

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Southern University System
State of Louisiana
Baton Rouge, Louisiana

December 17, 1997



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1997
With Supplemental Information Schedules

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

December 17, 1997

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1987
With Supplemental Information Schedules**

CONTENTS

	Statement	Page No.
Independent Auditor's Report on the Financial Statements		3
General Purpose Financial Statements:		
Combined Balance Sheet - All Funds	A	5
Combined Statement of Changes in Fund Balances	B	7
Combined Statement of Revenues, Expenditures, and Other Changes - Current Funds	C	9
Notes to the Financial Statements		10
	Schedule	Page No.
Supplemental Information Schedules:		
Board and System Administration:		
Balance Sheet - All Funds	1	32
Schedule of Changes in Fund Balances	2	33
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	3	34
Easton Rouge Campus:		
Balance Sheet - All Funds	4	35
Schedule of Changes in Fund Balances	5	37
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	6	38

CONTENTS (CONT.)

	Schedule	Page No.
Supplemental Information Schedules: (Cont.)		
New Orleans Campus:		
Balance Sheet - All Funds	7	40
Schedule of Changes in Fund Balances	8	42
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	9	44
Shreveport-Bossier City Campus:		
Balance Sheet - All Funds	10	45
Schedule of Changes in Fund Balances	11	47
Schedule of Revenues, Expenditures, and Other Changes - Current Funds	12	48
Schedule of Agency Funds - Deposits Held for Others	13	50
	Exhibit	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards	A	



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LEGISLATIVE AUDITOR

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December 3, 1987

Independent Auditor's Report
on the Financial Statements

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the accompanying general purpose financial statements of the Southern University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 1987, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Southern University System. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in note 1-K to the financial statements, the university has excluded the liability relating to compensated absences from the accompanying financial statements. In our opinion, generally accepted accounting principles require that such liability be reflected on the financial statements in the year in which the benefits accrue.

As discussed further in Exhibit A of this report, because of the inadequacy of student loan subsidiary ledgers, we were unable to satisfy ourselves as to the validity of \$660,523 in notes receivable reflected on the balance sheet in the student loan funds.

In our opinion, except for the effects of not recording the liability for compensated absences and except for the effects of such adjustments, if any, as might have been determined to be necessary had the records within the student loan funds group been adequate, the accompanying general purpose financial statements present fairly, in all material respects, the financial position of the Southern University System at June 30, 1987, the changes in fund balances, and the current funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles.

LEGISLATIVE AUDITOR

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Audit Report, June 30, 1997

In accordance with Government Auditing Standards, we have also issued a report dated December 3, 1997, on our consideration of the Southern University System's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Our audit was made for the purpose of forming an opinion on the accompanying general purpose financial statements. The accompanying supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Southern University System. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, except for the effects of not recording the liabilities for compensated absences and the effects of adjustments, if any, as might have been determined to be necessary had there been adequate records in the student loans fund group, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

DP-WMB:d

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**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
ALL FUNDS**

Combined Balance Sheet, June 30, 1997

	CURRENT FUNDS			STUDENT LOAN	ENDOWMENT
	GENERAL	ENTREPRENEUR	POST-SECONDARY	FUNDS	FUNDS
ASSETS					
Cash and cash equivalents (note 2)	\$1,191,878	\$2,460,140	\$2,240,288	\$405,170	\$2,008,007
Investments (note 4)					838,000
Accrued interest			31,790	12,881	
Accounts receivable (note 3)	2,332,840	460,000	9,681,789	4,827	
Notes receivable (note 4)				482,000	
Due from other funds		71,850	60,000		
Deferred charges and prepaid expenses	(24,891)	20,804	46,222		
Receivables (note 1-3)	148,071	141,000			
Restructured assets (note 17)					
Other assets		11,812			
TOTAL ASSETS	\$4,681,827	\$4,115,000	\$2,348,099	\$1,106,178	\$2,846,007
LIABILITIES AND FUND-EQUITY					
Liabilities:					
Accounts payable	\$1,731,160	\$266,048	\$414,483	\$40,113	
Accrued liabilities	1,427,088	90,000	410,100		
Due to state treasury (note 10)	3,025,489				
Due to other funds				121,200	
Deposits held for others					
Deferred revenues (note 1-3)	2,560,278	641,897			
Notes payable (note 4)					
Equipment purchase payable (note 13)					
Other liabilities		127,075		27,887	
Total Liabilities	8,743,995	1,025,010	1,234,663	219,400	None
Fund Equity:					
Net investment in plant					
Fund balances					
Restricted (note 14)	718,271	116,004	1,621,887		
Current operations - restricted		2,020,433	6,690,188		
Restricted operations - restricted				687,685	\$2,671,621
Total Fund Equity	718,271	2,136,437	11,312,075	687,685	2,671,621
TOTAL LIABILITIES AND FUND EQUITY	\$9,462,267	\$4,161,447	\$12,546,738	\$1,907,173	\$2,671,621

The accompanying notes are an integral part of this statement.

PLANT FUNDS					
UNEMPLOYED	REVENUES AND DISPLACEMENTS	RETIREMENT OF INVESTMENTS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL (MEMORANDUM ONLY)
\$1,897,648	\$1,188,810	\$1,888,428		\$668,878	\$5,743,764
28,288		683,288			1,103,864
81,480	9,388	17,480			118,328
		20,576			890,800
				\$668,878	121,288
					220,888
					288,888
				\$668,878	288,888
				28,288	48,776
<u>2,008,416</u>	<u>1,208,198</u>	<u>\$2,588,428</u>	<u>\$668,878</u>	<u>1,170,878</u>	<u>\$7,000,888</u>
\$41,888				\$78,888	\$1,888,888
4,776					1,888,888
					1,888,888
7,888				\$88,776	1,888,888
					1,888,888
				\$1,888,888	1,888,888
				\$41,888	\$41,888
					188,888
<u>50,408</u>	<u>\$888</u>	<u>\$888</u>	<u>1,888,888</u>	<u>101,276</u>	<u>18,888,888</u>
					288,888,888
	\$118,188	\$144,888			1,888,888
					11,888,888
<u>1,411,888</u>	<u>18,888</u>	<u>1,888,888</u>			<u>1,888,888</u>
<u>1,411,888</u>	<u>18,888</u>	<u>1,888,888</u>	<u>188,888,888</u>	<u>\$788</u>	<u>18,888,888</u>
<u>11,888,888</u>	<u>\$1,888,888</u>	<u>11,888,888</u>	<u>188,888,888</u>	<u>\$788,888</u>	<u>11,888,888</u>

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Consolidated Statement of Changes in Fund Balances
For the Year Ended June 30, 1997**

	CURRENT FUNDS			STUDENT FUND
	GENERAL	ENTERPRISES	RESTRICTED	FUND
Revenues and other additions:				
Unrestricted/local revenues	\$6,830,000			
Tuition and fees - restricted			\$1,860,000	\$40,174
State grants and contracts - restricted			1,500,000	
Federal grants and contracts - restricted			48,250,700	2,051,100
Local grants and contracts - restricted			150,750	
Private gifts, grants, and contracts - restricted			1,688,447	
Investment income - restricted			60,000	13,211
Interest earnings/receivable				42,779
State funded endowments				
Endowment income				
Auxiliary enterprise revenues		\$18,225,134		
Additions to plant facilities				
Retirement of indebtedness				
Other sources			492,000	11,800
Total revenues and other additions	\$6,830,000	18,225,134	52,050,900	2,099,074
Expenditures and other deductions:				
Educational and general	\$1,040,500		40,777,000	
Auxiliary enterprises		14,887,474		
Interest costs/restricted			1,580,000	
Loan cancellations and write-offs				4,158
Administrative and collection costs				711
Expenditures for plant facilities				
Retirement of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Other				2,800,240
Total expenditures and other deductions	\$1,040,500	14,887,474	42,357,000	2,807,910
Transfers among funds - additions (deductions):				
Morality - principal and interest	(240,100)	(180,070)		
Administrative				
Capital improvements			(1,580,000)	
Other	1,500,000	(20,700)	74,100	
Total transfers among funds	1,259,900	(180,770)	(1,505,900)	10,000
Inventory increase	15,744	44,800	97,000	10,000
Net increase (decrease) for the year	15,744	303,760	10,273	(6,836)
Fund balances at beginning of year	194,007	2,670,000	10,240,000	800,710
Fund balances at end of year	\$210,751	\$3,073,760	\$10,250,273	\$793,874

The accompanying notes are an integral part of this statement.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
CURRENT FUNDS**

**Combined Statement of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1997**

	<u>GENERAL</u>	<u>AUXILIARY ENTERPRISES</u>	<u>RESTRICTED</u>
Revenues:			
Tuition and fees	\$55,496,917	\$1,297,375	\$1,004,510
Federal appropriations	2,215,933		194,000
State appropriations	55,780,880		
Federal grants and contracts			48,738,847
State grants and contracts			1,358,131
Local grants and contracts			188,238
Private gifts, grants, and contracts			1,368,571
Dates and salaries of education departments	8,480		
Dates and salaries of auxiliary departments		13,877,368	
Investment income	328,588	82,394	84,392
Other sources	2,880,527		775,554
Total revenues	<u>\$58,920,981</u>	<u>14,157,134</u>	<u>\$2,332,832</u>
Expenditures and transfers:			
Educational and general:			
Instruction	44,188,384		1,302,282
Research	2,822,028		8,288,284
Public service	2,785,148		5,888,827
Academic support	9,248,195		8,797,354
Student services	5,022,117		5,400,203
Institutional support	10,448,057		885,841
Operations and maintenance of plant	10,142,348		768,811
Scholarships and fellowships	2,738,040		18,458,880
Other	871,820		351,887
Total educational and general expenditures	<u>\$3,964,830</u>	<u>None</u>	<u>42,717,358</u>
Mandatory transfer - principal and interest	288,158	990,878	
Nonmandatory transfers to:			
Bonding and retroacademic enhancement fees			2,590,880
Other	1,098,757	91,542	145,523
Auxiliary enterprises expenditures		14,811,434	
Total expenditures and transfers	<u>\$5,359,843</u>	<u>14,902,854</u>	<u>\$2,737,861</u>
Other additions:			
Excess of restricted receipts over transfers to revenues			933,671
Inventory increase	12,744	44,892	
Net increase in fund balances	<u>\$12,744</u>	<u>\$512,782</u>	<u>\$133,671</u>

The accompanying notes are an integral part of this statement.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended June 30, 1997**

INTRODUCTION

The Southern University System is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana, within the executive branch of government. The university is under the management and supervision of the Southern University Board of Supervisors; however, the annual budget of the university and changes to the degree programs, departments of instruction, et cetera, require the approval of the Louisiana Board of Regents. The board of supervisors is comprised of 17 members appointed by the governor with consent of the Louisiana Senate for a six-year term and one student member appointed for a one-year term by a council composed of the student body presidents of the university. As a state university, operations of the university's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

In April 1880, Southern University was chartered by the General Assembly of the State of Louisiana. The first site of the university was in New Orleans on Calogee Street and the university opened on March 7, 1881, with 12 students. In 1890, an Agriculture and Mechanical Department was established, and in 1891, Southern University was recognized by the Federal Government as a Land Grant College under the Federal Act of 1860, known as the Second Morrill Act. In 1914, Southern University in New Orleans was closed by legislative authorization, and Southern University was opened in Shreveport, Louisiana. It is now the Southern University System, composed of campuses located in Baton Rouge, New Orleans, and Shreveport-Bossier City and is managed by the Southern University Board of Supervisors. The New Orleans and Shreveport-Bossier City campuses were established in September 1969 and September 1967, respectively.

