

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

Restricted Funds are reported 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.

H. DEFERRED REVENUES

Tuition and fees collected at June 30, 1995, but applicable to the 1995 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.

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 during the year. Encumbrances outstanding at year-end in all funds, except for the General Fund and certain encumbrances of the Restricted Fund referred to in note 12, 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, 1995, as provided by R.S. 39:602.

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 capitalized. Construction in progress is capitalized during construction. No depreciation has been provided on plant assets.

K. COMPENSATED AGENCIES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. Faculty with 12-month appointments who have over 10 years of state service, non-classified employees with over 10 years of state service, and classified employees regardless of years of state service accumulate leave without limitation. According to the university leave schedule, faculty with 12-month appointments who have less than 10 years of state service and non-classified employees with less than 10 years of state service can only accumulate 178 hours of annual leave; sick leave is accumulated without limitation. Effective January 1, 1994, academic and unclassified employees were given the opportunity to elect to remain under the university leave schedule or change to the Louisiana State Civil Service

<u>LOS of</u> <u>Available</u>	<u>LOS of</u> <u>Enroll</u>	<u>Paul H.</u> <u>Hebert</u> <u>Law Center</u>	<u>LOS of</u> <u>Agricultural</u> <u>Center</u>	<u>University of</u> <u>New Orleans</u>	<u>LOS of</u> <u>Medical</u> <u>Center</u>	<u>LOS in</u> <u>Shreveport</u>
\$1,575,738	\$8,881,884	\$8,438,888	\$71,384,420	\$73,438,120	\$703,258,888	\$18,784,218
			<u>(28,200)</u>		338,408 8,478,417 <u>(172,868)</u>	
<u>\$1,575,738</u>	<u>\$8,881,884</u>	<u>\$8,438,888</u>	<u>\$71,384,420</u>	<u>\$73,438,120</u>	<u>\$703,258,888</u>	<u>\$18,784,218</u>

<u>University of New Orleans</u>	<u>LSU in Shreveport</u>	<u>LSU Medical Center</u>	<u>Total</u>
\$2,045,825 <u>(830,913)</u>	\$488,572 <u>(48,572)</u>	\$670,000 <u>(130,000)</u>	\$40,882,410 <u>(3,870,678)</u>
<u>\$1,214,912</u>	<u>\$440,000</u>	<u>\$540,000</u>	<u>\$37,511,732</u>

**LOUISIANA STATE UNIVERSITY SYSTEM
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Motes to the Financial Statements (Continued)

facilities, equipment, and improvements. According to terms of the loan agreement, the university is to repay principal and interest on the obligation on the 28th day of each month commencing August 26, 1991. The university made payments during the year totaling \$1,052,870. At June 30, 1996, the outstanding balance is \$24,908,417.

Notes payable totaling \$186,268,283 are reflected on Statement A.

Bonds and Contracts Payable

The following is a summary of bonds and reimbursement contracts payable by the university for the year ended June 30, 1996:

	LSU and ASM College - <u>Baton Rouge</u>	LSU at <u>Alexandria</u>
Bonds and contracts payable at July 1, 1995	\$30,713,058	\$701,668
Bonds and contracts retired	<u>(2,812,237)</u>	<u>(68,688)</u>
Bonds and contracts payable at June 30, 1996	<u>\$27,900,821</u>	<u>\$632,980</u>

A detailed summary, by issues, of all bond and reimbursement contract debt outstanding at June 30, 1996, including interest payments of \$17,460,674 for LSU and ASM College - Baton Rouge; \$163,079 for LSU at Alexandria; \$213,368 for the University of New Orleans; \$73,624 for LSU in Shreveport; and \$85,550 for the LSU Medical Center follows:

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

Bonds Payable

Issue	Date of Issue	Original Issue	Outstanding July 1, 1995
LSU and A&M College -			
Baton Rouge			
Student Housing System Bonds			
Series 1991	July 1, 1991	12,730,000	8945,000
1993 - Series A 1994	July 1, 1993	1,100,000	789,000
Series A	July 1, 1994	680,000	520,000
Series B	July 1, 1994	3,790,000	1,348,000
Building Bonds of 1993			
Series A	July 1, 1993	940,000	753,000
Series B	July 1, 1993	1,640,000	953,000
Student Housing System Bonds			
1999:			
Series A	July 1, 1999	1,370,000	78,000
Series B	July 1, 1999	2,170,000	890,000
Series C	July 1, 1999	1,250,000	473,000
1998:			
Series A	July 1, 1998	1,720,000	345,000
Series B	July 1, 1998	1,270,000	828,000
1991 - Series A	July 1, 1992	1,241,000	492,000
Auxiliary Revenue Bonds 1994	June 15, 1994	20,290,000	20,290,000
University of New Orleans			
University Center Building			
Bonds of 1997:			
Series A	April 1, 1997	500,000	20,000
Series B	April 1, 1997	1,800,000	170,000
Building Bonds -			
Series of 1973	November 1, 1973	2,800,000	410,000
Charitable Building and Fine			
Art Building Bonds,			
Series 1970-B	February 1, 1970	3,500,000	1,410,000
LSU Medical Center			
New Orleans - Building Revenue			
Bonds of 1992	April 1, 1993	2,890,000	870,000
Total Bonds Payable		<u>\$48,807,000</u>	<u>\$28,480,020</u>

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 Notes to the Financial Statements (Continued)

Nature of Covered Lease	1987	1988	1989	1990	1991	Thereafter
Office space	\$1,285,880	\$388,713	\$484,678	\$382,885	\$308,899	\$876,887
Equipment	887,008	81,344	32,688			
Other	40,822	78,988	22,887	18,421	6,541	17,588
Total	<u>\$2,213,510</u>	<u>\$549,045</u>	<u>\$539,253</u>	<u>\$377,405</u>	<u>\$321,421</u>	<u>\$894,875</u>

Capital Leases

The university records items under capital leases as assets and obligations in the accompanying financial statements. The following is a schedule of future minimum lease payments under capital leases, together with the present value of minimum lease payments at June 30, 1988:

Fiscal Year Ending June 30:	
1987	\$72,268
1988	87,085
1989	20,188
Total minimum lease payments	<u>179,541</u>
Less - amount representing interest	<u>(14,013)</u>
Present value of net minimum lease payments	<u>\$165,528</u>

11. LONG-TERM DEBT

Notes Payable

The university has entered into a number of installment purchase agreements for the purchase of computer equipment, copiers, vehicles, et cetera. These agreements require scheduled payments either on a monthly or annual basis and have interest rates ranging from zero to 12 percent. The following is a summary of installment notes payable by the university for the year ended June 30, 1988:

Balance at July 1, 1985	\$1,783,138
Installment purchases in 1988	8,284,287
Installment payments in 1988	<u>(17,854,887)</u>
Installment notes payable at June 30, 1988	<u>\$8,212,538</u>

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

Reimbursement Contracts Payable

Issue	Date of Issue	Original Issue	Outstanding July 1, 1995
LSU and ASM College - Baton Rouge and Related Tiger Stadium Addition Bonds, Series 1979-B	February 1, 1979	\$3,800,000	\$1,368,064
LSU (Lice) Addition Bonds, Series 1984-B	July 21, 1984	2,700,000	2,080,583
Student Recreation Sports Center Bonds, Series 1984-A	April 1, 1984	750,000	494,958
LSU (Lice) Addition Bonds, Series 1985-A	March 1, 1985	300,000	180,350
Building Bonds, Series 1977-C - Alexandria	October 1, 1977	700,000	40,687
Student Union Addition Bonds, Series 1979-B - Alexandria	June 18, 1979	1,410,000	730,000
LSU in Shreveport Building Bonds, Series 1977-C	October 1, 1977	1,800,000	689,373
Total Reimbursement Contracts Payable		\$9,760,000	\$5,364,314

The annual requirements to amortize all bonds and reimbursement contracts outstanding at June 30, 1995, including interest of \$18,028,203, are as follows:

Fiscal Year	LSU and ASM				Total
	Baton Rouge and Related	University of New Orleans	LSU in Shreveport	LSU in Medical Center	
1995	\$3,880,000	\$844,000	\$70,000	\$140,000	\$4,934,000
1996	3,880,000	894,000	70,000	140,000	4,984,000
1997	3,880,000	885,000	70,000	140,000	4,975,000
2000	3,880,000	846,000	70,000	140,000	4,936,000
2001	3,880,000	871,000	70,000	140,000	4,961,000
Subsequent years	20,870,000		140,000	140,000	21,150,000
Total	\$33,350,000	\$1,411,000	\$470,000	\$850,000	\$35,671,000

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

**8. CONTINGENT LIABILITIES
AND RISK MANAGEMENT**

At June 30, 1996, the university is contingently liable for \$750,466 as guarantor of mortgage loans on tenancy and tenancy houses built on university property. Also, the university is involved in numerous lawsuits at June 30, 1996. In the opinion of legal counsel for the university, the ultimate outcome of these lawsuits cannot be determined; however, any losses, with few exceptions, would be fully covered by insurance. Losses arising from judgments, claims, and similar contingencies are paid by either private insurance companies or 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 General Fund appropriation. The university is involved in 509 lawsuits at June 30, 1996, of which 49 lawsuits are handled by contract attorneys. The remainder of the lawsuits is handled by the Office of Risk Management. Of the 49 lawsuits being handled by contract attorneys, the attorneys have estimated a possible liability of \$8,650,708 relating to 11 of the lawsuits. The contract attorneys did not estimate a liability for two lawsuits in which the plaintiffs are seeking damages of \$1,475,000.

9. COMPENSATED ABSENCES

At June 30, 1996, employees of the university have accumulated and vested \$36,321,626 of employee annual leave benefits and \$16,855,108 of sick leave benefits, which were computed in accordance with GASB Codification Section 360-105. 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 \$36,321,370 in the Current Funds - General Fund; \$3,432,365 in the Current Funds - Auxiliary Fund; and \$14,573,081 in the Restricted Fund. Also, the net decrease in fund balance would be increased by \$1,893,078 for the year ended June 30, 1996, and an adjustment to decrease prior year fund balances would be made for \$51,583,847.

