>(338,334)</u>	<u>(902,118)</u>
NON-OPERATING REVENUES:		
University support	415,103	498,850
Capital gifts and grants	17,248	11,366
Other non-operating revenues	6,058	4,180
Total non-operating revenues	<u>438,409</u>	<u>514,396</u>
Increase (decrease) in net position	100,075	(387,722)
Net deficit at beginning of year	<u>(624,169)</u>	<u>(236,447)</u>
NET DEFICIT AT END OF YEAR	<u>\$ (524,094)</u>	<u>\$ (624,169)</u>

See accompanying notes.

WWNO-FM RADIO STATION
 A PUBLIC TELECOMMUNICATIONS ENTITY
 STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Corporation for Public Broadcasting	\$ 168,130	\$ 286,749
Payments for employee compensation	(820,404)	(792,374)
Payments for benefits	(378,820)	(286,891)
Payments for supplies and services	(948,072)	(1,288,625)
Grants	141,765	180,000
Other receipts	1,604,887	1,708,460
Net cash used by operating activities	<u>(232,514)</u>	<u>(192,681)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Capital gifts and grants	17,248	11,366
Purchase of capital assets	<u>(17,248)</u>	<u>(11,366)</u>
Net cash used by capital financing activities	<u>-</u>	<u>-</u>
Net decrease in cash	(232,514)	(192,681)
Cash at beginning of the year	<u>390,291</u>	<u>582,972</u>
Cash at the end of the year	<u>\$ 157,777</u>	<u>\$ 390,291</u>
NON-CASH FINANCING ACTIVITIES:		
University support	\$ 415,103	\$ 498,850
In-kind contributions	<u>177,773</u>	<u>146,408</u>
	<u>\$ 592,876</u>	<u>\$ 645,258</u>

See accompanying notes.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

(Continued)

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (338,334)	\$ (902,118)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	7,196	4,002
University support	415,103	498,850
Pension income from non-employer contributions	6,058	4,180
Changes in assets and liabilities:		
Decrease (increase) in receivables, net	(323,512)	302,976
Decrease (increase) in prepaid expenses	-	(500)
Decrease (increase) in deferred outflows of resources	(472,630)	162,892
Increase (decrease) in accounts payable and accrued liabilities	18,142	(62,220)
Increase (decrease) in compensated absences	15,818	20,747
Increase (decrease) in net pension liability	381,289	(420,859)
Increase (decrease) in deferred inflows of resources	58,356	199,369
	<u>\$ (232,514)</u>	<u>\$ (192,681)</u>
Net cash used by operating activities	<u>\$ (232,514)</u>	<u>\$ (192,681)</u>
RECONCILIATION OF CASH TO THE STATEMENTS OF NET POSITION:		
Cash classified as current assets	\$ -	\$ -
Cash classified as noncurrent assets	157,777	390,291
	<u>\$ 157,777</u>	<u>\$ 390,291</u>
	<u>\$ 157,777</u>	<u>\$ 390,291</u>

See accompanying notes.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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. In December 2011, UNO was transferred to the University of Louisiana System, which is a component of the State of Louisiana.

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.

In August 2016, WWNO Radio Station received permission to acquire from another broadcast company a classical station with the call letters K285FF. In December 2016, the FCC assigned the Station radio station with the call letters K285FF to WWNO. K285FF received its license and began operating as a classical station of WWNO-FM in January 2017.

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.

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.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation: (Continued)

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. Intangible assets with a cost of \$100,000 or more are capitalized. 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. Intangible assets are amortized over their estimated useful life. Intangible assets with indefinite useful lives are not amortized.

Classification of Revenues and Expenses:

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

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Classification of Revenues and Expenses: (Continued)

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 non-operating 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
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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.

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.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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, 2019 and 2018, cash consisted of interest bearing demand deposits totaling \$157,777 and \$390,291, respectively. For each of the years ended June 30, 2019 and 2018, \$156,063 and \$382,306, respectively, of the cash was designated by the Board as a reserve. As of June 30, 2019 and 2018, \$1,714 and \$7,985, respectively, of the cash was designated for future grant expenditures. 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 post-employment benefits, including disclosing funding for the plan.