The university offers numerous bachelor degrees in the areas of agriculture, arts and humanities, business, education, science, engineering, and home economics. In addition, master degrees are offered in the Graduate School and Juris Doctorate degrees are offered through the university's Law Center. During the summer, fall, and spring semesters of the 1996-97 fiscal year, the university conferred 1,684 degrees, and student enrollment was 27,241. Southern University has 647 faculty members.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) considers both the American Institute of Certified Public Accountants (AICPA) College Guide model and the governmental model to be acceptable for accounting and financial reporting by governmental colleges and universities. The accompanying financial statements have

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

been prepared in accordance with the AICPA College Guide model principles, except for the recognition of compensated absences. The university recognizes the liability for unused annual and sick leave when paid because major portions of the liability will be paid from the university's General Fund from future appropriations made by the Louisiana Legislature.

B. REPORTING ENTITY

The GASB, Code Section 2106, has defined the governmental reporting entity to be the State of Louisiana. The university is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) a majority of the members of the governing boards are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) state appropriations provide the largest percentage of total revenues; (4) the state issues bonds to finance certain construction; and (5) the university primarily serves state residents. The accompanying financial statements present information only as to the transactions of the programs of the Southern University System, a component unit of the State of Louisiana.

Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

C. FUND ACCOUNTING

To observe the limitations and restrictions placed on the use of available resources, the accounts of the university are maintained in accordance with the principles of fund accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with specified activities or objectives. Accounts are separately maintained for each fund; however, in the accompanying financial statements, funds having similar characteristics have been combined into fund groups. Accordingly, all financial statements have been reported by fund groups. A brief description of each fund group follows:

Current Funds

Current funds are operating funds that will be expended in the near term. Such funds have two basic subgroups, unrestricted and restricted.

Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control provisions included in the annual legislative appropriation act, and include the General Fund. Restricted current funds represent those operating funds on which restrictions have been

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

imposed that limit the purposes for which such funds can be used), and include the auxiliary enterprise fund and the restricted fund.

Student Loan Funds

The student loan funds group accounts for resources available for loans to students.

Endowment Funds

Endowment funds are funds with respect to which donors or other outside agencies have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income that may either be expended or added to principal.

Plant Funds

The plant funds group contains four self-balancing subgroups. Unexpended plant funds are used for the acquisition of long-lived assets for institutional purposes. Funds for renewals and replacements are set aside from current operating revenues for the renewal and replacement of auxiliary enterprise properties. Funds for retirement of indebtedness are to service plant indebtedness of the university. Investment in plant includes all long-lived assets of the university. Certain plant assets are provided directly by the state and are funded by general obligation bonds of the state. While the plant assets are included in the financial statements, the general obligation bonds are not since they are funded by the state treasurer.

Agency Funds

Agency funds are deposits in which the university acts as custodian or fiscal agent on behalf of others, such as student or faculty organizations and workshops.

D. BASIS OF ACCOUNTING

The financial statements of the university have been prepared on the accrual basis of accounting, except that (1) depreciation is not recognized, (2) annual and sick leave are recognized when paid, (3) summer school tuition and fees and faculty salaries and related benefits for June are not presented but are deferred to the succeeding year; and (4) inventories of the General Fund are recorded as expenditures at the time of purchase.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

The statement of current funds revenues, expenditures, and other charges is a statement of financial activities of current funds relating to the current reporting period. It does not purport to present the results of operations (net income or loss) for the period, as would a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures in the case of normal acquisitions, repairs, and renovations; mandatory transfers in the case of required provisions for debt amortization and interest; and as transfers of a nonmandatory nature for all other cases.

E. BUDGET PRACTICES

The appropriations made for the General Fund of the Southern University System is an annual lapsing appropriation established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Louisiana Board of Regents for Higher Education and certain legislative and executive branches of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not provided but are recognized in the succeeding year; and (4) inventories in the General Fund are recorded as expenditures at the time of purchase.

The original approved budgets and subsequent amendments approved are as follows:

	Board and System Administration	Baton Rouge Campus	New Orleans Campus	Shreveport- Bossier City Campus
Original approved budget	\$3,061,884	\$40,302,437	\$4,807,983	\$3,068,049
Amendments:				
1996 General Fund	(2,701,987)	6,841,008	9,771,703	411,985
Emergency transfer		280,185		
Total budgeted amounts	\$3,359,897	\$47,423,630	\$14,579,686	\$3,480,034

The other funds of the university, although subject to internal budgeting, are not required to submit budgets for approval through the legislative budget process.

**F. CASH AND CASH EQUIVALENTS
AND INVESTMENTS**

Cash includes cash on hand, demand deposits, interest-bearing demand deposits, cash in State Treasury, and cash in trust accounts. Cash equivalents include amounts in time deposits. Under state law, the Southern University System may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the university may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

In accordance with Louisiana Revised Statute (R.S.) 48:227(C)(3), the university is authorized to invest funds in direct United States Treasury obligations and, in addition, funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture. The majority of these investments are United States Treasury securities and municipal bonds and are reported at cost, which approximates market on the balance sheet.

During the year, the university invested idle cash in its checking account in repurchase agreements secured by United States Treasury notes. The agreements matured in one to three days.

G. INVENTORIES

Inventories are valued at lower of cost or market. The university uses both perpetual and periodic inventory systems and values its inventory using the FIFO valuation method. Inventories in the General Fund are recorded as expenditures at the time of purchase. Year-end balances are offset by a fund balance reserve that indicates this portion of the fund balance does not constitute available spendable resources. The inventories of the auxiliary enterprise funds are expensed when sold or used, except for athletic books inventory and donated inventory from the Department of Agriculture, which are recorded at fair market value and year-end balances are offset by a fund balance reserve that indicates this portion of the fund balance does not constitute available spendable resources.

H. DEFERRED REVENUES

Tuition and fees collected at June 30, 1997, but applicable to the 1997 summer session, are reported as deferred revenues. Expenses relating to this session are reported in the period the tuition and fees are recognized as revenues.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

I. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve fund balances, is employed by the university. Encumbrances outstanding at year-end in all funds, except for the General Fund, are reported as reservations of fund balance since they do not constitute expenditures or liabilities in the year encumbered. Encumbrances of the General Fund are not included in the financial statements because the university does not have the ability to finance the liquidation of encumbrances after June 30, 1997, as provided by R.S. 39:82. There were no encumbrances outstanding for the General Fund at June 30, 1997.

J. PLANT ASSETS

Physical plant and equipment are stated at cost at the date of acquisition, estimated cost if actual cost is not known, fair market value at date of donation in the case of gifts, or market value for livestock. Public domain or infrastructures are not capitalized. No depreciation has been provided on plant assets.

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during holiday periods when students are not in classes. Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 35 days upon retirement or death. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The liability for unused annual leave and unused sick leave, as discussed previously in note I, is not recorded in the accompanying financial statements.

L. TOTAL COLUMNS ON STATEMENTS

Total columns on the statements are captioned Memorandum Only (provided) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations. Neither is such data comparable to a consolidation.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

2. CASH AND CASH EQUIVALENTS

At June 30, 1997, the university has cash and cash equivalents (book balances) totaling \$20,112,169 comprised as follows:

Demand deposits	\$12,277,900
Interest-bearing demand deposits	1,081
Time deposits	3,736,360
Posty cash (on hand)	9,000
Cash in trust accounts	22,089
Cash in State Treasury	<u>4,865,819</u>
Total	<u>\$20,112,169</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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 securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1997, the university has \$25,973,330 in deposits (collected bank balances). These deposits are secured from risk by \$751,404 of federal deposit insurance (GAAP Category 1) and \$23,321,926 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GAAP Category 2).

Cash balances held and controlled by the state treasurer are secured from risk by the state treasurer through separate custodial agreements, and the risk disclosures required by generally accepted accounting principles are included within the state's general purpose financial statements.

3. DUE TO AND FROM OTHER CAMPUSES

Substantially all cash received by the university is deposited into a pooled cash account. At June 30, 1997, the Restricted Fund at the Southern University - New Orleans campus, the Restricted Fund at the Shreveport-Bossier City campus, and the General Fund at the Shreveport-Bossier City campus have made disbursements in excess of the fund's equity in the pooled cash account resulting in \$618,127 due from the Southern University - New Orleans campus to the Southern University - Baton Rouge campus and \$687,951 due from the Southern University - Shreveport-Bossier City campus to the Southern University - Baton Rouge campus. For presentation purposes, these amounts have been eliminated from Statement A.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

4. INVESTMENTS

At June 30, 1997, the university has investments totaling \$1,123,086 as follows:

	Carrying Amount	Market Value	Excess (Deficiency) of Market Value Over Carrying Amount
Baton Rouge Campus:			
United States Treasury Bills	280,248	280,248	
Money Market Mutual Fund	520,858	520,858	
Total Baton Rouge Campus	<u>801,106</u>	<u>801,106</u>	<u>NONE</u>
New Orleans Campus:			
Capital Appreciation Mutual Fund	292,834	474,788	\$181,954
United States Government Securities Bond Mutual Fund	180,879	180,218	(660)
Money Market Mutual Fund	49,726	49,726	
Total New Orleans Campus	<u>523,439</u>	<u>694,832</u>	<u>170,732</u>
Shreveport-Bossier City Campus -			
Money Market Mutual Fund	29,208	29,208	NONE
Total All Campuses	<u>\$1,123,086</u>	<u>\$1,095,486</u>	<u>\$140,582</u>

The investments are in United States Treasury Bills and in mutual funds invested in United States Treasury securities, corporate stock, and commercial paper and are reported at cost on the balance sheet. Investments of \$28,248 in United States Treasury Bills are held in trust in the name of the fiscal agent bank (GASB Category 3). The remaining investments in mutual funds are unsegregated in applying the credit risk of GASB Codification Section 510.104.