10. LEASE OBLIGATIONS

Operating Leases

The annual rental payments for noncancelable operating leases during the next five fiscal years are presented as follows:

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

ended June 30, 1966, 1968, and 1969 were \$20,350,383, \$20,120,804, and \$18,674,791, respectively, equal to the required contributions for each year.

Optional Retirement System

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid universities in recruiting employees who may not be expected to remain in 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 credited 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 10.5 percent of the covered payroll. The participant's contribution (3 percent), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is credited 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 the 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 Louisiana or the TRS. 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 and employee contributions to the optional retirement plan totaled \$24,282,624 and \$11,758,495, respectively, for the year ended June 30, 1969.

**7. 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 totaled \$6,555,248 for the year ended June 30, 1969.

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

	Due From Other Funds	Due To Other Funds
Current Funds:		
General	\$1,348,070	\$708,000,681
Auxiliary Enterprises		\$1,200
Restricted	\$0,478,730	70,800
Endowment Funds		1,525,300
Plant Funds:		
Unexpended	10,813,051	
Renewals and Replacements	381,200	
Retirement of Indebtedness		280,808
	<u>\$130,898,181</u>	<u>\$710,889,167</u>
Total		

6. 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 full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 28 of the 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 70804-6123, or by calling (504) 925-6446, and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (504) 922-6800.

Funding Policy. The contribution requirements of employee 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 R.S. 11:302. Employees contribute 8 percent (TRS) and 7.5 percent (LASERS) of covered salaries. The state is required to contribute 18.5 percent of covered salaries to TRS and 12 percent of covered salaries to LASERS. 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, 1998, 1999, and 2000 were \$21,782,877, \$21,162,228, and \$21,688,206, respectively, and to LASERS for the years

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 Notes to the Financial Statements (Continued)

The following is a summary of future minimum installment payments as of June 30, 1995:

Year Ending June 30,	
1997	\$2,587,000
1998	2,588,841
1999	1,011,800
2000	1,558,302
2001	851,771
Total minimum installment payments	<u>8,597,714</u>
Less - amount representing interest	<u>(1,030,080)</u>
Total	<u>\$7,567,634</u>

The majority of the installment purchase agreements have non-appropriation escrowary clauses that allow for lease cancellation if the Louisiana Legislature does not make an appropriation for its continuation during any future fiscal period.

In addition to the installment purchase agreements, the university has entered into loan agreements with the Louisiana Public Facilities Authority (LPPFA). Two LPPFA loan agreements totaling \$75,000,000 are for the purpose of financing, refinancing, or receiving reimbursement for the costs of various capital facilities. According to terms of the loan agreements, the university is to repay the principal obligation on each agreement on June 1, 1997, and interest on the obligations each May 15 and November 15 from proceeds of the loans placed in special accounts at a commercial bank and invested in United States Treasury obligations. To ensure the credit worthiness of the transaction, the university has obtained bank direct payments of credit securing the payment of the principal and interest due under each loan agreement. In addition, the university entered into a reimbursement agreement that requires that the university maintain interest earnings on investments that will ensure cash flow sufficient to liquidate all obligations as they come due.

The third LPPFA loan agreement totaling \$28,500,000 is for financing, refinancing, or reimbursing the cost of facilities, improvements and expansions of the LSU Athletic Department; construction of the Student Recreation Sports Center for Louisiana State University and A&M College - Baton Rouge; improvements for parking and safety at Louisiana State University and A&M College - Baton Rouge; improvements to residential life facilities (\$26,300,000); additions to the parking garage at the LSU Medical Center in New Orleans (\$1,000,000); and building a child care center at the University of New Orleans (\$1,200,000). The loan repayments are payable from the fees, rates, rentals, charges, grants, or other receipts or income derived by or in connection with the

LOUISIANA STATE UNIVERSITY SYSTEM
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HENNINGTON BIOMEDICAL RESEARCH CENTER

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1998

	CURRENT FUNDS		ENCUMBRANCE FUNDS	PLANT FUNDS -	TOTAL
	GENERAL	RESTRICTED		NON-CURRENT	
Revenues and other additions:					
Classified current fund revenues	\$5,899,097				\$5,899,097
State appropriations - restricted		\$2,040			2,040
State and local grants and contracts - reimbursed		172,740			172,740
Federal grants and contracts - reimbursed		7,407,275			7,407,275
Private gifts, grants, and contracts		1,289,082			1,289,082
Investment income - restricted		\$2,898			\$2,898
Sales and services		899			899
Endowment income		2,142	\$1,549		3,691
Expenses/expense facilities				\$4,431,333	4,431,333
Other sources		1,578,718			1,578,718
Total revenues and other additions	<u>5,899,097</u>	<u>10,479,497</u>	<u>15,546</u>	<u>4,431,333</u>	<u>20,825,473</u>
Expenditures and other deductions:					
Equipment and general	4,664,452	8,898,862			13,563,314
Student loans repaid		2,172,872			2,172,872
Deposit of plant to other				\$2,824	\$2,824
Total expenditures and other deductions	<u>4,664,452</u>	<u>11,071,734</u>	<u>824</u>	<u>\$2,824</u>	<u>15,739,834</u>
Net increase for the year	<u>\$1,234,645</u>	<u>9,407,763</u>	<u>14,722</u>	<u>1,608,509</u>	<u>12,065,639</u>
Fund balances at beginning of year	<u>\$268</u>	<u>1,368,043</u>	<u>1,395,442</u>	<u>10,897,388</u>	<u>13,632,141</u>
Fund balances at end of year	<u>\$1,234,645</u>	<u>10,775,806</u>	<u>14,940,164</u>	<u>12,505,897</u>	<u>29,696,512</u>

Redeemed	Outstanding June 30, 1998	Maturity Dates	Interest Rates	Interest Outstanding June 30, 1998
1,413,000	\$438,000	1999-2001	3.5%	\$83,124
40,000	225,000	1999-2003	3.5%	26,710
32,000	283,800	1999-2004	3.05%	48,847
130,000	1,256,800	1999-2004	3.05%	211,888
30,800	303,800	1998-2005	3%	44,319
50,800	608,800	1998-2005	3%	74,959
75,000		1995	4.5%	
68,000	825,000	1998-2008	3%	141,680
48,000	435,000	1998-2008	3%	68,620
105,000	240,000	1995-1998	5.25%	18,000
40,000	460,000	1998-2008	3%	80,580
38,000	414,000	1998-2007	3%	58,510
880,000	25,435,000	1996-2014	4.2 - 5.75%	13,573,384
50,800		1998-1997	3%	
170,800		1998-1997	5%	
410,000		1998-1999	5.2 - 5.5%	
200,010	1,218,010	1999-2001	5.80%	213,000
170,000	780,800	1999-2000	3.50%	85,888
<u>\$2,080,010</u>	<u>\$32,680,810</u>			<u>\$18,688,800</u>

be used and include gifts, grants, or contracts from governmental or private agencies.

Student Loan Funds

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

Endowment Funds

The Endowment fund group consists of endowment funds, term endowment funds, and quasi-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. Term endowment funds differ from endowment funds in that all or a portion of the principal becomes expendable after a stated period of time or an occurrence of a specified event. Quasi-endowment funds are those funds that the governing board of the institution, rather than a donor or other external agency, has determined to treat as endowment funds, to be retained and invested. Expendable income derived from investment of principal is accounted for in the restricted current fund, any nonexpendable interest is accounted for as income in the endowment fund.

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 treasury.

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.

<u>Reflected</u>	<u>Outstanding June 30, 1990</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 1990</u>
\$197,189	\$1,290,858	1990-2001	5.0%	\$270,368
112,589	1,368,804	1990-2004	4.87 - 5.01%	603,708
35,002	448,838	1998-2004	9.3 - 9.8%	208,070
95,498	103,051	1998-2003	8.125 - 8.2%	67,685
4,807	42,080	1996-2003	4.75 - 4.75%	7,384
65,000	670,000	1990-2004	6.375 - 6.6%	175,600
<u>48,075</u>	<u>420,800</u>	<u>1990-2002</u>	<u>4.70 - 4.75%</u>	<u>75,804</u>
<u>340,263</u>	<u>\$4,811,719</u>			<u>\$1,307,733</u>

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Notes to the Financial Statements (Continued)

The following is a summary of the debt service reserve requirements of the various bond issues at June 30, 1995:

Bond Issue	Reserve Available	Reserve Requirement	Difference
Auxiliary paid:			
LSU and A&M College - Baton Rouge	\$5,800,000	\$5,800,000	
LSU at Alexandria	111,888	111,888	
University of New Orleans	291,720	291,720	
LSU at Shreveport	80,580	80,580	
LSU Medical Center	281,000	281,000	
Total	\$6,565,188	\$6,565,188	None
Educational paid - University of New Orleans	\$291,720	\$291,720	None

The LSU Medical Center's 1992 Building Revenue Bond agreement requires that, after all payments have been made to the Bond and Interest Sinking Fund Account, a sum of \$20,000 per annum, or available portion thereof, be transferred to the Repair and Replacement Reserve Account until the reserve in that account totals \$200,000. At June 30, 1995, the Repair and Replacement Reserve Account has a balance of \$200,000. For the prior year ended June 30, 1995, the Repair and Replacement Reserve Account had a balance of \$200,000. According to the terms of the 1992 Building Revenue Bonds agreement, the reserves can be used for repairs, renewals, and replacements, and renovations that are not paid as part of the ordinary and normal operating expenses. During the year ended June 30, 1995, the medical center used the \$200,000 reserve to partially reimburse the Unoperated Plant Fund for replacement of the water chillers in the dormitory totaling \$333,000.

12. GENERAL FUND

As shown on Statement A, the General Fund has a total of \$188,031 due to the state treasury at June 30, 1995. This amount, after adjustment, should be remitted to the state treasury.