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.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

4. CAPITAL ASSETS:

A summary of changes in capital assets for the years ended June 30, 2019 and 2018 follows:

<u>June 30, 2019</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Equipment at cost	\$ 651,604	\$ 17,248	\$ (92,593)	\$ 576,259
Less: accumulated depreciation	<u>(630,137)</u>	<u>(7,196)</u>	<u>92,593</u>	<u>(544,740)</u>
Capital assets being depreciated, net	<u>21,467</u>	<u>10,052</u>	<u>-</u>	<u>31,519</u>
Intangible assets not depreciated				
FCC license	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Capital assets not being depreciated	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total capital assets, net	<u>\$ 221,467</u>	<u>\$ 10,052</u>	<u>\$ -</u>	<u>\$ 231,519</u>
<u>June 30, 2018</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Equipment at cost	\$ 640,238	\$ 11,366	\$ -	\$ 651,604
Less: accumulated depreciation	<u>(626,135)</u>	<u>(4,002)</u>	<u>-</u>	<u>(630,137)</u>
Capital assets being depreciated, net	<u>14,103</u>	<u>7,364</u>	<u>-</u>	<u>21,467</u>
Intangible assets not depreciated				
FCC license	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Capital assets not being depreciated	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total capital assets, net	<u>\$ 214,103</u>	<u>\$ 7,364</u>	<u>\$ -</u>	<u>\$ 221,467</u>

Depreciation taken on equipment for the years ended June 30, 2019 and 2018 was \$7,196 and \$4,002, respectively.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 five 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, 2019 and 2018 is estimated to be \$90,878 and \$75,060, respectively. Following is a summary of changes in compensated absences payable:

	<u>2019</u>	<u>2018</u>
Beginning Balance, July 1	\$ 75,060	\$ 54,313
Additions	26,009	22,524
Reductions	<u>(10,191)</u>	<u>(1,777)</u>
Ending Balance, June 30	<u>\$ 90,878</u>	<u>\$ 75,060</u>
Due within one year	<u>\$ 6,328</u>	<u>\$ 10,191</u>

6. LEASES:

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

The first lease renewed on July 1, 2018 and expires on June 30, 2023 with quarterly lease payments of \$990. The second lease renewed on April 1, 2019 and expires on March 31, 2024. In April of 2019, the monthly lease payments of \$8,259 increased by 5% to \$8,671 and will continue to increase by 5% each April until the end of the lease. The third lease began in January 2017 and ends on November 20, 2020. In January 2019, the monthly payments of \$1,248 increased by 4% to \$1,298. Combined lease payments for tower rental were \$131,099 and \$113,803 for the years ended June 30, 2019 and 2018, respectively.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

6. LEASES: (Continued)

The future lease payments due under the non-cancelable lease agreements at June 30, 2019, are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2020	\$ 125,153
2021	121,335
2022	120,117
2023	125,926
2024	<u>94,862</u>
Total	<u>\$ 587,393</u>

7. PENSION PLANS:

Plan Descriptions and Benefits Provided:

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 issue publicly available financial reports that can be obtained at www.trsl.org or www.lasersonline.org, respectively.

Louisiana State Employees' Retirement System:

LASERS administers a plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in R.S. 11:411-414. The age and years of creditable service (service) required in order for a member to receive retirement benefits are established by R.S. 11:441 and vary depending on the member's hire date, employer, and job classification. Act 992 of the 2010 Regular Session of the Louisiana Legislature closed existing subplans for members hired before January 1, 2011, and created new subplans for regular members, hazardous duty members, and judges.

The substantial majority of members may retire with full benefits at any age upon completing 30 years of service and at age 60 upon completing 5-10 years of service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. Eligibility for retirement benefits and the computation of retirement benefits are provided for in R.S. 11:444. The basic annual retirement benefit for members is equal to a percentage (between 2.5% and 3.5%) of average compensation multiplied by the number of years of service, generally not to exceed 100% of average compensation. Average compensation is defined as the member's average annual earned compensation for the highest

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

7. PENSION PLANS: (Continued)

Plan Descriptions and Benefits Provided: (Continued)

Louisiana State Employees' Retirement System: (Continued)

36 consecutive months of employment for members employed prior to July 1, 2006, or highest 60 consecutive months of employment for members employed after that date. A member leaving service before attaining minimum retirement but after completing certain minimum service requirements, generally 10 years, becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw the accumulated contributions.