5. ACCOUNTS RECEIVABLE

Accounts receivable are shown on Statement A, net of an allowance for doubtful accounts as follows:

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

<u>Cost</u>	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Statement A</u>
Current Funds:			
Unrestricted:			
General	\$2,798,560	\$478,821	\$2,319,739
Auxiliary Enterprise	1,218,860	158,791	960,069
Restricted	9,820,284	28,288	9,792,000
Student Loan Funds	1,758	1,238	4,220
Plant Funds:			
Unexpended Plant Fund	183,228	71,757	\$1,471
Retirement of Indebtedness	34,761	11,408	23,353
Total	<u>\$14,133,473</u>	<u>\$650,305</u>	<u>\$13,483,168</u>

The university currently receives student accounts receivable after two years and writes off the accounts after three years.

6. NOTES RECEIVABLE

Notes receivable within the student loan funds are shown on Statement A net of an allowance for uncollectibles as follows:

	<u>Notes Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Statement A</u>
Parishes Loan Fund	\$1,500,025	\$2,848,919	\$270,407
Student Government Association loans	278,249	4,383	273,866
Long-term institutional loans	121,230		121,230
Total	<u>\$1,899,504</u>	<u>\$2,853,302</u>	<u>\$1,046,202</u>

7. PENSION PLANS

Plan Description. Substantially all employees of the university are members of two statewide, public employee retirement systems. Academic employees are generally members of the Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

Louisiana or the Teachers Retirement System of Louisiana. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

Employer contributions to the optional retirement plan totaled \$1,797,661 for the year ended June 30, 1997.

**9. POSTRETIREMENT HEALTH CARE
AND LIFE INSURANCE BENEFITS**

The university provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the university's employees become eligible for these benefits if they reach normal retirement age while working for the university. These benefits for retirees and similar benefits for active employees are provided through a state-operated group insurance program and various insurance companies whose monthly premiums are paid jointly by the employee and the university. The university recognizes the cost of providing these benefits to retirees (university's portion of premiums) as an expenditure when paid during the year. These retiree benefits total \$1,174,264 for 441 retirees for the year ended June 30, 1997.

10. RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by legislative appropriation and are not reflected in the university's financial statements. The university is involved in numerous lawsuits at June 30, 1997, in which the plaintiffs are seeking damages.

11. COMPENSATED ABSENCES

At June 30, 1997, employees of the university have accumulated and vested \$9,328,445 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. As previously discussed, the leave payable is not recorded in the accompanying financial statements. If the financial statements were corrected for this departure from generally accepted accounting principles, current funds' liabilities would be increased by \$9,328,445. This adjustment would be made to the appropriate fund within the current funds from which the leave is payable. Also, the net decrease in fund balances would be decreased by \$1,001,078 for the year ended June 30, 1997, and an adjustment to decrease prior-year fund balances would be made for \$8,327,367.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

Full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-8123, or by calling (504) 385-8446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (504) 383-0800.

Funding Policy: The contribution requirements of plan members and the university are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (R.S.) 11:102. Employees contribute 8 percent (TRS) and 7.5 percent (LAGERS) of covered salaries. The state is required to contribute 16.3 percent of covered salaries to TRS and 12.4 percent of covered salaries to LAGERS. The university's employer contribution is funded by the State of Louisiana through the annual appropriation to the university. The university's employer contributions to TRS for the years ended June 30, 1997, 1998, 1999, were \$5,348,042, \$5,129,238, and \$5,702,915, respectively, and to LAGERS for the years ended June 30, 1997, 1998, 1999, were \$2,536,041, \$2,472,457, and \$2,450,418, respectively, equal to the required contributions for each year.

B. OPTIONAL RETIREMENT PLAN

R.S. 11:921 created an optional retirement plan for academic and administrative employees of higher education. This program was designed to aid universities in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Total contributions by the university are 16.3 percent of the covered payroll. The participant's contribution (8 percent), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by an actuarial committee. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligations of the State of

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

12. LONG-TERM DEBT

Installment Purchase Payable

The Southern University, New Orleans campus, has entered into two installment purchase agreements with International Business Machine Credit Corporation for the purchase of computer equipment. These agreements require scheduled payments on a monthly basis and have interest rates of 4.99 and 6.53 percent. The following is a summary of installment purchase payable transactions for the year ended June 30, 1997:

Balance at July 1, 1996	\$810,176
Installment payments in 1997	<u>(266,365)</u>
Installment purchase payable at June 30, 1997	<u>\$543,811</u>

The following is a summary of future minimum installment payments as of June 30, 1997:

Year ending June 30:	
1998	\$266,138
1999	71,638
Total minimum installment payments	<u>337,776</u>
Less - amount representing interest	<u>(8,965)</u>
Total	<u>\$328,811</u>

The installment purchase agreements have non-appropriation escrowatory clauses if the Louisiana Legislature does not make an appropriation for their continuation during any future fiscal period.

Bonds and Contracts Payable

The following is a summary of bonds and reimbursement contracts payable transactions of the university for the year ended June 30, 1997:

Bonds and contracts payable at July 1, 1996	\$2,284,237
Bonds and contracts retired	<u>(382,352)</u>
Bonds and contracts payable at June 30, 1997	<u>\$1,901,884</u>

A detailed summary of all debt outstanding at June 30, 1997, including interest payments of \$877,410, follows:

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

<u>Bond Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 1990</u>
Baton Rouge Campus:			
Housing System:			
Series 1987-B	April 1, 1987	\$1,510,000	\$400,000
Series 1987-C	April 1, 1987	1,000,000	95,000
Academic Facilities Building Use			
Fee Revenue Bonds - Series 1970-A	December 1, 1970	1,400,000	460,000
Expansion of Student Union			
Building Bonds	February 10, 1974	1,400,000	675,000
A. W. Mumford Stadium Track			
Refurbishing Bonds - Series 1980	November 1, 1980	650,000	601,000
New Orleans Campus - Academic			
Facilities Building Use Fee			
Revenue Bonds - Series 1971	May 1, 1971	665,000	208,000
Reimbursement contracts -			
Baton Rouge:			
Renovating Dunn Hall	February 1, 1989	125,000	88,257
Archie Dormitory Renovation	February 1, 1991	120,000	55,000
Total		<u>\$7,660,000</u>	<u>\$7,794,257</u>

<u>Redeemed (Issued)</u>	<u>Outstanding June 30, 1997</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 1997</u>
175,000 88,000	825,000	1997-1998	2.875%	\$719
65,000	365,000	1997-2000	5 - 7%	40,290
65,000	615,000	1997-2004	6.15 - 8.25%	100,090
23,000	578,000	1997-2013	5 - 8.5%	380,025
35,000	175,000	1997-2021	6.0%	28,375
7,353 12,000	60,804 48,000	1997-2007 1997-2060		
<u>350,353</u>	<u>\$1,081,804</u>			<u>\$812,410</u>

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

The annual requirements to amortize all bonds outstanding at June 30, 1987, including interest of \$817,410 are as follows:

Bonds	1988	1989	2000
Baton Rouge Campus:			
Housing System - Series 1987-B	\$20,719		
Academic Facilities Building Use Fee Revenue Bonds - Series 1979-A	104,829	\$103,420	\$107,750
Expansion of Student Union Building Bonds A, W, Mansfield Track Stadium Resurfacing Bonds - Series 1983	66,917	66,389	66,603
New Orleans Campus - Academic Facilities Building Use Fee Revenue Bonds - Series 1971	51,080	48,480	52,913
Reimbursement contracts - Baton Rouge:			
Recording Dome Hall	7,353	7,353	7,353
Asolo Dormitory Renovation	12,000	12,000	12,000
Total	\$375,654	\$346,339	\$355,113

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 1987:

Bonds	Debt/ Investment Reserves Available	Reserve Requirements	Excess
Baton Rouge Campus:			
Housing System Revenue Bonds	\$20,836	\$20,719	\$254,057
Academic Facilities Building Use Fee Revenue Bonds	187,486	107,750	59,719
Expansion of Student Union Building Bonds A, W, Mansfield Track Bonds	428,799	113,750	335,008
75,894	40,004	29,880	
New Orleans Campus - Academic Facilities Building Use Fee Revenue Bonds	664,887	51,000	\$13,897
Total	\$1,377,899	\$346,603	\$1,031,296

2001	2000	Subsequent Years	Total
			\$25,719
\$187,025			423,280
139,083	\$413,750	\$224,374	773,080
65,744	65,690	628,697	959,025
48,482			198,275
7,355	7,353	44,119	60,804
12,090			48,600
<u>\$348,247</u>	<u>\$185,793</u>	<u>\$687,168</u>	<u>\$2,508,294</u>

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

The bond agreement of the housing system revenue bonds requires that, after all required deposits have been made to the housing system revenue bonds reserve funds, a sum of \$50,000 per annum, or such portion thereof that is available, be deposited in a housing system repair and replacement reserve fund that reserve total \$112,810. At June 30, 1997, the university has satisfied the repair and replacement reserve requirement.

In addition to the bond agreements, the university has entered into two reimbursement contracts with the State of Louisiana for the renovation of Azalea Conventary and the renovating of Dunn Hall on the Baton Rouge Campus. The contracts require that an amount equal to a minimum of one tenth of the average annual debt payment be deposited in a reserve fund with the state treasurer. At June 30, 1997, the balance in the reserve fund is \$11,810.