13. RESERVATIONS OF FUND BALANCES

Reservations of fund balances at June 30, 1995, as shown on Statement A, are summarized as follows:

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	Revenues for		Fund	
	Circumstances	Incidents	Incidents	Total
Current funds:				
General		\$5,000,011		\$5,000,011
Auxiliary Enterprises	\$1,198,078			1,198,078
Restricted	14,883,784	504,871		15,388,655
Plant funds:				
Unexpended	3,807,364			3,807,364
Revenues and Replacements	194,887			194,887
Retirement of Indebtedness			34,212,594	34,212,594
Total	\$20,083,003	\$5,504,882	\$34,212,594	\$59,799,186

LSU Board of Supervisors and System Administration, Pennington Biomedical Research Center, LSU and ASM College - Baton Rouge, LSU at Alexandria, LSU at Eunice, Paul M. Hebert Law Center, and LSU Agricultural Center have reserved fund balances of \$9,085,716 in the Restricted Fund for circumstances outstanding at June 30, 1995. Additional circumstances of Pennington Biomedical Research Center, LSU ASM College - Baton Rouge, LSU at Alexandria, LSU at Eunice, and LSU Agricultural Center totaling \$8,808,454 were outstanding at year-end for restricted state and federal grants and contracts. Under these agreements, reimbursement is provided by the grantor after expenditures occur and the related circumstances are liquidated. A reservation of fund balances has not been established for such circumstances.

**14. PRIOR-YEAR RESTATEMENT
 OF FUND BALANCES**

A prior period adjustment of \$303,140 was made by Louisiana State University and ASM College (Baton Rouge) to record a charitable trust in the endowment fund. In December 1993, the university was named as one of several beneficiaries of a charitable trust. Prior to the year ended June 30, 1995, the university's interest in the trust had not been recorded. The June 30, 1995, ending fund balance of the endowment fund for Louisiana State University and ASM College (Baton Rouge) was \$14,875,215 and has been restated to \$15,208,355.

A prior period adjustment of \$81,336 was made by Louisiana State University in Shreveport to the Unexpended Plant Fund to account for an overstatement of prior-year accounts payable. The June 30, 1995, ending fund balance in the Unexpended Plant Fund for Louisiana State University in Shreveport was \$297,863 and has been restated to \$340,001.

A prior period adjustment of \$9,923,787 was made by Louisiana State University Medical Center at New Orleans to account for building additions being constructed by the State of Louisiana, Division of Administration, Office of Facility Planning and Control. The medical center is funding these building additions; however, in accordance with the capital outlay appropriations (Act 45 of 1994), the construction is being administered by the Office of Facility

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; and (3) the inventories of the General Fund are recorded as expenditures at the time of purchase.

The statement of current funds revenues, expenditures, and other changes 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 Louisiana State University System are annual lapping appropriations established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive agencies 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; and (3) 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:

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

Planning and Control. Louisiana State University's prior-year financial statements reported deferred charges of \$5,123,767 in the Unexpended Plant Fund for the amounts transferred to facilities planning for construction activities anticipated at June 30, 1995. The June 30, 1995, ending fund balance for the Louisiana State University Medical Center was \$43,268,733 and has been restated to \$37,265,966.

	Endowment Funds	Plant Funds - Unexpended
Fund balance at June 30, 1995, as previously reported	\$29,856,184	\$54,424,009
Fiscal year:		
Inferred in charitable fund	233,140	
Overstatement of accounts payable		51,268
Transfer to Office of Facility Planning and Control		(8,123,767)
Fund balance at June 30, 1995, as restated	<u>\$27,168,034</u>	<u>\$46,301,510</u>

15. STUDENT LOAN FUNDS

The fund balances of the student loan funds at June 30, 1995, are as follows:

	Peoples Loan Fund	Health Professors	Miscellaneous Other Loans	Total
LSU and Lake College - Baton Rouge	\$12,750,549	\$1,436	\$38,888	\$12,800,873
LSU at Alexandria			7,291	7,291
LSU at Baton Rouge	482,187		7,633	489,820
University of New Orleans	4,687,230		43,828	4,731,058
LSU in Shreveport			8,175	8,175
LSU Medical Center	<u>2,057,292</u>	<u>8,098,452</u>	<u>575,786</u>	<u>11,000,120</u>
Total	<u>\$21,000,158</u>	<u>\$9,498,282</u>	<u>\$971,908</u>	<u>\$31,000,348</u>

16. PLANT FUNDS

In August 1997, the Financial Accounting Standards Board (FASB) issued Statement No. 93, Recognition of Depreciation by Nonfor-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 1995, 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, Audit 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 way

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

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

Physical plant facilities acquired before June 30, 1938, were valued based on estimated building costs. Subsequent additions to 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 the date of donation in the case of gifts, or market value for livestock. Estimated costs of physical plant facilities constitute an immaterial portion of total value of plant facilities. A summary of investment in plant follows:

	LSU School of Supervision and System Administration	Parvington Biomedical Research Center	LSU and ASM College - Baton Rouge	LSU of Monroe	LSU of Lafayette
Land and improvements			\$27,860,807	\$2,241,200	\$271,800
Buildings	\$1,754,225		288,770,860	11,243,790	15,392,550
Equipment	455,411	\$ 61,173,007	238,406,267	4,194,380	2,705,000
Library books			\$5,701,824	1,121,324	1,528,800
Livestock			62,832		
Total	\$2,209,641	\$ 61,173,007	\$ 592,802,788	\$ 18,559,394	\$ 19,625,150

In accordance with R.S. 39:321-332, the Louisiana State University System, except for the University of New Orleans and LSU in Shreveport, has complied with the Louisiana movable property statutes.

**17. INTERAGENCY TRANSFER TO THE OFFICE
 OF FACILITY PLANNING AND CONTROL**

As shown on Statement B, transfers to the Office of Facility Planning and Control of \$1,760,573 were made during the year to finance renovation or construction projects. Louisiana State University and ASM College - Baton Rouge transferred \$1,087,784 to construct a new university stores building. Louisiana State University at Eunice transferred \$181,157 to cover cost incurred in the Acadiana Center Expansion Project. The University of New Orleans transferred \$74,332 to finance the design phase of the campus safety, security, and lighting project. The Louisiana State University Medical Center transferred \$440,600 to finance two construction projects. The construction projects are the Women's and Children's Medical Clinic project and the Animal Care project.

Paul M. Hebert Law Center	LSU Agricultural Center	University of New Orleans	LSU in Shreveport	LSU Medical Center	Total
\$1,728,218	\$1,488,199	\$12,198,000	\$1,891,818	\$19,288,880	\$46,595,115
1,800,800	18,283,687	114,892,159	38,287,880	229,584,541	403,854,067
2,589,807	19,771,886	41,890,159	8,407,560	175,873,421	369,349,833
		36,884,837	4,880,320	50,711,660	122,561,647
					89,478
<u>\$2,590,807</u>	<u>\$19,771,886</u>	<u>\$178,780,207</u>	<u>\$13,288,180</u>	<u>\$491,475,401</u>	<u>\$712,886,908</u>

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

18. AUXILIARY ENTERPRISES

The university maintains various auxiliary enterprise funds that provide services to the university community. Segment information for the year ended June 30, 1998, follows:

	Fees Services	Revolving	Endowment
Net income (decrease) in fund balances	\$872,100	(288,880)	\$770,563
Net income (loss)	\$528,900	1,294,293	288,620
Net assets	408,150	2,884,521	8,781,184
Outstanding principal and interest on debt	\$81,347	1,781,521	
Annual principal and interest on debt	108,800	1,440,078	

19. FOUNDATIONS

The accompanying financial statements do not include the accounts of the following foundations:

- Louisiana State University System Foundation
- Farrington Biomedical Research Foundation
- Tiger Athletic Foundation - LSU and AMU College - Baton Rouge
- LSU Alumni Association
- LSU Alexandria Foundation
- LSU Eunice Foundation
- LSU Law Alumni Association
- University of New Orleans Foundation
- LSU Athletic Foundation
- UNO Alumni Association
- LSU in Shreveport Foundation
- LSU Alumni in Shreveport Association
- Louisiana State University Medical Center Foundation
- LSU Medical School Alumni Association
- LSU School of Dentistry Alumni Association
- LSU School of Nursing Alumni Association
- Biomedical Research Foundation of Northwest Louisiana

These foundations are separate corporations whose financial statements are subject to audit by independent certified public accountants.

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

annual leave accrual schedule under which there is no limit on the accumulation of annual leave. Nine-month faculty members accrue sick leave but do not accrue annual leave; however, they 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 25 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 1, is not recorded in the accompanying financial statements.

L. TOTAL COLUMNS ON STATEMENTS

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

2. CASH AND CASH EQUIVALENTS

At June 30, 1988, the university has cash and cash equivalents (book balances) of \$114,263,842 as follows:

	Cash on Hand	Cash - Demand Deposits	Interest- Bearing Demand Deposits
LSU and A&M College - Genie Rouse and Related	\$803,547	(\$39,354,871)	
University of New Orleans	261,841	48,799	\$6,075,840
LSU in Shreveport	28,794	308	181,317
LSU Medical Center	571,621	697,289	20,961,480
Total	<u>\$1,765,803</u>	<u>(\$38,708,655)</u>	<u>\$26,048,647</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

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
ALL FUNDS

Combined Statement of Changes in Fund Balances
For the Year Ended June 30, 1995

	CURRENT FUNDS			SF 60007 LOAN FUND
	GENERAL	RESERVED	RESTRICTED	
Revenues and other additions				
Unrestricted current fund revenues:	\$140,018,841	\$100,807,100		
Tuition and fees - restricted			\$10,000,414	
State appropriations - restricted			1,540	
State grants and contracts - restricted			76,943,843	
Federal grants and contracts - restricted			104,000,447	\$236,300
Local grants and contracts - restricted			1,874,324	
Private gifts, grants, and contracts - restricted			45,457,090	15,000
Investment income - restricted			14,000,000	138,721
Interest on loans receivable				
Rents and services			113,000,004	
State funded endowments				
Endowment income			1,781,403	
Miscellaneous - restricted	41,881		985,221,800	
Additions to plant facilities				
Reimbursement of indebtedness				
Other sources		218,000	21,621,723	288,217
Total revenues and other additions	<u>140,060,722</u>	<u>101,025,100</u>	<u>317,021,111</u>	<u>324,000</u>
Expenditures and other deductions				
Educational and general	\$6,004,082		404,788,902	
Plant	41,881		108,460,300	
Auxiliary enterprises		100,000,000		
Interest (cost-sponsored)			21,488,000	
Loan cancellations and write-offs				104,660
Expenditures for plant facilities				
Depreciation of plant facilities				
Reimbursement of indebtedness				
Interest on indebtedness				
Reimbursed to grantees				2,740
Interagency transfers to Office of State Facility Planning and Controls (note 17)				
Other		1,043,660		77,260
Total expenditures and other deductions	<u>6,045,963</u>	<u>101,043,660</u>	<u>426,276,902</u>	<u>184,660</u>
Transfers among funds - additions (deductions)				
Mandatory:				
Principal and interest		13,001,000	13,448,000	
Loan fund matching	(104,000)		871,000	100,000

(Continued)

The accompanying notes are an integral part of this statement.