Eligibility requirements and benefit computations for disability benefits are provided for in R.S. 11:461. All members with 10 or more years of service or members aged 60 or older regardless of date of hire who become disabled may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation.

Provisions for survivor benefits are provided for in R.S. 11:471-478. Under these statutes, the deceased member who was in state service at the time of death must have a minimum of five years of service, at least two which were earned immediately prior to death, or who had a minimum of 20 years of service 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 18 or age 23 if the child remains a full-time student. The minimum service requirement is 10 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 has established a Deferred Retirement Option Plan (DROP). When members enter DROP, their status changes from active member to retiree even though they continue to work and draw their salaries for a period up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

Teachers' Retirement System of Louisiana:

TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in R.S. 11:701. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in R.S. 11:761. Statutory changes closed existing, and created new, subplans for members hired on or after January 1, 2011.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

7. PENSION PLANS: (Continued)

Plan Descriptions and Benefits Provided: (Continued)

Teachers' Retirement System of Louisiana: (Continued)

Most members are eligible to receive retirement benefits (1) at the age of 60 with five years of service, (2) at the age of 55 with at least 25 years of service, or (3) at any age with at least 30 years of service. Retirement benefits are calculated by applying a percentage ranging from 2% to 3% of final average salary multiplied by years of service. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2011, or highest 60 consecutive months of employment for members employed after that date.

Under R.S. 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011, and attained at least five years of service or if employed on or after January 1, 2011, and attained at least 10 years of service. Members employed prior to January 1, 2011, receive disability benefits equal to 2.5% of average compensation multiplied by the years of service, but not more than 50% of average compensation subject to statutory minimums. Members employed on or after January 1, 2011, receive disability benefits equivalent to the regular retirement formula without reduction by reason of age.

Survivor benefits are provided for in R.S. 11:762. In order for survivor benefits to be paid, the deceased member must have been in state service at the time of death and must have a minimum of five years of service, at least two of which were earned immediately prior to death, or must have had a minimum of 20 years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child.

Survivor benefits are equal to 50% of the benefit to which the member would have been entitled if retired on the date of death using a factor of 2.5% regardless of years of service or age, or \$600 per month, whichever is greater. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The minimum service credit requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or a qualified handicapped child.

TRSL has established a DROP plan. When members enter DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

7. PENSION PLANS: (Continued)

Cost of Living Adjustments:

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS and TRSL allow for the payment of cost-of-living adjustments, or COLAs, that are funded through investment earnings when recommended by the board of trustees and approved by the Louisiana Legislature. These ad hoc COLAs are not considered to be substantively automatic.

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, 2019 and 2018 was 25.5% and 25.4%, respectively, of annual covered payroll. The Optional Retirement Plan employer contribution rate for the fiscal years ended June 30, 2019 and 2018 was 28.0% and 28.0%, respectively, of annual covered payroll. Total contributions paid to TRSL for the years ended June 30, 2019 and 2018 was \$182,664 and \$123,791, 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 each of the fiscal years ended June 30, 2019 and 2018 was 37.9% of annual covered payroll. Total contributions paid to LASERS for the years ended June 30, 2019 and 2018 was \$14,336 and \$15,238, respectively.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019.

	<u>TRSL</u>	<u>LASERS</u>	<u>Total</u>
Net Pension Liability	<u>\$ 1,505,243</u>	<u>\$ 133,300</u>	<u>\$ 1,638,543</u>
Pension Expense (Benefit)	<u>\$ (20,060)</u>	<u>\$ (6,867)</u>	<u>\$ (26,927)</u>
Proportion of Net Pension Liability	0.015316%	0.001955%	
Change in Proportion	0.004533%	-0.000201%	

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, 2018.