13. GENERAL FUND - DUE TO STATE TREASURY

As shown on Statement A, the General Fund has \$3,000,408 due to state treasury as shown below:

	<u>Current Year</u>	<u>Prior Year</u>	<u>Total</u>
Board and System Administration	\$155,940	\$000	155,940
Baton Rouge Campus	1,000,000	44,210	1,044,210
New Orleans Campus	858,815	0,700	859,515
Shreveport-Bossier City Campus	5,000	44,892	50,000
Total	<u>\$2,019,755</u>	<u>89,802</u>	<u>\$2,109,557</u>

The university has an unexpended General Fund appropriation of \$2,813,704 at June 30, 1997. Certain appropriations that the university could not retain and which must be remitted to the State Treasury are as follows:

Board and System	\$155,940
Baton Rouge	810,500
New Orleans	<u>854,315</u>
Total	<u>\$1,820,755</u>

As provided by Act 571 of 1985 (R.S. 17:3380(A)), the university adopted a building and facility preventative maintenance program, which was approved by the Louisiana Board of Regents. This program allows the university to expend appropriated funds during subsequent fiscal years that were unexpended and unobligated at June 30, 1997. At least 50 percent of these funds must be used solely for preventative maintenance purposes, in accordance with the approved program, subject to approval by the Southern University Board of Supervisors, the Board of Regents, and the Joint Legislative Committee on the Budget. The remaining funds

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

can be spent for nonrecurring items. The university has \$1,084,265 of its state General Fund appropriation remaining at June 30, 1987, which will be retained for these purposes as follows:

Baton Rouge Campus	\$1,084,421
New Orleans Campus	14,817
Shreveport-Bossier City Campus	<u>5,227</u>
Total	<u>\$1,084,265</u>

14. RESERVATIONS OF FUND BALANCES

Reservations of fund balances at June 30, 1987, as shown on Statement A, are as follows:

	Reserved For		Bond Reserves	Total
	Accounting	Reserves		
Total				
Current Funds				
Unrestricted				
General		\$118,271		\$118,271
Auxiliary Enterprise		118,004		118,004
Restricted	\$1,407,887			1,407,887
Plant Funds				
Renewals and Replacements			\$112,100	112,100
Retirement of Indebtedness			244,893	244,893
Total	<u>\$1,407,887</u>	<u>\$236,308</u>	<u>\$497,760</u>	<u>\$2,141,955</u>

15. STUDENT LOAN FUNDS

The fund balances of the student loan funds at June 30, 1987, are as follows:

Perkins Loan Fund	\$213,012
Special Scholarship and Loan Contribution Fund	10,904
Southern University Short-Term Loan Contribution Fund	21,012
Kappa Alpha Psi Loan Contribution Fund	500
SGA Student Loan Fund	408,000
Law Center Loan	8,218
Centennial Contributions Loan Fund	1,808
Student Revolving Loans Fund	3,280
Federal Direct	<u>23,429</u>
Total	<u>\$993,863</u>

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

16. ENDOWMENT FUNDS

The fund balances of the endowment funds at June 30, 1997, are as follows:

Endowment	Baton Rouge Campus	New Orleans Campus	Total
Wm. J. Lawson Endowed Professorship		\$119,271	\$119,271
Capell, Incorporated Endowment	\$27,028		27,028
Chancellor's Endowment	1,189,479	694,700	1,884,179
Frank Hayles Memorial Endowment	135,158		135,158
Endowed Professorship Engineering	121,889		121,889
Endowed Professorship Architecture	121,889		121,889
Ford Motor Corporation Endowment	128,088	198,712	326,800
General Motor Company Endowment	290,000		290,000
L. J. Harrison Endowment	98,258		98,258
Louisiana Real Estate Commission Endowment		69,028	69,028
Maintenance endowments	29,428		29,428
Total	\$2,074,800	\$961,771	\$3,036,571

17. PLANT FUNDS

The restricted fund balances of the unexpended plant funds at June 30, 1997, are as follows:

General plant and grounds	\$125,641
Academic enhancement	2,995,103
Traffic and parking	308,135
Property damage	72,942
Athletic facilities	629,898
Construction accounts	80,378
Total	\$3,172,897

In August 1997, the Financial Accounting Standards Board (FASB) issued Statement No. 93, Recognition of Depreciation by Not-for-Profit Organizations, which requires not-for-profit organizations, including colleges and universities, to recognize depreciation of their long-lived tangible assets in their financial statements. In January 1998, the GASB issued Statement No. 8, which addresses the implementation of FASB Statement No. 93. Codification of Governmental Accounting and Financial Reporting Standards Section CoS.102 states that "Colleges and universities that follow the AICPA Industry Audit Guide, Audits of Colleges and Universities, should not change their accounting and reporting for depreciation of capital assets as a result of FASB Statement No. 93; the GASB has several projects under

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

way that may affect that reporting." As reflected in note 1-D, depreciation is not currently recognized by the university.

A summary of investments in plant follows:

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1997
Land	\$8,821,842			\$8,821,842
Land improvements	1,989,891	\$1,562,942		3,552,833
Buildings	158,680,843	428,581	\$468,000	158,641,424
Equipment	43,429,421	7,802,544	3,173,649	47,958,316
Library books	88,582,404	2,827,878	188,008	91,222,274
Leasehold	138,850	17,378	25,942	150,286
Total	\$200,528,264	\$12,188,418	\$1,835,648	\$208,841,034

18. AUXILIARY ENTERPRISES

The university maintains various auxiliary enterprise funds that provide services to the university community. Significant information for the year ended June 30, 1997, follows:

	Food Service	Printing	Bookstore	Student Center	Other	Total
Net increase in fund balances	\$45,428	\$10,000	\$111,000	\$16,400	\$145,000	\$327,828
Net income	25,428	10,000	111,000	16,400	145,000	407,828
Net assets	\$88,000	\$10,000	\$84,700	\$54,800	\$1,015,000	\$1,252,500
Outstanding principal and accruals on debt	\$0,000	\$1,718		\$13,800	\$60,000	\$75,518
Unpaid principal and accruals on debt	7,500	\$8,600		\$17,500	\$6,000	\$39,600

19. FOUNDATIONS

The accompanying financial statements do not include the accounts of the Southern University Foundation - Baton Rouge and the Southern University Foundation - New Orleans. These foundations are separate corporations whose financial statements are subject to audit by independent certified public accountants.

Certain operating expenses of the Southern University Foundation - Baton Rouge for the year incurred by Southern University and included in the Baton Rouge Campus General Fund expenditures, Statement C) are summarized as follows:

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

Salaries and related benefits	\$130,268
Operating services	4,548
Other charges	<u>1,548</u>
Total	<u>\$136,377</u>

39. PER DIEM PAID BOARD MEMBERS

Members of the Southern University Board of Supervisors receive \$50 per diem for each day of attendance at board meetings, committee meetings, or while on business for the board, as authorized by P.L.S. 17-3205. A summary of per diem paid board members for the year ended June 30, 1997, is as follows:

Name	Number	Amount
Patrick Bell	35	\$1,750
Wanion Christian	40	2,000
Edzell Dunningham	41	2,050
Patrick Fonderot	33	1,650
Joe R. Gant	50	2,500
Mariya Hall	36	1,800
Allen Hamilton	35	1,750
Lawson Harvot	37	1,850
Andree Jefferson	37	1,850
Reginald Joseph	23	1,150
Anne Z. Kaffer	35	1,750
Myron Lawson	15	750
Nina Helton-Marchand	64	3,200
Luis Miller	5	250
Dorothy Scott	37	1,850
Willie M. T. Searley	42	2,100
Jesse Stone	29	1,450
Carole White	5	250
Frank Williams	24	<u>1,200</u>
Total		<u>\$30,400</u>

21. DEFERRED COMPENSATION PLAN

Certain employees of Southern University participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1997**

The following supplemental information schedules comprise the Balance Sheet, Schedules of Changes in Fund Balances, and Schedules of Revenues, Expenditures, and Other Changes - Current Funds for the Board and System Administration, the Baton Rouge Campus, the New Orleans Campus, and the Shreveport-Bossier City Campus (Schedules 1-12). The Schedule of Agency Funds - Deposits Held for Others (Schedule 13) provides details of those amounts included on Statement A for the respective funds.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
BOARD AND SYSTEM ADMINISTRATION
ALL FUNDS**

Balance Sheet, June 30, 1997

	<u>CURRENT FUNDS</u>		<u>FUND -</u>	<u>TOTAL</u>
	<u>GENERAL</u>	<u>RESTRICTED</u>	<u>UNRESERVED</u>	<u>MEMORANDUM</u>
				<u>(OFF)</u>
ASSETS				
Cash and cash equivalents	\$274,807	\$1,780,883	\$84,075	\$2,140,844
Accrued interest		33		33
Accounts receivable	1,036	1,324,284		1,325,320
Deferred charges and prepaid expenses	12,888	43,577		56,465
TOTAL ASSETS	<u>\$288,731</u>	<u>\$2,811,607</u>	<u>\$84,075</u>	<u>\$2,284,413</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$65,580	\$187,184		\$252,764
Accrued liabilities	45,533	20,000		65,533
Due to state treasury	155,440			155,440
Total Liabilities	<u>\$266,553</u>	<u>128,024</u>	<u>None</u>	<u>\$394,577</u>
Fund Equity - fund balances:				
Reserved		110,884		110,884
Current operations - restricted		2,683,087		2,683,087
Measurement operations - restricted			\$64,075	\$64,075
Total Fund Equity	<u>None</u>	<u>\$2,793,971</u>	<u>\$64,075</u>	<u>\$2,258,046</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$266,553</u>	<u>\$2,811,607</u>	<u>\$64,075</u>	<u>\$2,284,413</u>

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
BOARD AND SYSTEM ADMINISTRATION