ENCUMBRANCE FUNDS	PLANT FUNDS			ENCUMBRANCE IN PLANT	TOTAL (MEMORANDUM ONLY)
	UNAPPORTIONED	REVENUES AND REF. AGREEMENTS	WITHHOLDING OF RESERVATIONS		
					600,000.000
					10,500.854
					1.000
			951,103		71,293.643
1140-443					911,409.989
7,093	11,800,017	849,369			1,874,184
					49,893,864
					76,897,877
					504,407
2,049,809					170,895,594
479,429					2,249,000
					2,280,882
				994,171,819	160,375,000
420,156	897,949			17,894,819	16,171,815
1,287,666	2,737,795	47,889	91,793	873,664	17,044,610
				80,892,819	24,103,411
					7,069,587,759
					914,842,854
					998,802,269
					999,798,507
					21,499,875
	9,099,241				126,688
					9,099,241
			4,123,604	21,099,199	21,099,199
			3,009,014		4,123,604
					1,000,000
					2,140
	1,750,000				1,750,000
4,098		2,136,186		7,009,267	10,941,561
3,709	10,842,831	2,774,737	7,009,268	10,000,711	1,261,400,629

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LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
ALL FUNDS

Combined Statement of Changes in Fund Balances, 1996

	CURRENT FUNDS			GRAND TOTAL FUNDS
	OPERATING	NON-OPERATING	RESERVE FUNDS	
Transfers among funds - additions (deductions):				
(Cont.)				
Interagency:				
Capital improvements	(4,094,000)	(24,046,310)	(9,791,000)	
Repairs and replacements		(2,790,100)		
Other	698	(14,000)	(93,188)	
Total transfers among funds	<u>(4,093,302)</u>	<u>(26,836,410)</u>	<u>(9,884,188)</u>	<u>(41,813,900)</u>
Inventory increase (decrease)	<u>(218,000)</u>	<u>60,000</u>	<u>119,000</u>	<u>(68,000)</u>
Net increase (decrease) for the year	<u>(278,000)</u>	<u>(801,000)</u>	<u>(47,844,188)</u>	<u>1,711,400</u>
Fund balances at beginning of year (detail - note 14)	<u>5,024,014</u>	<u>18,907,118</u>	<u>(41,661,904)</u>	<u>28,809,600</u>
Fund balances at end of year	<u>\$4,746,014</u>	<u>\$18,106,118</u>	<u>(\$40,005,992)</u>	<u>\$28,809,600</u>

(Continued)

The accompanying notes are an integral part of this statement.

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

Combined Balance Sheet, June 30, 1998

	CURRENT FUNDS			DEFERRED LONG TERMS
	GENERAL	ENTREPRENEURIAL	POLYTECHNIC	FUNDS
ASSETS				
Cash and cash equivalents (note 2)	\$26,464,849	\$11,008,744	\$17,488,378	\$3,848,808
Investments (note 3)	\$6,587,788	1,099,284	37,488,345	
Receivables	1,837,832	89,400	729,449	
Accounts receivable (note 4)	14,833,134	5,719,789	66,387,548	
Due from State General Fund Receivables				26,378,741
Due from other institutions			2,862,881	
Due from other funds (note 5)	1,348,071		88,426,200	
Deferred charges and prepaid interests	4,072,584	241,388	1,888,428	
Inventory (note 7-10)	1,666,041	40,734,830	224,877	
Intangible assets (note 10)			364,882	
Other assets				
TOTAL ASSETS	\$70,449,116	\$24,171,254	\$285,178,628	\$32,128,371
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$7,852,007	\$7,448,481	\$3,891,188	\$41,138
Accrued liabilities	8,852,821	575,880	5,766,184	
Due to state treasury (note 10)	188,351			
Due to other funds (note 5)	108,026,881	87,899	64,660	
Deposits held for others	804,384	888,572		188,857
Deferred (unbilled) costs (note 1-6)	13,888,681	7,286,782	1,090,194	
Notes payable (note 11)				75,000,000
Contracts payable (note 11)				
Bonds payable (note 11)				
Debt/claims under capital lease (note 10)				
Other liabilities	14,883		27,348	
Total Liabilities	125,783,717	11,199,042	\$9,781,314	261,211
Fund Equity				
Net investment in plant				
Fund balances				
Repared funds (8)	5,899,711	5,738,858	14,388,621	
Current operations - restricted		44,368,832	185,885,251	
Noncurrent operations:				
Restricted				26,633,268
Endowment				
Term endowment				
Cash-endowment				
Total Fund Equity	5,899,711	49,907,690	200,273,872	26,633,268
TOTAL LIABILITIES AND FUND EQUITY	\$131,683,128	\$61,106,732	\$285,178,628	\$32,128,371

The accompanying notes are an integral part of this statement.

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Audit Report, June 30, 1966

presentation. We believe that our audit and the reports and representations of the other auditors provide 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 in the financial statements in the year in which the benefits accrue.

In our opinion, based on our audit and the reports and letters of representation of other auditors, except for the effects of not recording the liability relating to compensated absences, as discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State University System at June 30, 1966; 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.

We have also issued separate reports dated December 20, 1966, except for the finding in Exhibit C titled "Improper Donation of Public Funds," dated May 18, 1967, on internal control structure and compliance with laws and regulations as required by Government Auditing Standards, issued by the Comptroller General of the United States.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. 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 Louisiana State University System. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports and letters of representation of the other auditors, except for the effects of not recording the liability relating to compensated absences, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BAYOU BOULE, LOUISIANA 70804-1007

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EMILIO G. AYER, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

December 28, 1996, except for the finding
in Exhibit C titled "Improper Donation of
Public Funds," dated May 19, 1997

**Independent Auditor's Report
on the Financial Statements**

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana**

We have audited the accompanying general purpose financial statements of the Louisiana State University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Louisiana State University System. Our responsibility is to express an opinion on these financial statements based on our audit.

The various campuses of the Louisiana State University System have contracted with their foundations to invest the university's Eminent Scholars Endowed Chairs Program funds and the Endowed Professorships Program funds. The financial statements of these foundations, which are separate corporations, were not audited by us, but were audited by other auditors whose reports and letters of representation have been furnished to us. Our opinion, insofar as it relates to the amounts included for the previously mentioned funds, is based solely upon the reports and representations of the other auditors. Each year, the various campuses of the Louisiana State University System include a due from private foundations for the state portion of the Eminent Scholars Endowed Chairs Program and the Endowed Professorships Program in their financial statements. As of June 30, 1996, Statement A reflects a due from private foundations totaling \$2,893,581 in the Restricted Funds (expendable part), which represents approximately one percent of Restricted Fund assets, and \$17,795,376 in the Endowment Funds (nonexpendable part), which represents approximately 89 percent of Endowment Fund assets, and our opinion, insofar as it relates to these amounts, is based solely upon the reports and representations of the other auditors.

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

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Contents, June 30, 1990

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LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 Contents, June 30, 1990

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LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 Contents, June 30, 1998

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University of New Orleans		LSU Medical Center	
Carrying	Market	Carrying	Market
\$1,285,883	\$1,280,987	\$37,918,320	\$37,901,413
		78,447,987	78,718,848
10,848	17,259	22,638	22,638
		8,933,000	4,268,350
		22,984,233	22,498,854
		4,800,417	4,887,872
		10,058,282	9,934,000
<u>\$1,296,731</u>	<u>\$1,298,246</u>	<u>\$158,805,180</u>	<u>\$158,831,970</u>

**LOUISIANA STATE UNIVERSITY
STATE OF LOUISIANA
Baton Rouge, Louisiana**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1998
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, New Orleans, and Shreveport offices of the Legislative Auditor.

June 4, 1997

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

Investments for the LSU and ASM College - Baton Rouge include the securities of the Board of Supervisors and System Administration, Pennington Biomedical Research Center, LSU at Alexandria, LSU at Eunice, the Paul M. Hebert Law Center, and the LSU Agricultural Center.

The credit risk of GASB Codification Section 190.104 was applied to the university's investments. Stocks of \$858,150, United States government securities of \$3,044,597, and corporate bonds of \$24,154 are investments either held by the university or its agent or are insured or registered in the university's name (GASB Category 1). United States government securities of \$497,000 are held by the counterparty of its trust department or agent in the university's name (GASB Category 2). Investments totaling \$157,671,326 are unsecured and unregistered with securities held by the counterparty of its trust department or agent but not in the university's name (GASB Category 3). Mutual funds totaling \$23,984,430 were not categorized.

4. ACCOUNTS RECEIVABLE

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

Total	Accounts Receivable	Allowance for Doubtful Accounts	Net Statement A
General	\$14,832,304	\$70	\$14,832,234
Auxiliary Enterprises	5,545,821	28,212	5,517,609
Restricted	114,089,852	33,721,287	80,368,565
Unexpended Plant Agency	75,718	433	75,285
	<u>\$154,544,218</u>	<u>\$33,790,599</u>	<u>\$120,753,619</u>

The allowance represents a provision in current restricted funds from patients served at various medical center clinics and outside billings.