	<u>TRSL</u>	<u>LASERS</u>	<u>Total</u>
Net Pension Liability	<u>\$ 1,105,465</u>	<u>\$ 151,789</u>	<u>\$ 1,257,254</u>
Pension Expense (Benefit)	<u>\$ (60,571)</u>	<u>\$ 6,153</u>	<u>\$ (54,418)</u>
Proportion of Net Pension Liability	0.010783%	0.002156%	
Change in Proportion	-0.002090%	0.000031%	

The net pension liabilities were measured as of June 30, 2018 and 2017, valuations 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.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 and 2018, 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>2019</u>		<u>2018</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 49,586	\$ -	\$ 36,338
Net difference between projected and actual earnings on pension plan investments	-	97,011	-	28,552
Changes in proportion and differences between employer contributions and proportionate share of contributions	445,070	221,763	102,589	242,951
Changes in assumptions	96,718	-	11,657	-
Employer contributions subsequent to the measurement date	182,664	-	123,791	-
Total	<u>\$ 724,452</u>	<u>\$ 368,360</u>	<u>\$ 238,037</u>	<u>\$ 307,841</u>

At June 30, 2019 and 2018, 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>2019</u>		<u>2018</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,496	\$ -	\$ 2,784
Net difference between projected and actual earnings on pension plan investments	1,729	-	4,936	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	564	8,544	1,889	311
Changes in assumptions	1,357	-	600	-
Employer contributions subsequent to the measurement date	14,336	-	15,238	-
Total	<u>\$ 17,986</u>	<u>\$ 10,040</u>	<u>\$ 22,663</u>	<u>\$ 3,095</u>

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 \$182,664 and \$14,336, respectively, will be recognized as a reduction of the net pension liability during the year ending June 30, 2020. 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 ending <u>June 30</u>	<u>TRSL</u>	<u>LASERS</u>	<u>Total</u>
2020	\$ (79,476)	\$ (111)	\$ (79,587)
2021	(13,952)	2,754	(11,198)
2022	2,241	3,258	5,499
2023	(82,241)	489	(81,752)
	<u>\$ (173,428)</u>	<u>\$ 6,390</u>	<u>\$ (167,038)</u>

Actuarial Assumptions:

The total pension liability in the June 30, 2018 and 2017 actuarial valuations for TRSL and LASERS were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	TRSL	LASERS
Valuation Date	June 30, 2018 and 2017	June 30, 2018 and 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Expected Remaining Service Lives	5 years	3 years
Investment Rate of Return	7.65% and 7.70%	7.65% and 7.70%
Inflation Rate	2.50%	2.75%
Salary Increases	3.3% - 4.8%; 3.5% - 10.0%	2.8% - 14.3%
Dates of Experience Study	2012-2017; 2008 - 2012	2009 - 2013
Mortality - Non-disabled	RP-2014 tables; RP-2000 tables	RP- 2000, improvement to 2015
Mortality - Disabled	RP-2014 tables; RP-2000 tables	RP-2000
Termination, Disability, Retirement	2012-2017 study; 2008-2012 study	2009-2013 experience study
Cost of Living Adjustments	Not substantively automatic	Not substantively automatic

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

7. PENSION PLANS: (Continued)

Actuarial Assumptions: (Continued)

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

Teachers' Retirement System of Louisiana (TRSL):

Asset Class	2018		2017	
	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	27.0%	4.01%	13.0%	1.98%
International Equity	19.0%	4.90%	5.5%	2.75%
Domestic Fixed Income	13.0%	1.36%	27.0%	4.28%
International Fixed Income	5.5%	2.35%	19.0%	4.96%
Private Equity	25.5%	8.39%	25.5%	8.47%
Other Private Assets	10.0%	3.57%	10.0%	3.51%
Total	100%		100%	

Louisiana State Employees' Retirement System (LASERS):

LASERS:

Asset Class	2018		2017	
	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Cash	0.0%	-0.48%	0.0%	-0.24%
Domestic Equity	23.0%	4.31%	25.0%	4.31%
International Equity	32.0%	5.26%	32.0%	5.35%
Domestic Fixed Income	6.0%	1.49%	8.0%	1.73%
International Fixed Income	10.0%	2.23%	6.0%	2.49%
Alternative Investments	22.0%	7.67%	22.0%	7.41%
Risk Parity	7.0%	4.96%	7.0%	2.84%
Total	100%		100%	

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

7. PENSION PLANS: (Continued)

Discount Rate:

The discount rate used to measure the total pension liability of TRSL and LASERS was 7.65% for the June 30, 2018 valuation period and 7.70% for the June 30, 2017 valuation period. 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, 2019 and 2018 using the current discount rate of 7.65% for 2019 and 7.70% for 2018, 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</u>	
		<u>Discount Rate</u>	<u>1% Increase</u>
06/30/19	\$ 1,994,104	\$ 1,505,259	\$ 1,092,893
06/30/18	\$ 1,424,387	\$ 1,105,465	\$ 834,123

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

<u>Fiscal Year End</u>	<u>1% Decrease</u>	<u>Current</u>	
		<u>Discount Rate</u>	<u>1% Increase</u>
06/30/19	\$ 168,234	\$ 133,300	\$ 103,214
06/30/18	\$ 190,554	\$ 151,789	\$ 118,830

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

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

7. PENSION PLANS: (Continued)

Support of Non-employer Contributing Entities: (Continued)

years ended June 30, 2019 and 2018, the Station recognized revenue as a result of support received from non-employer contributing entities of \$6,058 and \$4,180, 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, 2019 and 2018.

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, 2019 and 2018, 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. 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. Total university support for the years ended June 30, 2019 and 2018 was \$415,103 and \$498,850, respectively.

During the years ended June 30, 2019 and 2018, the Station received the following donated services from private businesses and organizations:

	<u>2019</u>	<u>2018</u>
Radio programming	\$ 77,523	\$ 59,808
Publications	73,800	69,750
Other services	<u>26,450</u>	<u>16,850</u>
	<u>\$ 177,773</u>	<u>\$ 146,408</u>

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.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

9. DUE FROM UNO FOUNDATION:

The UNO Foundation collects contributions and disburses certain expenses on behalf of the Station. Amounts held by the UNO Foundation as of June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Due from UNO Foundation, beginning of year	\$ 131,400	\$ 300,075
Collections	1,427,855	1,055,020
Disbursements	(353,396)	(467,695)
Transfers to the Station	(896,149)	(756,000)
Due from UNO Foundation, end of year	<u>\$ 309,710</u>	<u>\$ 131,400</u>

10. UNRESTRICTED NET POSITION – DEFICIT BALANCE:

The Station reported a deficit of \$755,613 and \$845,636 as of June 30, 2019 and 2018, respectively. This is primarily due to the recording of net pension liability in the amount of \$1,638,543 and \$1,257,254 as of June 30, 2019 and 2018, respectively. Management continues to evaluate unrestricted net position and develop a plan to increase profits for the Station.

REQUIRED SUPPLEMENTARY INFORMATION

WWNO-FM RADIO STATION
 A PUBLIC TELECOMMUNICATIONS ENTITY
 SCHEDULE OF PROPORTIONATE SHARE OF
 NET PENSION LIABILITY
FOR THE FIVE YEARS ENDED JUNE 30, 2019

<u>Fiscal Year</u>	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a % of its Covered-Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>Teachers' Retirement System of Louisiana</u>					
6/30/2019	0.015316 %	\$ 1,505,243	\$ 504,772	298.20%	68.20%
6/30/2018	0.010783 %	\$ 1,105,465	\$ 544,376	203.07%	65.60%
6/30/2017	0.013859 %	\$ 1,511,258	\$ 565,377	267.30%	59.90%
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>					
6/29/2019	0.001955 %	\$ 133,300	\$ 40,207	331.53%	64.30%
6/30/2018	0.002156 %	\$ 151,789	\$ 39,957	379.88%	62.50%
6/30/2017	0.002125 %	\$ 166,885	\$ 39,957	417.66%	57.70%
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%

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 FIVE YEARS ENDED JUNE 30, 2019

<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>					
6/30/2019	\$ 182,664	\$ 182,664	\$ -	\$ 679,732	26.87%
6/30/2018	\$ 123,791	\$ 123,791	\$ -	\$ 504,772	24.52%
6/30/2017	\$ 140,456	\$ 140,456	\$ -	\$ 544,376	25.80%
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>					
6/30/2019	\$ 14,336	\$ 14,336	\$ -	\$ 37,826	37.90%
6/30/2018	\$ 15,238	\$ 15,238	\$ -	\$ 40,207	37.90%
6/30/2017	\$ 14,305	\$ 14,305	\$ -	\$ 39,957	35.80%
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
FOR THE FIVE YEARS ENDED JUNE 30, 2019