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1997

	CURRENT FUNDS		PLANT	TOTAL
	GENERAL	RESTRICTED	FUND - UNEXPENDED	(MEMORANDUM ONLY)
Revenues and other additions:				
Investments - current fund-revenues	\$1,000,000			\$1,000,000
Federal grants and contracts - restricted		\$1,660,000		1,660,000
Local grants and contracts - restricted		10,000		10,000
Private gifts, grants, and contracts - restricted		287,794		287,794
Unexpended income - restricted		8,100		8,100
Other sources		472,880		472,880
Total revenues and other additions	<u>1,000,000</u>	<u>2,438,684</u>	<u>0.000</u>	<u>3,438,684</u>
Expenditures and other deductions:				
Educational and general	1,115,400	8,400,000		9,515,400
Interest costs-recovered		260,000		260,000
Other			\$1,500,000	1,500,000
Total expenditures and other deductions	<u>1,115,400</u>	<u>8,660,000</u>	<u>1,500,000</u>	<u>10,275,400</u>
Transfers among funds - additions (deductions) - nonstatutory: Capital improvements				
Other	15,000	(2,000,000)	2,000,000	45,000
Total transfers among funds	<u>15,000</u>	<u>(2,000,000)</u>	<u>2,000,000</u>	<u>45,000</u>
Net decrease for the year	\$0.00	\$(44,316)	\$0.00	\$(44,316)
Fund balances at beginning of year	<u>\$0.00</u>	<u>\$400,000</u>	<u>\$0.00</u>	<u>\$400,000</u>
Fund balances at end of year	<u>\$0.00</u>	<u>\$355,684</u>	<u>\$0.00</u>	<u>\$355,684</u>

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
BOARD AND SYSTEM ADMINISTRATION
CURRENT FUNDS

Schedule of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1987

	<u>GENERAL</u>	<u>RESTRICTED</u>
Revenues:		
Federal appropriations		\$104,000
State appropriations	\$1,068,000	
Federal grants and contracts		7,884,340
Local grants and contracts		4,872
Private gifts, grants, and contracts		228,800
Investment income		8,152
Other sources		773,594
Total revenues	<u>1,068,000</u>	<u>8,973,628</u>
Expenditures and transfers:		
Educational and general:		
Research		131,458
Public service		3,802,248
Academic support		1,482,208
Institutional support	1,110,408	189,131
Operations and maintenance of plant		773,594
Scholarships and fellowships		2,308
Total educational and general expenditures	<u>1,110,408</u>	<u>6,410,038</u>
Nonmandatory transfers for:		
Capital improvements		2,908,000
Other	(17,380)	
Total expenditures and transfers	<u>1,093,028</u>	<u>9,318,038</u>
Other additions (deductions) - deficiency of restricted receipts over transfers to revenues		
	<u>NCMC</u>	<u>(382,110)</u>
Net decrease in fund balances	<u>NCMC</u>	<u>(\$382,110)</u>

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
BATON ROUGE CAMPUS
ALL FUNDS**

Balance Sheet, June 30, 1987

	CURRENT FUNDS		STUDENT LOAN FUNDS	ENDOWMENT FUNDS
	(UN)RAA	ASSAULT FUNDING/STUDY		
ASSETS				
Cash and cash equivalents	\$4,337,074	\$2,000,750	\$414,000	\$240,400
Investments				108,100
Accounts receivable			10,000	13,911
Accounts receivable	1,000,400	870,400	1,007,000	3,307
Notes receivable				87,000
Due from other campuses	74,800		1,211,700	
Deferred charges and prepaid expenses	223,007	50,000	4,500	
Inventories	100,100	144,000		
Prepaid insurance		11,000		
Other assets				
TOTAL ASSETS	\$6,000,200	\$3,176,000	\$1,647,200	\$449,710
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$1,070,007	\$211,000	\$64,007	\$0,000
Accrued salaries	1,700,070	60,440	314,000	
Due to other campuses	1,007,210			
Deposits held for others				
Deferred revenues	1,070,000	83,000		
Bonds payable				
Other liabilities		171,070		1,410
Total Liabilities	\$4,847,300	\$465,410	\$958,000	\$1,410
Fund Equity				
Net investment in plant				
Fund balances:				
Reserved	100,100	110,000	1,044,000	
Current operations - restricted		3,070,000	3,140,190	
Noncurrent operations - restricted				470,000
Total Fund Equity	100,100	3,180,000	4,204,190	470,000
TOTAL LIABILITIES AND FUND EQUITY	\$5,000,200	\$3,746,070	\$5,862,190	\$471,410

PLANT FUNDS					
EXPENSES	RENEWALS AND REPLACEMENTS	RETIREMENT OF INVESTMENTS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL (MEMORANDUM ONLY)
\$1,080,870	\$1,114,811	\$248,182		\$244,540	\$1,688,403
		495,268			495,268
	4,588	7,828			12,416
88,844		18,854			107,698
					1,268,003
					268,762
					248,894
			\$242,700,000		242,700,000
				\$1,128	43,761
<u>\$1,001,114</u>	<u>\$1,119,401</u>	<u>\$248,182</u>	<u>\$242,700,000</u>	<u>\$1,128</u>	<u>\$794,808,001</u>
					268,762
					248,894
					43,761
\$41,884				888	\$1,028,044
4,118					1,087,000
					1,007,882
				418,888	418,888
					2,187,608
			\$1,171,884		1,171,884
					128,000
<u>41,102</u>	<u>8088</u>	<u>8088</u>	<u>1,171,884</u>	<u>418,888</u>	<u>2,660,812</u>
			268,814,000		268,814,000
	\$110,188	\$248,644			1,275,790
					1,770,000
<u>1,804,264</u>	<u>18,801</u>	<u>128,644</u>			4,770,000
<u>1,804,264</u>	<u>128,801</u>	<u>1,128,144</u>	<u>242,814,000</u>	<u>8088</u>	<u>22,041,000</u>
					268,762
<u>\$1,804,264</u>	<u>\$128,801</u>	<u>\$1,128,144</u>	<u>\$242,814,000</u>	<u>\$8,088</u>	<u>\$22,041,001</u>

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
BATON ROUGE CAMPUS**

**Schedule of Changes in Fund Balances
For the Year Ended June 30, 1997**

	CURRENT FUNDS			TOTAL 1996
	GENERAL	ENTERPRISE	RESTRICTED	
Revenues and other additions:				
Restricted current fund revenues	\$87,362,884			
Tuition and fees - restricted			\$1,000,178	\$1,000,178
State grants and contracts - restricted			1,023,493	
Federal grants and contracts - restricted			26,421,037	26,421,037
Local grants and contracts - restricted			24,700	
Private gifts, grants, and contracts - restricted			1,800,884	
Investment income - restricted			87,188	87,188
Interest on loans receivable				23,320
State funds/endowments				
Endowment income				
Auxiliary enterprises/revenues		\$14,884,100		
Additions to plant facilities				
Repayment of indebtedness				
Other revenues				79,501
Total revenues and other additions	\$87,362,884	\$14,884,100	\$8,407,000	\$108,653,984
Expenditures and other deductions:				
Educational and general	\$8,400,000		\$8,400,000	
Auxiliary enterprises		1,000,000		
Indirect costs recovered			1,140,888	
Loan cancellations and write-offs				3,884
Administrative and collection costs				717
Expended for plant facilities				
Repayment of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Other				50,870
Total expenditures and other deductions	\$8,400,000	\$1,000,000	\$9,540,888	\$98,163,984
Transfers among funds - additions (deductions):				
Auxiliary - principal and interest		198,875		
Non-auxiliary - other	331,485	(87,000)	24,718	
Total transfers among funds	\$331,485	\$111,875	\$24,718	\$468,078
Inventory increase	\$8,000	\$9,882	\$9,961	\$27,843
Net increase (decrease) for the year	\$18,288	\$483,000	\$48,481	\$210,769
Fund balances at beginning of year	\$1,800	\$2,250,000	\$3,800,000	\$6,850,800
Fund balances at end of year	\$19,108	\$2,733,000	\$3,848,481	\$6,780,589

ENCUMBRANCE	PLANT (0000)				TOTAL (00000000)
	UNEXPENDED	RENEWALS AND REPLACEMENTS	TREATMENT OF ROBUSTICNESS	IMPROVEMENT PLANT	
					\$3,762,464
	\$55,376		\$50,144		1,055,115
			54,883		1,509,450
				54,883	25,493,870
					34,790
					1,059,594
	33,340	54,817	34,483		107,650
					33,330
\$23,890					23,890
\$1,618					\$1,618
					14,884,145
				\$5,614,735	4,643,750
			4,989	597,659	897,960
					235,771
719,248	1,029,889	4,817	493,749	1,077,679	24,217,125
					87,240,230
					12,887,608
					1,148,900
					5,469
					717
	594,881				595,000
			297,290		297,290
			118,374		118,374
				2,487,738	2,487,738
1,800	433,832		8,493		546,125
1,800	562,521	9098	484,180	2,487,738	1,939,456
			59,879		59,879
	(599,000)		(211,485)		156,215
9098	(599,000)	9098	(211,485)	9098	156,215
9098	9098	9098	9098	9098	80,900
910,538	(44,000)	4,817	(44,818)	1,919,852	8,577,887
1,800,296	1,649,427	139,154	1,294,296	235,397,732	249,327,261
\$3,214,954	\$1,634,286	\$220,061	\$1,298,079	\$49,014,075	\$55,345,358

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
BATON ROUGE CAMPUS
CURRENT FUNDS**

**Schedule of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1997**

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	\$20,808,277	\$1,855,140	\$1,295,099
Federal appropriations	2,215,889		
State appropriations	41,817,915		
Federal grants and contracts			25,258,899
State grants and contracts			1,124,789
Local grants and contracts			42,918
Private gifts, grants, and contracts			1,068,800
Sales and services of education departments	8,490		
Sales and services of auxiliary departments		12,252,715	
Investment income	184,497	55,318	22,753
Other income	2,628,808		
Total revenues	67,132,424	14,364,183	28,076,268
Expenditures and transfers:			
Educational and general:			
Instruction	31,348,282		921,450
Research	2,084,857		5,985,000
Public service	2,736,348		979,280
Academic support	8,968,227		8,808,084
Student services	3,738,898		2,582,291
Institutional support	8,738,118		514,870
Operations and maintenance of plant	7,501,922		8,280
Scholarships and fellowships	3,225,054		11,888,271
Other	808,130		188,144
Total educational and general expenditures	68,495,958		28,844,260
Mandatory transfers for principal and interest		198,978	
Nonmandatory transfers for - other	(731,488)	52,241	(37,715)
Auxiliary enterprise expenditures		13,857,508	
Total expenditures and transfers	67,764,476	14,011,827	28,811,565
Other additions:			
Excess of estimated receipts over transfers to revenues			440,401
Inventory increase	18,252	44,852	
Net increase in total balances	\$18,252	\$488,808	\$440,401