5. DUE FROM/O OTHER FUNDS

The following is a summary of amounts due from/o other funds at June 30, 1998:

LEGISLATIVE AUDIT ADVISORY COUNCIL

MEMBERS

Representative Francis C. Thompson, Chairman
Senator Ronald C. Bean, Vice Chairman

Senator Robert J. Barham
Senator Wilson E. Fields
Senator Thomas A. Groene
Senator Craig F. Rosene
Representative F. Charles McMains, Jr.
Representative Edwin B. Murray
Representative Warren J. Triche, Jr.
Representative David Viter

LEGISLATIVE AUDITOR

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

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana State University
State of Louisiana
Baton Rouge, Louisiana

June 4, 2007



Financial and Compliance Audit Division

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

<u>Cash Equivalents - Time Deposits</u>	<u>Cash in State Treasury</u>	<u>Money Market Accounts</u>	<u>Total</u>
\$88,887,899			\$88,888,379
1,285,815			8,672,855
3,817,375	\$68,889		4,188,247
<u>8,118,669</u>	<u> </u>	<u>\$2,001,780</u>	<u>\$2,370,165</u>
<u>\$102,178,489</u>	<u>\$68,889</u>	<u>\$2,001,780</u>	<u>\$114,353,642</u>

Encumbered FUNDS	PLANT FUNDS			ENCUMBERED IN PLANT	TOTAL (ENCUMBERED ONLY)
	REPLACEMENTS	REPLACEMENTS	REPAIRS/MAINT		
	\$12,137,300	\$592,776	(228,688)		
	(258,882)	248,818	248,882		
	<u>11,878,418</u>	<u>841,594</u>	<u>20,194</u>	<u>NONE</u>	<u>12,140,206</u>
	NONE	NONE	NONE	NONE	(NONE)
7,028,872	4,348,648	1,913,870	(328,158)	844,961,903	12,885,814
<u>17,186,114</u>	<u>46,227,066</u>	<u>6,425,461</u>	<u>5,111,754</u>	<u>1,473,888,803</u>	<u>1,661,004,134</u>
<u>150,121,306</u>	<u>652,887,856</u>	<u>98,279,208</u>	<u>44,604,944</u>	<u>21,527,348,628</u>	<u>21,824,164,932</u>

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

**Combined Statement of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1996**

	GENERAL	ALTERNATE ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	\$136,281,089		\$16,968,700
Federal appropriations	70,254,444		
State appropriations	352,893,041		28,607
Federal grants and contracts			89,214,000
State grants and contracts	34,993,068		76,098,700
Local grants and contracts			1,787,678
Private gifts, grants, and contracts			26,074,900
Hospital income	41,001		158,490,300
Salts and services of educational departments	70,873,758		184,300,438
Salts and services of auxiliary departments		\$128,837,100	
Endowment income			1,128,857
Investment income	5,284,881		13,067,178
Other sources	15,491,648		24,282,545
Total revenues	\$582,530,208	128,837,100	579,732,821
Expenditures and transfers:			
Educational and general:			
Instruction	236,281,130		88,058,808
Research	88,498,148		124,179,350
Public service	31,734,178		118,485,769
Academic support	48,771,088		22,852,800
Student services	11,728,548		8,243,871
Institutional support	64,987,627		37,648,833
Operations and maintenance of plant	43,283,711		8,884,368
Scholarships and fellowships	26,008,888		24,177,744
Other			12,242
Total educational and general expenditures	\$500,593,208	NONE	404,897,874
Mandatory transfers for:			
Principal and interest		3,554,884	3,448,330
Loan fund matching	131,227		21,306
Nonmandatory transfers for:			
Capital improvements	294,028	4,848,255	8,101,327
Revenues and replacements		2,238,193	
Other	388	413,855	(303,138)
Auxiliary enterprise expenditures		108,738,597	
Hospital expenditures	41,001		158,490,300
Total expenditures and transfers	\$532,738,058	128,837,094	\$793,348,824
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			(28,308,238)
Inventory increase (decrease)	(218,000)		118,833
Other		(705,358)	(21,488,855)
Net decrease in fund balances	(\$178,000)	(280,131)	(647,804,121)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended June 30, 1996

INTRODUCTION

The Louisiana State 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 Louisiana State University Board of Supervisors; however, the annual budgets of the university and changes to the degree programs, departments of instruction, at centers, require the approval of the Board of Regents for Higher Education. The board of supervisors is composed of 15 members appointed for a six-year term by the governor, with the consent of the Senate, 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. The chief executive officer of the university system is the president.

The university system is comprised of nine institutions on ten campuses in five cities. The system includes LSU and ASM College, Paul M. Hebert Law School, and Pennington Biomedical Research Center, all in Baton Rouge; the LSU Agricultural Center (including the Louisiana Agricultural Experiment Station and the Louisiana Cooperative Extension Service) with headquarters in Baton Rouge; the University of New Orleans; LSU in Shreveport; LSU in Alexandria; and LSU in Eunice, both two-year institutions; and the LSU Medical Center composed of Schools of Medicine, Dentistry, Nursing, and Allied Health Professions, and a Graduate School in New Orleans and a School of Medicine and Hospital in Shreveport. Student enrollment for the university system for the 1995 fall semester totaled 54,562. During October 1995, the university system had 4,873 full-time and part-time faculty members, including associates and affiliated faculty.

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 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 Funds from future appropriations made by the Louisiana Legislature.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

B. REPORTING ENTITY

GASB Codification Section 2100 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 Louisiana State 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 include the General Fund, Auxiliary Enterprises Fund, and Restricted Fund.

The General Fund is used for operating purposes in which there are no restrictions, except the budgetary control provisions included in the annual legislative appropriation act. The current funds also include auxiliary enterprise funds designated by the Board of Supervisors as applicable to certain activities to maintain the operations as essentially self-supporting. Unexpended balances in the auxiliary activities are retained to fund future expenses of the auxiliary operations. Restricted current funds represent those operating funds on which restrictions have been imposed that limit the purposes for which such funds can

Statement A

EMPLOYMENT PLANS	PLANT FUNDS				ACCOMPT FUNDS	TOTAL (BIBACRABARR ONLY)
	UNEMPLOYED	REPAIRS & MAINTENANCE	REPLACEMENTS	REPAIRS & MAINTENANCE		
4,575,885	500,004,130	15,494,344	839,640		939,000	501,439,614
1,731,838	5,775,000	5,341	3,716,389		80	10,572,658
310	13,110		170,840		400	100,880,841
						112,683
17,790,270	16,813,891	241,083				36,379,741
						20,099,901
						10,089,937
						3,829,771
						16,729,498
1,344,000				91,000,000,000		1,000,000,000
						1,000,000
<u>53,735,000</u>	<u>525,116,271</u>	<u>16,735,747</u>	<u>84,356,029</u>	<u>91,000,000,000</u>	<u>939,080</u>	<u>52,164,434,304</u>
	839,180	1211				810,498,422
						15,845,042
						190,024
17,569,390			100,000			10,089,937
					555,011	3,393,794
						22,334,847
				303,758,780		168,000,000
				4,811,719		4,811,719
				22,800,000		22,800,000
				140,149		140,149
						47,000
<u>1,028,983</u>	<u>190,111</u>	<u>241</u>	<u>100,000</u>	<u>17,244,339</u>	<u>789,000</u>	<u>22,770,327</u>
				1,027,548,125		1,027,548,125
	3,987,894	104,887	4,142,044			11,396,585
						500,000,000
17,790,000	49,800,000	4,897,488	297,000			64,784,487
545,790						57,000,000
1,084,343						849,799
<u>19,419,133</u>	<u>49,800,000</u>	<u>4,897,488</u>	<u>297,000</u>	<u>1,027,548,125</u>	<u>500,000</u>	<u>2,084,740</u>
						1,027,548,125
<u>53,735,000</u>	<u>525,116,271</u>	<u>16,735,747</u>	<u>84,356,029</u>	<u>91,000,000,000</u>	<u>939,080</u>	<u>52,164,434,304</u>

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

bank that is mutually acceptable to both parties. At June 30, 1996, the university has \$130,894,787 in deposits (collected bank balances), excluding amounts held within the state treasury. These deposits are secured from risk by \$2,503,242 of federal deposit insurance and \$14,490,006 collateralized with securities held by the pledging financial institution's trust department or agent in the university's name (GAAS Category 2) and \$53,891,515 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GAAS Category 3).

Included in cash and cash equivalents is cash available to the university within the state treasury totaling \$28,593. Securities pledged for cash in the state treasury are not included in the above computation as these amounts are secured by fiscal agent banks established by the state treasury independent of the university.

3. INVESTMENTS

At June 30, 1996, the university has investments totaling \$100,173,820 as follows:

	<u>L.S.U. and A&M College</u>	
	<u>Carrying</u>	<u>Market</u>
United States government securities held by the financial institution or its agent and recorded by the financial institution as purchased by the university	\$3,044,907	\$3,059,600
United States government securities held by agent of the university		
Mutual funds held by the financial institution or its agent in trust	23,984,428	24,016,275
Stock held by the university	604,607	3,144,664
Mortgage notes:		
Federal Home Loan Mortgage Company		
Federal Home Loan Bank		
Federal National Mortgage Association		
Federal Home Loan Mortgage Association		
Corporate bonds held by the financial institution or its agent and recorded by the financial institution as purchased by the university	24,154	25,600
Total investments	<u>\$27,677,644</u>	<u>\$30,275,439</u>

**LOUISIANA STATE UNIVERSITY
STATE OF LOUISIANA**

General Purpose Financial Statements
and Independent Auditor's Report
As of and for the Year Ended June 30, 1968
With Supplemental Information Schedules

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ENCUMBRANCE FUNDS	PLANT FUNDS				TOTAL
	MAINTENANCE	REPAIRS AND REPLACEMENTS	RETIREMENT OF DEPRECIABLE	IN PLANT	
					\$10,708,480
					600,000
					82,000,000
					27,047,000
					1,004,711
\$10,000					20,700,000
	\$7,000,000	\$47,000			70,700,000
100,000					110,700,000
170,000					200,000
					800,000
					100,270,000
					170,000
				500,000,000	21,000,000
				100,000	100,000
<u>200,000</u>	<u>7,000,000</u>	<u>47,000</u>	<u>NONE</u>	<u>20,000,000</u>	<u>8,270,000</u>
					100,000,000
					270,200,000
					100,000,000
					27,000,000
					8,270,000*
					100
	3,000,000				3,000,000
			270,000		100,000
			87,700		87,700
					87,700
					2,100
	400,000				400,000
<u>NONE</u>	<u>4,000,000</u>	<u>37,700</u>	<u>270,000</u>	<u>NONE</u>	<u>4,000,000</u>
					107,000,000
					200,000
	2,000,000		100,000		2,100,000
<u>NONE</u>	<u>7,000,000</u>	<u>800,000</u>	<u>10,000</u>	<u>NONE</u>	<u>8,000,000</u>

LEGISLATIVE ACTION

LOUISIANA STATE UNIVERSITY SYSTEM

STATE OF LOUISIANA

Internal Control and Compliance Comments

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tests give no indication of any actual mishandling of funds. Thus, we believe that all concerns initially expressed by the legislative auditors have been successfully resolved.'