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:

LASERS:

Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Investment Rate of Return	7.65%	7.70%	7.75%	7.75%	7.75%
Inflation Rate	2.50%	2.50%	3.00%	3.00%	3.00%
Salary Increases	2.83% - 14.3%	2.83% - 14.3%	3.0% - 14.5%	3.0% - 14.5%	3.0% - 14.5%
Mortality Rate Non-Disabled	RP2000 Tables				
Mortality Rate Disabled	RP2000 Tables				

WWNO-FM RADIO STATION
 A PUBLIC TELECOMMUNICATIONS ENTITY
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FIVE YEARS ENDED JUNE 30, 2019

4. CHANGES IN ASSUMPTIONS: (Continued)

TRSL:

Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Investment Rate of Return	7.65%	7.70%	7.75%	7.75%	7.75%
Inflation Rate	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	3.3% - 4.8%	3.5% - 10.0%	3.5% - 10.0%	3.5% - 10.0%	3.5% - 10.0%
Mortality Rate Non-Disabled	RP2014 Tables	RP2000 Tables	RP2000 Tables	RP2000 Tables	RP2000 Tables
Mortality Rate Disabled	RP2014 Tables	RP2000 Tables	RP2000 Tables	RP2000 Tables	RP2000 Tables

OTHER SUPPLEMENTARY INFORMATION

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE GENERAL MANAGER
JUNE 30, 2019

Agency Head: Paul Maassen
Position: General Manager

Salary	\$ 114,379
Benefits - insurance	11,108
Benefits - retirement	31,416
Benefits - other	12,454
Total	<u>\$ 169,357</u>

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
 (with comparison totals for 2018)

	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	2019	2018
Advertising	\$ 73,800	\$ 92	\$ -	\$ 73,892	\$ -	\$ -	\$ -	\$ -	\$ 73,892	\$ 75,750
Audit fees	-	-	-	-	10,500	-	-	10,500	10,500	19,900
Bank fees	-	-	-	-	-	21,970	-	21,970	21,970	19,901
Communication costs and postage	7,785	4,610	4,374	16,769	2,516	3,457	776	6,749	23,518	28,806
Depreciation on equipment	-	7,196	-	7,196	-	-	-	-	7,196	4,002
Employee benefits	120,281	83,285	37,787	241,353	54,332	44,467	27,558	126,357	367,710	253,220
Employee salaries and wages	264,894	200,223	83,780	548,897	119,677	96,026	71,863	287,566	836,463	792,296
Indirect administrative support	126,838	75,105	71,273	273,216	41,001	56,329	12,645	109,975	383,191	498,850
Miscellaneous	11,736	3,275	4,559	19,570	-	-	-	-	19,570	21,872
Printing, publications and graphics	-	-	-	-	3,930	156	1,723	5,809	5,809	30
Program costs	762,168	-	-	762,168	-	-	-	-	762,168	1,009,229
Repairs and maintenance	3,070	-	-	3,070	718	-	-	718	3,788	11,436
Software and IT services	14,584	333	316	15,233	182	250	56	488	15,721	27,459
Subscriptions and memberships	1,413	6,180	6,180	13,773	-	-	-	-	13,773	17,668
Supplies	3,574	5,906	2,008	11,488	4,579	19,353	357	24,289	35,777	14,112
Tower rent	-	131,109	-	131,109	-	-	-	-	131,109	113,803
Travel	-	-	-	-	-	-	-	-	-	255
Utilities	-	10,333	-	10,333	-	-	-	-	10,333	12,170
Total	\$ 1,390,143	\$ 527,647	\$ 210,277	\$ 2,128,067	\$ 237,435	\$ 242,008	\$ 114,978	\$ 594,421	\$ 2,722,488	\$ 2,920,759



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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 5, 2019

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 the WWNO-FM Radio Station, as of and for the year ended June 30, 2019, 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 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the WWNO-FM Radio Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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.



New Orleans, Louisiana

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of WWNO-FM Radio Station for the year ended June 30, 2019 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