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
NEW ORLEANS CAMPUS
ALL FUNDS**

Balance Sheet, June 30, 1997

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	EXPENSES	RESTRICTED	
ASSETS				
Cash and cash equivalents	\$1,404,738	\$207,600		\$63,719
Investments				
Accrued interest			\$20,643	
Accounts receivable	\$67,873	\$7,048	\$,293,664	1,500
Notes receivable				152,718
Deferred charges and prepaid expenses	\$60			
Inventory	\$1,552			
Institutional plant				
TOTAL ASSETS	\$1,336,433	\$214,648	\$2,217,304	\$167,937
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$201,658	\$5,200	\$444,718	\$1,500
Accrued liabilities	100,000	5,041	26,149	
Due to state treasury	\$75,820			
Due to other campuses			\$46,187	
Deposits held for others				
Deferred revenues	768,261	16,658		
Bonds payable				
Installment/purchase payable				
Other liabilities				26,100
Total Liabilities	1,145,739	26,909	517,054	\$54,200
Fund Equity:				
Non-investment in plant				
Fund balances:				
Reserved	10,127		1,627	
Current operations - restricted		236,761	1,644,473	
ACQUISITION/CONSTRUCTION - restricted				152,718
Total Fund Equity	12,154	236,761	1,646,100	167,937
TOTAL LIABILITIES AND FUND EQUITY	\$1,200,432	\$270,610	\$2,203,154	\$168,964

EMPLOYMENT FUND(S)	PLANT FUNDS		AGENCY FUNDS	TOTAL (AMOUNTS IN DOLLARS)
	REPLACEMENT OF DEPRECIATED	REPLACEMENT IN PLANT		
0403.000 008.408	\$1,880,000	\$994,880	\$079,870	\$4,034,950
	20,000	9,000		33,000
		9,000		3,187,000
				132,150
				900
				18,100
			\$30,260,000	\$4,000,000
<u>0403.000</u>	<u>\$1,900,000</u>	<u>\$1,003,880</u>	<u>\$079,870</u>	<u>\$4,034,950</u>
	8,000		100,000	200,000
				100,000
	7,000		200,000	207,000
				100,000
			\$170,000	170,000
			\$47,870	\$47,870
				\$0,000
<u>0403.000</u>	<u>7,000</u>	<u>\$000</u>	<u>\$17,870</u>	<u>\$25,870</u>
			\$0,000,000	\$0,000,000
		\$1,000		\$1,000
				1,000,000
<u>0403.000</u>	<u>1,000,000</u>	<u>\$00,000</u>		<u>1,001,000</u>
<u>0403.000</u>	<u>1,000,000</u>	<u>\$00,000</u>	<u>\$0,000,000</u>	<u>\$0,000,000</u>
<u>0403.000</u>	<u>\$1,000,000</u>	<u>\$000,000</u>	<u>\$00,000,000</u>	<u>\$00,000,000</u>

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
NEW ORLEANS CAMPUS**

**Schedule of Changes in Fund Balances
For the Year Ended June 30, 1987**

	CURRENT FUNDS			STATEMENT
	GENERAL	RESTRICTED	RESTRICTED	1986 FUNDS
Resources and other additions:				
Unrestricted current fund revenues	\$8,177,088			
Tuition and fees - restricted			\$579,776	\$68,670
State grants and contracts - restricted			50,884	
Federal grants and contracts - restricted			8,789,040	2,046,043
Local grants and contracts - restricted			718,972	
Private gifts, grants, and contracts - restricted			88,888	
Investment income - restricted			47,276	
Interest on loans receivable				124
State bond amortizations				
Endowment income				
Auxiliary enterprise revenues		\$383,576		
Additions to plant facilities				
Retirement of indebtedness				
Other sources				573
Transfers and other additions	<u>8,177,088</u>	<u>783,576</u>	<u>6,157,126</u>	<u>2,095,880</u>
Expenditures and other deductions:				
Operational and general	\$8,554,014		\$8,050,686	
Auxiliary enterprises		789,000		
Indirect costs recovered			87,500	
Expended for plant facilities				
Retirement of indebtedness				
Interest on indebtedness				
Expend of plant facilities				
Other				2,800,043
Transfers and other deductions	<u>8,554,014</u>	<u>789,000</u>	<u>8,138,186</u>	<u>2,800,043</u>
Transfers among funds - positive (deductions):				
Monies - principal and interest	(286,136)			
Administrative - other	492,808	(22,221)	4,808	
Transfers among funds	<u>206,672</u>	<u>(22,221)</u>	<u>4,808</u>	<u>4026</u>
Inventory increase (decrease)	<u>(1,506)</u>	<u>40,042</u>	<u>40,042</u>	<u>4094</u>
Net increase (decrease) for the year	<u>(1,934)</u>	<u>5,361</u>	<u>80,840</u>	<u>36,713</u>
Fund balances at beginning of year	<u>11,839</u>	<u>204,790</u>	<u>1,288,126</u>	<u>1,112,113</u>
Fund balances at end of year	<u>9,905</u>	<u>210,151</u>	<u>1,368,966</u>	<u>1,148,826</u>

ACCOUNTS PAID	PLANT FUND		INVESTMENT IN PLANT	TOTAL
	CONTRIBUTION	RETIREMENT OF LIABILITIES		BALANCE
				68,171.66
	100,000	88,100		188,100
		10,000		10,000
				10,000.00
	50,170	30,000		80,170
10,000				10,000
48,170				48,170
				100,000
			52,000,000	52,000,000
			100,000	100,000
	14,000			14,000
52,170	400,000	140,000	1,470,000	2,462,170
				24,303,000
				100,000
				87,000
	47,000			47,000
		100,000		100,000
		14,000		14,000
4,000		1,000	1,210,000	1,215,000
4,000	17,000	100,000	1,210,000	1,331,000
		100,000		100,000
	(70,000)			(70,000)
8,000	(70,000)	100,000	10,000	48,000
8,000	8,000	8,000	10,000	34,000
47,000	(870,000)	84,000	1,207,000	1,067,000
874,000	1,000,000	880,000	52,000,000	53,754,000
888,000	87,000,000	7,000,000	52,000,000	146,888,000

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
NEW ORLEANS CAMPUS
CURRENT FUNDS**

**Schedule of Revenue, Expenditures,
and Other Changes
For the Year Ended June 30, 1997**

	GENERAL	ALLOYARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	\$5,511,897	\$199,718	\$266,509
State appropriations	11,285,877		
Federal grants and contracts			9,804,862
State grants and contracts			144,914
Local grants and contracts			143,143
Private gifts, grants, and contracts			18,481
Investment income	112,388	25,820	47,278
Auxiliary enterprise revenues		912,040	
Other sources	287,207		
Total revenues	18,177,249	114,578	10,248,827
Expenditures and transfers:			
Educational and general:			
Instruction	18,101,821		134,407
Research	37,871		149,824
Public service	83,880		683,808
Academic support	1,758,688		2,189,810
Student services	890,388		1,072,823
Institutional support	3,883,118		84,888
Operations and maintenance of plant	1,368,185		13,817
Scholarships and fellowships	418,243		9,043,898
Other	754,284		53,243
Total educational and general expenditures	18,534,074		10,251,815
Mandatory transfers for principal and interest	288,128		
Mandatory transfers for - other	(842,388)	22,261	(4,808)
Auxiliary enterprise expenditures		720,268	
Total expenditures and transfers	18,177,844	742,529	10,248,827
Other additions (deductions):			
Excess of restricted receipts over transfers to restricted			90,000
Inventory decrease	(2,508)		
Net increase (decrease) in fund balances	(80,598)	\$1,811	\$90,000

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
SHREVEPORT - BOSSIER CITY CAMPUS
ALL FUNDS**

Balance Sheet, June 30, 1987

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY EXPENSES	RESTRICTED	
ASSETS				
Cash and cash equivalents	578,094	88,874		88,874
Investments				
Accounts receivable	110,108	33,847	\$1,008,480	110
Notes receivable				280,000
Due from other funds		74,800	88,800	
Deferred charges - 10/24/84/85 expenses	7,728			
Institutional plant				
TOTAL ASSETS	706,930	\$178,721	\$1,108,880	\$469,084
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$48,895	9,708	\$18,880	100,238
Accrued liabilities	55,898		28,200	
Due to state treasury	50,708			
Due to other campuses	74,800		\$10,388	
Due to other funds				\$21,200
Deposits held for others				
Deferred revenues	133,187	10,288		
Total Liabilities	363,688	20,296	\$29,668	\$121,438
Fund Equity:				
Reinvestment capital				
Fund balances:				
Reserve			50,750	
Current operations - restricted		180,825	184,684	
Noncurrent operations - restricted				\$18,000
Total Fund Equity	608	180,825	447,270	\$38,038
TOTAL LIABILITIES and FUND EQUITY	706,930	\$178,721	\$1,108,880	\$469,084

PLANT FUNDS				
EXPENSES	RETIREMENT OF AGREEMENTS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL BUDGETARY CONTROL
\$273,800	\$181,340		\$1,000	\$456,140
20,000				20,000
1,000	1,741			2,741
		\$12,420,000		\$12,420,000
\$294,800	\$183,081	\$12,420,000	\$1,000	\$13,738,881
			\$4,307	\$4,307
				101,904
				50,000
				551,501
				121,000
			1,620	1,620
				124,321
\$0	\$0	\$0	\$0	\$0
		\$12,420,000		\$12,420,000
				62,760
				662,210
\$200,170	\$180,000			\$380,170
\$0	\$0	\$12,420,000	\$0	\$12,420,000
\$200,170	\$180,000	\$12,420,000	\$0	\$13,600,170

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
SHREVEPORT-BOSSIER CITY CAMPUS**