Duties of the Cash Receipts Function Not Segregated

For the second consecutive year, the University of New Orleans Metro-Downtown Center does not have adequate segregation of duties within the cash receipt function. During the year ending June 30, 1998, the center received approximately \$238,794 in receipts. In our consideration of the cash receipt function, we noted that one person in a department (1) collects cash, checks, or orders, from students, (2) records receivables and revenue, and (3) performs accounts receivable billing functions. Adequate internal control policies and procedures require that the university design a system that discourages incompatible functions that could permit an employee to conceal the misuse of collections in the accounting records. Ideally, management designed the accounting system with emphasis on departmental activity as opposed to the elimination of incompatible functions. These internal control weaknesses over the cash receipt function contribute to the risk that errors and/or irregularities may occur and not be detected within a timely period.

The University of New Orleans should establish an adequate segregation of duties within the Metro-Downtown Center's cash receipt function. Management of the university concurred with our finding and recommendation. In a letter dated September 17, 1998, Mr. Robert L. Dupont, Dean of the Metropolitan College, outlined the redesign of the cash receipt function at the University of New Orleans Metro-Downtown Center that establishes an adequate segregation of duties.

Inadequate Controls Over Receivables

For the fourth consecutive year, the University of New Orleans has not exercised adequate controls over receivables (including student receivables and nonstudent receivables other than grants and contracts) as follows:

- Collection efforts on delinquent accounts are delayed because of the large volume of outstanding receivables. As a result, at June 30, 1998, there are \$299,908 of receivables that are between 91 days and 360 days delinquent and another \$795,034 of receivables that are more than 361 days delinquent.
- The accounts receivable filings and files contain incomplete and unsupported information on certain debtors. Our examination of 81 student and nonstudent accounts revealed that the addresses on file are incorrect for four debtors and support for the receivables is incomplete or could not be provided for another four accounts.

LEGISLATIVE ACTION

LOUISIANA STATE UNIVERSITY SYSTEM

STATE OF LOUISIANA

Internal Control and Compliance Comments

Page 3

1. The University Admissions Records Technician receives the applications and the application fee payments, prepares receipt documents for any cash payments, sends the applications to data processing, prepares the departmental financial document used to make the deposits, makes the deposits, initiates refund requests, and initiates the return of uncollected fees.
2. The transmittal document used in the deposit of receipts is approved by the Operations Manager without a review of the cash or checks received.
3. No reconciliation is performed of the monthly revenue ledger to the application information in the admission system database.

Failure by the university to maintain an adequate control structure for Graduate School application fees increases the risk that errors and/or irregularities could occur and not be detected in a timely manner.

Management of the Graduate School should ensure that adequate controls exist over application fee receipts by properly segregating incompatible duties, requiring supervisory reviews of deposits, and ensuring that monthly reconciliations are performed between the revenue ledgers and the admission system database. In a letter dated November 7, 1988, Dr. Jerry J. Bardin, Vice Chancellor for Business Affairs and Comptroller stated that "The Graduate School, with coordination assistance from the University's Business Office, has already developed, documented, and implemented revised procedures for the handling of application fee receipts. These new and revised procedures ensure adequate segregation of duties, provide for subsequent reconciliation of revenue accounts to relevant supporting documentation, and include appropriate supervisory reviews. These procedures significantly limit the cash handling risks related to the Graduate School's admission application fees, and provide a reasonable balance between costs and controls.

"In addition, two separate internal audits were performed to test the Graduate School's actual handling of admission application fees. Random samples were selected of 132 currently enrolled graduate students whose application fees were due to be collected and deposited in either fiscal 1985-86 or in fiscal 1988-89, prior to the implementation of new control measures. The primary objective was to identify whether there was any mishandling of these funds. No indications were found of any errors or irregularities associated with these transactions.

"Graduate School admission application revenues have remained stable even while there have been changes in the personnel who collect, process, and monitor these fees. The Graduate School has strengthened its internal controls over the handling of cash, and has established the segregation of duties necessary to limit the opportunity for any employee to both perpetrate and conceal errors or irregularities. Finally, the legislative audit review and our own internal audit

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY SYSTEM

STATE OF LOUISIANA

Internal Control and Compliance Comments

Page 2

Inadequate Controls Over Telephone Charges

The LSU - Baton Rouge Athletic Department did not establish adequate procedures to implement the existing policies over the usage of the long-distance telephone service by its staff. Athletic Department policy requires that staff members who have access to the long-distance telephone service certify on both the monthly Extension Detail Report and the monthly Detail Billing Register that the long-distance charges have been reviewed and that the calls were made for official Athletic Department business purposes only.

Our examination of the Extension Detail Report for infowatch charges for the months of November 1995 through June 1996 indicated that only 45 to 80 percent of the staff members certified the review of the charges. In addition, a review of the Detail Billing Register for credit card charges for the months of March and April 1996 indicated that none of the staff members certified the review of the charges. A review of the registers before March 1996 indicated that only some departments reviewed the charges. The departments with individuals who consistently failed to provide approvals were marketing, minor sports, facilities, training, sports information, and basketball. Failure to obtain and maintain documentation supporting the review of long-distance telephone service charges by staff members increases the risk that unauthorized calls could occur and remain undetected.

The LSU - Baton Rouge Athletic Department should establish adequate procedures to implement the existing policies over the usage of the long-distance service by its staff to ensure that all staff members certify in a timely manner as to the accuracy of the charges to their accounts and that follow-up procedures be established and implemented to identify those individuals not responding timely. In a letter dated October 15, 1996, Dr. Jerry J. Bardin, Vice Chancellor for Business Affairs and Comptroller stated, "The University concurs with the finding. An additional employee has been hired in the Athletic Accounting Office and assigned responsibility over the telephone billing records. The Athletic Department will continue to use the infowatch and credit card billing checklists previously implemented. The new employee will closely monitor the timely return of these signed billings, and will also verify reimbursement to the University for all personal long distance calls made. The Athletic Department's policy will be to remove the infowatch and credit card privileges of employees who continue to disregard the requirements that these billings be signed and returned in a timely manner."

Inadequate Controls Over Graduate School Application Fees

The LSU - Graduate School has not provided adequate internal controls, including segregation of duties, for approximately \$150,000 in Graduate School application fee receipts. Our review of the Graduate School's handling of application fee receipts disclosed that it did not insure adequate segregation of duties and/or other control procedures in the following areas:

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Internal Control and Compliance Comments
As of and for the Year Ended June 30, 1968**

In our consideration of the internal control structure of the Louisiana State University System as of and for the year ended June 30, 1968, we noted the matters contained in the following paragraphs that we consider to be weaknesses in the university's system of internal control and instances of noncompliance with laws and regulations.

REPORTABLE CONDITIONS

**Inadequate Documentation for
Louisville Slugger Scholarship**

Louisiana State University and A&M College - Baton Rouge (LSU) did not have adequate documentation to support the awarding of the Louisville Slugger Scholarship. The Louisville Slugger Scholarship is a national award of \$20,000 (\$2,500 per semester) given to an incoming freshman at the school of the current national champion baseball team and is designed by the donor to be given to financially needy students. Nominees were sent in by the Special Assistant to the Chancellor. Good internal controls require an adequate audit trail to determine if proper policies and procedures were followed. The Office of Student Aid and Scholarships (OSAS) selected six students from the pool of applicants for the Chancellor's Leadership Awards Program to be nominees for the Louisville Slugger Scholarship. Financial need was not a consideration in determining which students would be recommended for the scholarship.

The OSAS copied the applications but failed to compile a list of the students' names. The Chancellor's Office did not have a copy of the applications and did not maintain a list of the students' names. Because the auditor could not compare the list of names the OSAS sent to the Chancellor's Office to be nominees of the Louisville Slugger Scholarship, we could not determine, with any certainty, if the winner of the scholarship was one of the six applicants chosen by the OSAS. The student selected was a member of the Lambda Chi Alpha fraternity, as was the Special Assistant to the Chancellor. Subsequently, the Board of Supervisors, on November 8, 1968, voted to rescind the scholarship because of the controversy surrounding the Special Assistant to the Chancellor and the handling of the Chancellor's Incentive Awards.

LSU should ensure that there is adequate documentation to support the awarding of all student financial assistance. In a letter dated November 25, 1968, Dr. Jerry J. Boudin, Vice Chancellor for Business Affairs and Comptroller stated, "The University concurs with this recommendation. Specifically, with respect to the Louisville Slugger Scholarship, changes have already been implemented such that should LSU be the recipient of this scholarship award again in the future, the award will be administered by the Office of Student Aid and Scholarships and the selection will be made in accordance with the criteria established by the donor."



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December 20, 1996, except for the finding
in Exhibit C titled "Improper Donation of
Public Funds," dated May 18, 1997

Independent Auditor's Report on Compliance With Laws and
Regulations Material to the General Purpose Financial Statements

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana**

We have audited the general purpose financial statements of the Louisiana State University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 20, 1996, except for the finding in Exhibit C titled "Improper Donation of Public Funds," dated May 18, 1997. We did not audit a portion of the Restricted Fund and Endowment Fund assets related to the university's Emory Scholary Endowed Chairs Program and the Endowed Professorships Program, which are invested under contracts with the system's foundations. These amounts were audited by other auditors whose reports and letters of representation have been furnished to us. This report, insofar as it relates to those programs, is based solely upon the reports and representations of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Louisiana State University System is the responsibility of management of the university. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we and other auditors performed tests of the university's compliance with certain provisions of laws and regulations. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the instances of noncompliance in Exhibit C that, although not material to the financial statements, are required to be reported herein under Government Auditing Standards. We considered these instances of noncompliance in forming our opinion on whether the Louisiana State University System's fiscal year 1996 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY SYSTEM

STATE OF LOUISIANA

Internal Control Report

December 30, 1990, except for the finding

in Exhibit C titled "Improper Donation of

"Public Funds," dated May 19, 1997

Page 2

In planning and performing our audit of the general purpose financial statements of the Louisiana State University System for the year ended June 30, 1990, we and other auditors obtained an understanding of the internal control structure. With respect to the internal control structure, we and other auditors obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted the matters contained in Exhibit C involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the university's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions contained in Exhibit C are material weaknesses.



