

José F. Montes de Oca, Chief Auditor
Office of Management and Compliance Audits

SUBJECT: SPECIAL-PURPOSE FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS OPERATION OF WLRN TELEVISION AND RADIO STATIONS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

COMMITTEE: FISCAL ACCOUNTABILITY

LINK TO STRATEGIC BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES

The financial statements of WLRN Television and Radio Stations were audited by C Borders-Byrd, CPA, LLC. Certified financial statements are required by the Public Telecommunications Financing Act of 1978 and are used as the basis for determining the Corporation for Public Broadcasting (CPB) grants to the stations, which in 2015-16 were approximately \$1.7 million. Total revenue for the Television Station was \$4.2 million which represents a decrease of approximately \$1.8 million from the prior year. Total revenue for the Radio Station was \$8.8 million, which also represents a decrease of almost \$.5 million from the prior year.

Based on financial information provided by its component unit, Friends of WLRN, the Stations reported certain revenue incorrectly in prior periods to a grantor. The grantor's funding allocations to the Stations for those prior periods and fiscal 2016 were based in part on the revenue previously reported. This resulted in potentially over-funding of the grant which could be refundable to the grantor by the Stations, plus potential penalties. This uncorrected error was detected by management in preparation for the 2016 financial statement audit of the Stations. Accordingly, the Stations did not meet the grantor's established reporting deadline and could be assessed a late filing penalty. The grantor's Office of Inspector General (OIG) conducted an audit of said grants for the period July 1, 2007 through June 30, 2015 and concluded that incorrect reporting of the financial information resulted in Community Service Grant overpayments of \$1,128,247. On its letter dated September 29, 2017 the OIG, noted that CPB officials will make a fiscal determination on its findings within 180 days. The Office of Inspector General is also performing an audit of proposed correcting adjustments to previously reported revenue amounts for the period July 1, 2013 through June 30, 2016. Additionally, the pension and other post-employment benefits financial information and the related disclosures have been omitted from the Stations' special-purpose financial statements. The effects on the accompanying special-purpose financial statements of these matters have not been determined and have resulted in a qualified opinion.

The School Board Audit and Budget Advisory Committee reviewed this report at its October 10, 2017, meeting and recommended transmitting it to the School Board.

Copies of this report were distributed and placed on file in the Office of the Recording Secretary to the School Board and in the Citizen Information Center. Additional copies will be provided upon request.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, receive and file the Special-Purpose Financial Statements and Independent Certified Public Accountants Operation of WLRN Television and Radio Stations As of and for the Year Ended June 30, 2016.