**Schedule of Changes in Fund Balances
for the Year Ended June 30, 1987**

	CURRENT FUNDS		DEFERRED LOANS Funds
	GENERAL	UNRESTRICTED	
Revenues and other additions:			
Unrestricted current fund revenues	55,792,448		
Tuition and fees - restricted		298,500	\$2,643
State grants and contracts - restricted		75,740	
Federal grants and contracts - restricted		4,848,507	
Private gifts, grants, and contracts - restricted		183,130	
Investment income - restricted		2,039	
Interest on loans receivable			8,200
Auxiliary enterprise revenues		1,028,380	
Additions to plant facilities			
Other sources			811
Total revenues and other additions	55,792,448	5,036,286	11,664
Expenditures and other deductions:			
Educational and general	5,801,871		4,288,617
Auxiliary enterprises		88,800	
Indirect costs recovered			85,506
Loan cancellations and write-offs			874
Expended for plant facilities			
Disposal of plant facilities			
Other			88,821
Total expenditures and other deductions	5,801,871	88,800	4,383,818
Transfers among funds - additions (deductions) - reversability - other	8,802	(21,000)	12,000
Net increase (decrease) for the year	50,000	49,486	(77,848)
Fund balances at beginning of year	50,000	127,648	471,881
Fund balances at end of year	50,000	\$177,134	394,033

AMOUNTS	PLANT FUND		TOTAL (MEMORANDUM ONLY)
	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	
			\$1,761,440
255,750	23,120		147,880
			75,740
			4,848,527
			180,180
3,480	3,480		13,276
			3,200
			120,000
		207,187	271,607
127			508
<u>255,750</u>	<u>26,600</u>	<u>207,187</u>	<u>10,479,714</u>
			10,000,000
			80,000
			83,000
			276
3,140			3,140
		180,480	183,420
	3,200		69,764
<u>3,140</u>	<u>3,200</u>	<u>180,480</u>	<u>10,663,498</u>
<u>255,750</u>	<u>29,800</u>	<u>187,660</u>	<u>10,673,216</u>
<u>18,024</u>	<u>33,888</u>	<u>250,254</u>	<u>188,288</u>
<u>268,524</u>	<u>163,688</u>	<u>12,222,494</u>	<u>13,663,802</u>
<u>1,000,128</u>	<u>9,850,000</u>	<u>8,1,429,488</u>	<u>12,849,616</u>

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
SHREVEPORT-BOSSIER CITY CAMPUS
CURRENT FUNDS**

**Schedule of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1997**

	<u>GENERAL</u>	<u>AUXILIARY ENTERPRISES</u>	<u>DEDUCTIBLE</u>
Revenues:			
Tuition and fees	\$1,177,000	\$70,840	\$55,587
Federal appropriations	264		
State appropriations	4,024,222		
Federal grants and contracts			4,043,884
State grants and contracts			88,287
Private gifts, grants, and contracts			69,458
Investment income	38,847	1,284	2,208
Auxiliary enterprise revenue		111,800	
Other income	82,052		
Total revenues	<u>1,760,448</u>	<u>120,328</u>	<u>4,263,417</u>
Expenditures and transfers:			
Educational and general:			
Instruction	2,858,304		848,480
Research			15,234
Public service			18,483
Academic support	324,878		188,799
Student services	233,232		1,847,889
Institutional support	1,321,818		288,455
Operations and maintenance of plant	843,182		
Scholarships and fellowships	99,843		1,668,812
Other	45,628		
Total educational and general expenditures	<u>5,987,277</u>	<u>NCM</u>	<u>4,282,417</u>
Nonmandatory transfers for - other	(8,023)	13,800	(72,608)
Auxiliary enterprises expenditures		80,800	
Total expenditures and transfers	<u>1,760,448</u>	<u>97,800</u>	<u>4,282,417</u>
Other deductions - deficiency of restricted receipts over transfers to revenues	<u>NCM</u>	<u>NCM</u>	<u>(8,743)</u>
Net income (deficiency) in fund balances	<u>NCM</u>	<u>\$22,528</u>	<u>(\$22,743)</u>

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
AGENCY FUNDS**

**Schedule of Agency Funds - Deposits
Held for Others
For the Year Ended June 30, 1987**

	BATON ROUGE CAMPUS	NEW ORLEANS CAMPUS	SHREVEPORT- BOSSIER CITY CAMPUS	TOTAL
Room deposits	\$283,428			283,428
Key deposits	27,993			27,993
Student deposits	27,278	103,000		130,278
Campus Day			11,248	11,248
Coastal Systems	300			300
Louisiana Station Expo		183,347		183,347
Protective Insurance			43	43
Excesses			348	348
S.U.N.O. Foundation		60,856		60,856
Total	\$419,999	\$263,853	\$1,639	\$685,491

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and an internal controls as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9097

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December 3, 1997

Report on Compliance and an Internal Control Over Financial
Reporting Based on an Audit of the Financial Statements
Performed in Accordance With Government Auditing Standards

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Southern University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated December 3, 1997. Except as discussed in our report on the financial statements, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Southern University System's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 the following instances of noncompliance that, although not material to the financial statements, are required to be reported herein under Government Auditing Standards:

**Lack of Repayment of Unauthorized
Student Loans**

The Southern University - Shreveport-Bossier City campus has not reimbursed state funds for loans improperly made during fiscal year ended June 30, 1995. In our audit for fiscal year ended June 30, 1995, we reported that the Southern University - Shreveport-Bossier City campus overawarded Federal Perkins loans by \$131,250 and used state funds to cover the overawarded amount. The use of state funds for this purpose results in a violation of Article 7, Section 14(C) of the Louisiana Constitution that states, in part, funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or devoted to or for any person, association, or corporation, public or private. The overaward occurred because the

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
 Compliance and Internal Control Report
 December 3, 1997
 Page 2

university incorrectly calculated the amount of federal funds available for student loans and resulted in the university loaning \$131,250 more than was available under the Perkins Loan Program during the year ended June 30, 1995. To cover these loans, the university transferred from various auxiliary and restricted accounts of the university, state funds that were not authorized for the purpose of making loans. The university has been unable to locate alternate funding sources to repay the various auxiliary and restricted funds for the amounts loaned to students.

By not reimbursing the auxiliary and restricted funds for the amount used for the loans, the university does not have the \$131,250 available for the purposes established for the auxiliary and restricted funds.

The university should continue to seek alternate funding sources for these loans and repay the various auxiliary and restricted accounts. In a letter dated December 5, 1997, Dr. Leon R. Tarver, II, President of the Southern University System, concurred with the finding and recommendation and stated that the employee responsible for the incorrect calculation of federal funds available for student loans has been transferred to another position with the university. Although efforts have been unsuccessful in acquiring the necessary funds for repayment, the university is continuing to explore alternative funding to repay the loans. Also, the university has forwarded the loans to students for proper monitoring and collection, and through October 31, 1997, \$2,457 has been received in collections on these loans.

**Untimely Recording and Clearing
 of Travel Advances**

For the second consecutive year, Southern University - New Orleans campus did not adequately monitor employee travel advance transactions to ensure the timely and accurate posting of the general ledger and the clearing of travel advances within the time period required by university policy and state regulations. University policy requires employees receiving a travel advance to submit documentation to clear the advance within five days after the travel expires and before receiving another advance; otherwise, the amount of the advance may be deducted from their pay. State regulations, Policy and Procedure Memorandum No. 48-General Travel Regulations, Chapter 15, Section 1500 (A)(3) allows an employee until the fifteenth day of the month following the completion of travel to clear a travel advance. In our test of travel advances issued to employees by the university, we noted the following deficiencies:

- The employee responsible for reviewing travel documentation and posting entries to the general ledger did not record travel transactions when employees submitted their travel expense claims. Of 10 travel

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Compliance and Internal Control Report
December 3, 1997
Page 3

advances tested, all were posted to the ledger between 52 and 278 days after the last day of travel.

- The university has not required employees to pay balances due on travel advances before receiving an additional travel advance. The university's practice has been to net all outstanding balances for each employee at fiscal year-end and require the year-end balance to be paid before receiving a travel advance in the subsequent fiscal year. Of the 10 travel advances tested, 5 travel advances, totaling \$4,877, had not been collected or deducted from employee's pay at June 30, 1997. These advances were for travel that ended between November 18, 1995, and April 27, 1997.
- There were 17 instances where five employees received an additional travel advance without clearing a prior travel advance.
- The New Orleans campus has \$40,350 in outstanding travel advances at June 30, 1997.

Because of inadequate supervision and lack of emphasis on enforcing compliance with university policies and state regulations, travel advances remain outstanding for long periods of time resulting in increased risk that material errors and irregularities could occur and not be detected timely.

The university should ensure travel advances are processed and recorded properly and are cleared in a period of time that complies with both university policy and state regulations. In a letter dated December 5, 1997, Dr. Leon R. Tarver, II, President of the Southern University System, concurred with the finding and recommendations. Travel advances have now been assigned to another employee, and new procedures have been developed including the use of a travel log for maintenance of travel advances, and the submission of a monthly report to the comptroller for the purpose of debiting outstanding travel advances from employees that do not meet established guidelines. Of the \$40,350 in travel advances, \$10,438 has been repaid to the university, and the university has initiated payroll deductions for those travel advances that were not cleared. Furthermore, no additional travel advances will be issued to employees with outstanding travel advances.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
 Compliance and Internal Control Report
 December 3, 1997
 Page 4

Internal Controls Over Movable Property
Not Followed

For the third consecutive year, the Southern University System did not comply with its internal control policies and procedures over movable property, as prescribed by the Commissioner of Administration and Louisiana law. A good internal control structure requires the university to have adequate control procedures to: (1) safeguard movable property against loss and unauthorized use, (2) accurately report the acquisition and valuation of movable property in the financial statements, (3) monitor and frequently update the location of property, and (4) timely reconcile property records to the property control system. Furthermore, Louisiana Revised Statute 58:304 requires the university to maintain a master inventory listing of movable property and requires the property manager to update the listing on a monthly basis by submitting all property transactions to the commissioner. The university maintains and updates its master inventory listing through the Louisiana Property Assistance Agency's (LPAA) computerized property control system. Louisiana Administrative Code, Title 24, Chapter 3, Section 307A requires the university to tag acquisitions and forward information to LPAA within 45 days after receipt of property. During our test of movable property, we noted the following deficiencies in the movable property control system:

- **Baton Rouge Campus:** Of 34 movable property items tested, 16 items (57 percent) were not reported to LPAA within 45 days of receipt of the items. The items were reported between 23 and 207 days late.
- **New Orleans Campus:** (1) We reported in our previous audit for the year ended June 30, 1996, that the master inventory listing had not been updated for \$827,380 of movable property acquisitions. For the year ended June 30, 1997, \$800,050 of these items have still not been added to the master listing. (2) In our test of \$1 movable property items, 14 items could not be located, and 18 items had incorrect location codes on the master listing. (3) Of 8 purchase orders tested, which included 93 taggable items valued at \$188,347, a total of 10 items were not assigned tag numbers nor were the items added to the master inventory listing. (4) There was a \$82,111 understatement in the value of movable property at June 30, 1997, because the property manager did not reconcile the property records to the reports generated by the LPAA property control system during the year. (5) Of 5 movable property items tested, all 5 items (100 percent) were not reported to LPAA within 45 days of receipt of the items. The items were reported between 15 and 208 days late.