THOMAS G. KYLL, PRESIDENT
LEGISLATIVE ASSEMBLY

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-1007

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December 28, 1995, except for the finding
in Exhibit C titled "Improper Donation of
Public Funds," dated May 19, 1997

**Independent Auditor's Report on Internal Control Structure
Based Solely on an Audit of the General Purpose Financial Statements**

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana**

We have audited the general purpose financial statements of the Louisiana State University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 1995, and have issued our report thereon dated December 20, 1995, except for the finding in Exhibit C titled "Improper Donation of Public Funds," dated May 19, 1997. We did not audit a portion of the Restricted Fund and Endowment Fund assets related to the university's Eminent Scholars Endowed Chairs Program and the Endowed Professorships Program, which are invested under contracts with the system's foundations. These amounts were audited by other auditors whose reports and letters of representation have been furnished to us. This report, insofar as it relates to these programs, is based solely upon the reports and representations of the other auditors.

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.

Management of the Louisiana State University System is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU MEDICAL CENTER
 CURRENT FUNDS
 Schedule of Revenues, Expenditures,
 and Other Changes, 1996

	GENERAL	ALUMNIARY ENTERPRISES	RESTRICTED
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			(328,008,756)
Inventory increase (decrease)	(217,754)		158,610
Others		(328,870)	(8,217,000)
	<u>(217,754)</u>	<u>(328,870)</u>	<u>(8,217,000)</u>
Net decrease in fund balances	<u>(217,754)</u>	<u>(328,870)</u>	<u>(8,217,000)</u>

(Concluded)

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Internal Control and Compliance Comments
Page 5

Management is responsible for maintaining a system that adequately safeguards assets and results in the reporting of accurate financial data. Failure to provide such a system does not ensure management that errors and/or irregularities are being detected in a timely manner.

The University of New Orleans should continue to monitor the age and collectibility of all receivables on an ongoing basis and write off those it determines to be uncollectible, in accordance with university policy. Adequate procedures should be established to ensure that supporting documentation and information on all debtors are kept current. In a letter dated September 20, 1996, Mr. Leo P. Lefflers, Director of the Office of Financial Services and Reporting, outlined a three phase plan to increase collection efforts and implemented procedures that will expedite the overall collection effort.

Electronic Data Processing Control Weaknesses

LSU in Shreveport does not have adequate electronic data processing (EDP) general controls over its computer system. The LSU System Internal Audit Department conducted an audit of the university's EDP general controls over its computer system. The report, dated May 30, 1996, revealed numerous weaknesses as follows:

1. The Department of Computing Services' organizational chart is inaccurate and misrepresents the segregation of responsibilities within the office.
2. The computing services' procedures manual is not up-to-date and thus not used as a reference tool.
3. Formal job performance evaluations should be used by management for each position in the Department of Computing Services.
4. There is a material discrepancy between the job description for the position of the associate director of the Department of Computing Services and the duties and responsibilities of the current incumbent for this position.
5. There is insufficient documentation for the various technical areas within the Department of Computing Services.
6. Recyclable scrap paper collected within the Department of Computing Services and stored in the operations room pending disposition creates a fire hazard.
7. The Department of Computing Services does not retain complete documentation to support the approval process authorizing access to application systems.

EMPLOYMENT FUNDS	PLAN FUNDS				TOTAL
	UNEMPLOYMENT REPLACEMENTS	RETIREMENT OF EMPLOYEES	UNEMPLOYMENT REPLACEMENTS	RETIREMENT OF EMPLOYEES	
	NONE	NONE	NONE	NONE	\$0
	\$194,859	\$194,859	\$993,257	(3300,000)	\$10,492,771
	5,174,975	27,285,888	1,878,482	497,000	400,332,840
	\$5,369,834	\$27,480,747	\$2,871,739	\$197,000	\$410,825,611

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY SYSTEM

STATE OF LOUISIANA

Compliance Report

December 20, 1998, except for the finding

in Exhibit C titled "Improper Donation of

Public Funds," dated May 18, 1997

Page 2

accounting principles, and this report does not affect our report dated December 20, 1998, on these general purpose financial statements.

This report is intended for the information and use of the university's 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

LJG:GJH:dl

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU MEDICAL CENTER
 ALL FUNDS

Schedule of Changes in Fund Balances
 For the Year Ended June 30, 1990

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	OPERATIONAL	HEALTH SERVICES	
Revenues and other additions:				
Unrestricted current fund revenues	140,000,000	323,787,828		
Tuition and fees - restricted			890,894	
State grants and contracts - restricted			42,880,000	
Federal grants and contracts - restricted			27,490,000	2,080,871
Local grants and contracts - restricted			1,204,211	
Private gifts, grants, and contracts - restricted				16,465
Investment income - restricted			20,350,150	63,721
Rents and services			11,388,599	
State funded endowments				
Endowment income			881,038	
Interest - restricted	41,881		100,333,869	170,480
Interest on loans receivable				
Additions to plant facilities				
Retirement of indebtedness			9,385,133	21,109
Other sources				
Total revenues and other additions	140,041,881	323,787,828	340,340,670	21,685
Expenditures and other deductions:				
Operational and general	187,488,674		(89,890,719)	
Research	41,881		100,333,869	
Auxiliary enterprises		23,780,741		
Unfunded costs recovered			8,217,887	
Loans capitalized and write-offs				540
Depreciation plant facilities				
Payment of indebtedness				
Interest on indebtedness				3,140
Transfers to projects				
Interagency transfers to Office of Facility Planning and Control				
Other		268,878		18,668
Total expenditures and other deductions	187,530,555	23,780,741	100,340,740	21,888
Transfers among funds - additions (deductions)				
Mandatory:				
Principal and interest		274,898	(21,200)	
Loan fund matching	(33,390)		(21,200)	54,488
Nonmandatory:				
Capital improvements	(111,880)	(288,270)	(2,133,000)	
Replacements and replacements		(244,000)		
Other		(1,000)	1,000	
Total transfers among funds	(145,270)	(528,168)	(2,153,200)	54,488

(Continued)

Employment Funds	PLANS FUNDS			CONTRIBUTION IN PLAN	AGENCY FUNDS	TOTAL
	PENSION AND UNEMPLOYMENT	RETIREMENT FUND(S)	RETIREMENT ACCUMULATIONS			
\$2,150,000 1,840,000	\$1,800,000	\$1,010,000	\$400,000		\$100,000	\$3,310,000 \$3,050,000 \$250,000
1,800,000						\$2,750,000 \$2,000,000 \$750,000
	\$440,000	\$24,000				\$464,000 \$4,500,000 \$5,000,000
				\$200,000,000		\$200,000,000
\$1,000,000	\$27,000,000	\$2,100,000	\$400,000	\$200,000,000	\$100,000	\$203,800,000
						\$10,000
						\$2,700,000 \$2,000,000 \$700,000
					\$100,000	\$100,000
\$1,000,000	\$10,000	\$200,000	\$50,000	\$1,000,000	\$50,000	\$2,050,000
						\$50,000,000
						\$50,000,000
						\$1,000,000
						\$1,000,000
\$1,000,000	\$1,000,000	\$1,000,000	\$50,000			\$3,050,000 \$1,000,000 \$2,050,000
\$1,000,000	\$1,000,000	\$1,000,000	\$50,000	\$100,000,000	\$50,000	\$103,050,000
\$1,000,000	\$27,000,000	\$2,100,000	\$400,000	\$200,000,000	\$100,000	\$203,800,000

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU MEDICAL CENTER

Balance Sheet, All Funds, June 30, 1998

	CURRENT FUNDS			STAFF AND LEASE FUNDS
	GENERAL	ENTREPRENEUR	RESTRICTED	
ASSETS				
Cash and cash equivalents		\$794,711	\$1,000,000	\$1,200,000
Investments	\$13,437,000		\$1,850,000	
Accounts receivable	1,188,107		41,000	
Accounts payable	5,008,212	714,040	91,803,817	
Due from private foundation				10,000,000
Due from other purposes			467,879	
Due from other funds	54,500,000			
Deferred charges and prepaid expenses			75,400,100	
Inventory	1,813,236	29,000	140,000	
Intangible asset	1,400,000	5,481,000	440,000	
TOTAL ASSETS	\$19,644,000	\$6,011,161	\$208,680,000	\$11,200,100
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$3,363,810	\$890,200	\$1,000,000	
Accounts receivable	2,276,844	177,000	4,500,000	000
Due to other funds	180,000,000	44,000		
Accounts held for others	71,000	100,000		
Deferred amounts	1,268,291	50,231	400,000	
Bonds payable			75,000,000	
Other liabilities	30			
Telecommunications	118,000,000	1,207,000	\$1,100,000	000
Fund Equity				
Net investment in plant				
Fund balances:				
Reserved	2,400,000	1,603,236	70,007,000	
Current operations - restricted		3,000,000	100,000,000	
Restricted				71,000,100
Unrestricted				
Total Fund Equity	2,400,000	4,603,236	170,007,000	71,000,100
TOTAL LIABILITIES AND FUND EQUITY	\$19,644,000	\$6,011,161	\$208,680,000	\$11,200,100

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU IN SHREVEPORT

Balance Sheet, All Funds, June 30, 1995

	CURRENT FUNDS		STIPEND LOAN FUNDS	Endowment Funds
	GENERAL	FINANCIAL		
ASSETS				
Cash and cash equivalents	\$66,091	\$83,878	\$1,154,840	\$7,467
Accounts receivable	1,138	3,887	2,718	\$18,620
Accounts receivable	438,883	87,229	495,828	380
Notes receivable				
Due from/forfeited foundation				883
Deferred charges and prepaid expenses				483,338
Inventory	87,466			
Pre-fundational plans		543,188		
TOTAL ASSETS	\$1,441,046	\$1,298,249	\$1,333,716	\$81,770
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$26,888	\$41,883	\$18,480	
Accounts liabilities	483,887	8,333		
Due to state treasury	2,073			
Deposits held for others				
Deferred revenues				
Contracts payable	1,026,086		98,888	
Outstanding under capital leases				
Total Liabilities	1,441,046	490,145	107,368	80,988
Fund Equity:				
Net investment in plant				
Fund balances:				
Reserved				
Current operations - restricted			\$4,554	
Noncurrent operations		1,887,184	1,078,654	
Planned				
Endowment				\$8,710
Total Fund Equity	800,000	1,887,184	1,078,654	\$18,682
TOTAL LIABILITIES AND FUND EQUITY	\$1,441,046	\$1,298,249	\$1,333,716	\$81,770