LEGISLATIVE JOURNAL

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Compliance and Internal Control Report
December 3, 1997
Page 5

- **Shreveport Campus:** (1) Of 10 movable property items tested, 8 items (80 percent) were not reported to LPAA within 45 days of receipt of the items. The items were reported between 90 and 260 days late. (2) The property manager does not have a procedure in place to reconcile the university's property records to the reports generated by the LPAA property control system.

The Southern University System did not consistently follow its internal control policies and procedures and did not comply with state laws and regulations regarding its movable property. As a result, the university does not have reasonable assurance that its movable property control system safeguards assets against loss and unauthorized use, detects and corrects errors or irregularities timely, and reports its movable property completely and accurately in the financial statements.

The university should follow its internal control policies and procedures and comply with state movable property laws and regulations. In a letter dated December 5, 1997, Dr. Leon R. Tarver, II, President of the Southern University System, concurred with the finding and recommendation. The university will review the overall procedures used to update the LPAA master file to ensure that the 45-day reporting requirement is met. The university will ensure that all receiving reports are processed through the property office's central receiving warehouse before payments are made to vendors so that the property office is alerted to proceed with logging of property and updating of the master file. Also, the university has replaced the individuals on the Baton Rouge and New Orleans campuses who were responsible for coordinating the logging and updating of the LPAA master file.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southern University System's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Southern University System's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the following paragraphs, in addition to those mentioned previously in the compliance section of this report.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Compliance and Internal Control Report
December 3, 1997
Page 9**

**Inadequate Internal Controls Over
Perkins Loans Notes Receivable**

For the fifth consecutive year, Southern University at Shreveport-Bossier City did not maintain adequate internal controls over recording Perkins Loans (CFDA 84-036, FPL) notes receivable transactions. Good internal controls require that adequate procedures be in place to ensure that loans, loan payments, and loan cancellations are posted timely and accurately to the subsidiary ledger. These procedures should include periodic reviews of account balances to ensure entries are properly recorded, authorized, and agree to supporting loan records. Our prior audit reported a \$450,000 difference between the subsidiary ledger and the supporting loan records. This difference still exists at June 30, 1997.

Failure to maintain an adequate system of controls over notes receivable results in management's inability to ensure that all notes receivable are properly recorded, completed, and accurately reported on the university's financial statements. Failure to maintain accurate account balances could result in the under or over collection of student notes receivable.

The university should continue its efforts to identify and correct errors in the subsidiary ledger, identify the transactions making up the difference in Perkins Loans notes receivable, and periodically review student account balances to ensure that all entries are recorded timely and properly. In a letter dated September 8, 1997, Dr. Leon R. Tanver II, President of the Southern University System, concurred with the finding and recommendation. He stated that management has made substantial progress in resolving this finding by making correcting journal vouchers and identifying differences between the subsidiary and supporting loan records where the unidentified difference is now \$52,042.

Lack of Food Service Contracts

For the second consecutive year, the Southern University - Baton Rouge campus did not have signed contracts with two vendors that operated food outlets in the food court. Good internal controls and business practices require that the university and the vendor providing the food services agree to terms and conditions and put them in the form of a contract, which is signed by both parties. In addition, one vendor has not remitted commissions on a timely basis. As of June 30, 1997, this vendor reported annual sales of approximately \$74,488 and still owes the university approximately \$7,667 for eight months of sales. While the other vendor does not have a contract either, the vendor is remitting a report each month along with its commission check.

LEGISLATIVE AUDITOR

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Compliance and Internal Control Report
December 3, 1987
Page 7

When the contract expired with the company responsible for managing the food court, the university allowed these two vendors to continue operations without a signed contract. The lack of signed contracts and proper monitoring of vendor receipts increase the risk that revenue will be lost from the renting of space in the food court.

The university should ensure that contracts are approved and signed for all vendors providing food services in the food court before allowing them to provide services. The university should also establish adequate internal control monitoring procedures to ensure that amounts due the university are computed accurately, received promptly, and recorded and deposited on a timely basis. In a letter dated December 3, 1987, Dr. Leon R. Tanner, II, President of the Southern University System, concurred with the finding and recommendations. The letting of a new food service contract is currently on hold and is under review by the Nineteenth Judicial District Court. In the interim, the university's food service program is operating under an emergency declaration. The food court vendor, whose commissions are current, will be allowed to continue operations until June 30, 1988; however, the university has instructed its attorney to secure a letter of agreement from that vendor. Food court operations of the contractor delinquent in his payments have been discontinued until the commissions have been paid. The university has submitted a proposed settlement offer to the vendor and is awaiting a written response to the proposal.

Lack of Controls Over Cash

For the second consecutive year, the Southern University - New Orleans campus has not maintained adequate internal controls over cash. A good internal control system requires that the university establish procedures to properly safeguard its assets and segregate duties to ensure that one person is not in the position to both initiate and conceal errors or fraud. Good internal controls also require that amounts deposited and recorded be reconciled to underlying receipt documentation and that cash receipts be recorded in the general ledger on a timely basis.

During our examination of twelve Pay-in-Invouchers (PIIs), totaling \$87,289, we noted the following internal control weaknesses:

- For four PIIs tested, the same employee who had access to the cash deposit and supporting receipts also prepared the PII and approved the batches to record the cash receipts in the general ledger.
- For six PIIs tested, the same employee entered and approved the batches to record cash receipts in the general ledger. Also, in one of

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
 Compliance and Internal Control Report
 December 5, 1987
 Page 8

These instances, the same employee had access to the cash deposit and supporting receipts and prepared the PIV.

- All tested PIV's tested were recorded in the general ledger from 7 to 18 days after the date of receipt.
- There is no reconciliation of the amounts deposited per the PIV or the amounts recorded in the ledger to the cash receipt summary report to ensure that there has been a proper accounting for all cash receipts.
- Cashiers have the ability to void cash receipts without supervisory approval.

In addition, the university's comptroller detected a theft of \$1,007 from the university's charge suspense fund. The theft was discovered through a surprise count of cash on hand and a subsequent reconciliation to the general ledger balance.

Inadequate controls over cash accounts and cash receipts and an inadequate segregation of duties increase the risk that errors and fraud could occur and not be detected in a timely manner.

The university should establish internal control procedures over cash receipts to include an adequate segregation of duties, a reconciliation of amounts deposited to the underlying receipt documentation, and the timely recording of cash receipt transactions. The university should also implement procedures to ensure that its cash accounts are monitored properly to guard against theft or misuse. In a letter dated December 5, 1987, Dr. Leon R. Terver, II, President of the Southern University System, concurred with the finding and recommendation. Steps have been taken to (1) post cash receipts timely, (2) reconcile amounts deposited to the underlying receipt documentation, and (3) reassign staff duties in the comptroller's office to improve internal controls over cash. These steps became effective October 9, 1987. A former accountant has been hired and charged with PIV, and the case has been forwarded to the district attorney for appropriate action.

Lack of Controls Over Football Ticket Revenue

For the second consecutive year, the Southern University - Baton Rouge campus did not maintain adequate controls in the athletic ticket office over the distribution and the receipt of revenue for football game tickets. Good internal controls require accountability for all tickets printed, issued, voided, or unused; the maintenance of complete and orderly records; accurate reconciliation of revenue generated from ticket

LEGISLATIVE AUDITOR

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Compliance and Internal Control Report
December 5, 1997
Page 9

sales; proper segregation of duties in the ticket office; proper supervision of the ticket manager and staff; and timely deposit of ticket revenues.

A report, dated June 23, 1997, issued by the Southern University Internal auditor, revealed inadequate internal controls over the sale of football tickets and the athletic ticket office charge fund. The report revealed that there were shortages of \$425 in the athletic ticket office charge fund, \$11,894 in Bayou Classic football game revenue, \$1,480 in Texas Southern football game revenue, and \$8,581 in football season ticket revenues. In addition, the university could not account for \$3,888 of complimentary tickets for the Bayou Classic football game. The report indicates that someone in the ticket office deliberately attempted to cover and conceal these shortages in ticket sales totaling \$23,438. The lack of control over the accounting for tickets and ticket sales and an inadequate segregation of duties within the ticket office contributed to the shortages.

Because of the deficiencies in the internal controls of the ticket office, the university suffered a loss in revenue, and there is increased risk that future shortages could occur and not be detected timely.

The university should maintain complete and accurate records over football ticket sales and reconcile the ticket office charge fund on a regular basis. In addition, it should adequately segregate the duties performed in the ticket office so that no one person is responsible for selling tickets, depositing ticket revenue, and accounting for all tickets printed, sold, voided, or unused. In a letter dated December 5, 1997, Dr. Leon R. Tarver, II, President of the Southern University System, generally concurred with the finding and stated that action has been taken to strengthen internal controls in this area. The ticket manager has been terminated, a new ticket manager has been hired, and an accounting specialist will be hired for the Athletic Department to monitor ticket sales activity and review the work of the ticket manager. The former ticket manager has been arrested, and the files have been transmitted to the district attorney for appropriate action.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable

LEGISLATIVE AUDITOR

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Compliance and Internal Control Report
December 3, 1987
Page 10

conditions described previously, we consider the item related to inadequate controls over Perkins Loan notes receivable to be a material weakness.

This report is intended for the information and use of the university and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

PLA:WMB:al