EXPENSES	PLANT FUNDS		AGENCY FUNDS	TOTAL
	FOR MAINTENANCE OF	DEVELOPMENT		
	ROADS (44-11)	ON PLANT		
1284,124	89,883		287,224	\$4,455,247
824			82	4,870
				463,507
				783
				487,330
				87,484
				342,153
		844,555,000		50,988,886
1284,948	89,883	844,555,000	287,306	\$50,979,041
				888,272
				488,788
			287,224	1,075
				94,300
		844,555,000		1,110,864
		148,828		430,000
		844,555,000	87,282	141,448
				1,774,597
		12,800,487		62,870,487
	100,000			100,000
				2,248,507
1284,148				294,010
288,736	10,100	844,555,000	87,282	844,597
				17,104,288
1284,148	100,000	844,555,000	287,282	\$50,979,041

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU IN SHREVEPORT
 ALL FUNDS

Schedule of Changes in Fund Balances
 For the Year Ended June 30, 1988

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	REVENUE	RESTRICTED	
Receipts and other additions:				
Unrestricted current fund revenues				
Tuition and fees - restricted	\$18,498,888	\$1,333,193		
State grants and contracts - restricted			\$281,888	
Federal grants and contracts - restricted			787,838	
Private gifts, grants, and contracts - restricted			2,873,968	
Investment income - restricted			852,000	
Sales and service				
State contract encumbrances			\$2,197	
Encumbrance income				
Additions to plant facilities			3,188	
Other sources				
Total receipts and other additions	<u>\$18,498,888</u>	<u>1,333,193</u>	<u>\$4,898,881</u>	<u>823</u>
Expenditures and other deductions:				
Educational equipment	\$8,498,888		\$388,888	
Auxiliary enterprises		2,000,000		
UNFED - Costs recovered			168,888	
Expenses for plant facilities				
Reduction of indebtedness				
Acquisi of indebtedness				
Other				
Total expenditures and other deductions	<u>\$8,498,888</u>	<u>2,000,000</u>	<u>4,498,497</u>	<u>823</u>
Transfers among funds - additions (deductions):				
MS-6889 - principal and interest		89,876		
Non-majority - other		(28,748)	78,876	
Total transfers among funds		<u>61,128</u>	<u>78,876</u>	<u>12,948</u>
Net increase (decrease) for the year	<u>MS-6889</u>	<u>115,666</u>	<u>(21,551)</u>	<u>0</u>
Fund balances at beginning of year (restricted)	<u>MS-6889</u>	<u>1,071,444</u>	<u>3,713,301</u>	<u>8,188</u>
Fund balances at end of year	<u>MS-6889</u>	<u>\$1,187,110</u>	<u>\$3,731,748</u>	<u>\$8,170</u>

ENCUMBRANCE FUNDS	PLANT FUNDS			TOTAL
	UNCOMPLETED	RETIREMENT OF DEBT/RESERVE	IN PLANT	
				\$ 48,788,000
				700,000
				787,000
				1,070,000
				651,000
\$7,000	\$14,000			21,000
				10,000
40,000				40,000
271,000				271,000
			\$486,000	486,000
<u>\$1,400</u>	<u>\$14,000</u>	<u>\$0.00</u>	<u>\$486,000</u>	<u>\$91,000</u>
				\$1,071,000
				2,000,000
	20,000			20,000
		\$40,000		40,000
		\$1,500		1,500
<u>3,000</u>		<u>\$41,500</u>	<u>3,000</u>	<u>47,500</u>
<u>3,000</u>	<u>24,000</u>	<u>\$0.00</u>	<u>3,000</u>	<u>30,000</u>
				\$1,118,500
	\$2,700			2,700
<u>\$700</u>	<u>\$2,700</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$2,700</u>
\$1,000	\$0,000	\$0,000	\$70,000	\$71,000
\$50,000	\$40,000	\$0,000	\$1,000,000	\$1,090,000
<u>\$51,000</u>	<u>\$42,700</u>	<u>\$0,000</u>	<u>\$1,070,000</u>	<u>\$1,164,400</u>

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU IN SHREVEPORT
CURRENT FUNDS

Schedule of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1996

	AUXILIARY		
	GENERAL	ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	\$7,347,001		\$881,554
State appropriations	6,891,751		
Federal grants and contracts			2,181,682
State grants and contracts			794,482
Private gifts, grants, and contracts			1,267,283
Salaries and services of educational departments	48,948		128,411
Salaries and services of auxiliary departments		\$2,100,972	
Investment income	110,880		
Endowment income			9,588
Other sources	82,191		33,184
Total revenues	14,540,680	2,100,972	4,405,684
Expenditures and transfers:			
Educational and general:			
Instruction	6,889,070		1,110,511
Research	84,404		652,592
Public service			834,830
Academic support	1,780,481		120,270
Student services	764,582		71,825
Institutional support	2,422,311		58,474
Operations and maintenance of plant	1,398,877		31,800
Subscriptions and fellowships	432,889		1,727,591
Total educational and general expenditures	14,346,084	10,948	4,505,904
Mandatory transfers - principal and interest		89,875	
Mandatory transfers - other		30,248	(78,978)
Auxiliary department expenditures		2,855,320	
Total expenditures and transfers	14,346,084	2,975,443	4,426,926
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			(88,847)
Other			(108,898)
Net increase in fund balances	104,600	\$113,689	\$391,952

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU BOARD OF SUPERVISORS AND
 SYSTEM ADMINISTRATION
 CURRENT FUNDS

Schedule of Revenues, Expenditures,
 and Other Changes
 For the Year Ended June 30, 1996

	<u>GENERAL</u>	<u>RESTRICTED</u>
Revenues:		
State appropriations	\$1,730,874	\$1,800
Private gifts, grants, and contracts		2,408
Other sources		47,826
Total revenues	<u>1,730,874</u>	<u>20,034</u>
Expenditures and transfers:		
Institutional support	1,600,200	40,379
Operations and maintenance of plant	88,808	
Total educational and general expenditures	<u>1,730,874</u>	<u>40,379</u>
Mandatory transfers - capital improvements		8,897
Total expenditures and transfers	<u>1,730,874</u>	<u>49,276</u>
Other additions - excess of restricted receipts over transfers to revenues		<u>120,778</u>
Net increase in fund balances	<u>NONE</u>	<u>\$120,778</u>

<u>AP/ACS</u>	<u>Student Center</u>	<u>Others</u>	<u>Total</u>
171,684	(500,345)	(2607,838)	(636,500)
(188,488)	(290,877)	867,200	1,687,658
688,728	(813,571)	3,887,888	18,008,358
(2,025,348)	3,378,424	2,714,780	28,387,873
1,158,039	688,682	170,832	3,057,883

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU MEDICAL CENTER
CURRENT FUNDS**

**Schedule of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1988**

	GENERAL	SPECIALTY ENTRUSTEES	RESTRICTED
Revenues:			
Tuition and fees	\$42,642,243		\$453,400
State appropriations	\$1,490,000		
Federal grants and contracts			23,985,807
State grants and contracts	21,907,800		48,818,388
Local grants and contracts			1,204,211
Private gifts, grants, and contracts			17,400,787
Hospital income	47,894		158,490,350
Books and services of educational departments	1,180,639		182,004,544
Books and services of auxiliary departments		\$25,187,800	
Investment income	154,535		12,199,350
Endowment income			237,845
Other sources	801,750		18,138,137
Total revenues	\$67,992,846	\$25,187,800	428,637,831
Expenditures and transfers:			
<i>Educational and general:</i>			
Instruction	72,437,838		60,890,368
Research	4,888,218		38,441,830
Public service	88		69,815,134
Academic support	8,781,488		20,590,789
Student services	1,423,484		1,888,850
Institutional support	14,285,918		31,338,712
Operations and maintenance of plant	5,575,548		8,288,918
Scholarships and fellowships	871,898		1,823,884
Other			31,243
Total educational and general expenditures	\$117,860,236	\$0.00	200,333,712
<i>Mandatory transfers for:</i>			
Principal and interest		214,084	
Loan fund matching	\$1,288		\$1,288
<i>Nonmandatory transfers for:</i>			
Capital improvements	117,290	388,310	1,023,081
Furniture and equipment		688,300	
Other		1,800	(1,000)
Auxiliary enterprise expenditures		22,360,843	
Hospital expenditures	47,894		158,490,350
Total expenditures and transfers	187,052,846	\$2,853,763	428,668,008

(Continued)

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AND A & M COLLEGE - BATON ROUGE
CURRENT FUNDS

Schedule of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1996

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	375,336,433		23,024,183
State appropriations	120,748,813		10,004
Federal grants and contracts			33,024,678
State grants and contracts			17,851,517
Private gifts, grants, and contracts			11,341,081
State and services of educational departments	5,008,979		881,799
State and services of auxiliary departments		185,865,815	
Endowment income			754,891
Investment income	2,358,000		1,211,776
Other sources	8,143,000		6,880,585
Total revenues	<u>391,587,225</u>	<u>185,865,815</u>	<u>61,784,527</u>
Expenditures and transfers:			
Educational and general:			
Instruction	87,372,899		14,278,080
Research	25,012,833		38,289,379
Public service	2,108,899		8,208,288
Auxiliary support	27,048,813		1,183,688
Student services	8,204,888		1,628,302
Institutional support	18,098,255		5,810,719
Operations and maintenance of plant	22,053,355		858,790
Scholarships and fellowships	18,480,542		5,840,785
Total educational and general expenditures	<u>214,430,084</u>		<u>74,588,381</u>
Mandatory transfers for:			
Principal and interest		2,816,287	2,182,868
Loan- and matching grants	62,840		
Nonmandatory transfers for:			
Capital improvements	178,735	3,856,703	3,408,047
Repairs and replacements		1,024,890	
Other		288,425	(88,617)
Auxiliary enterprise expenditures		13,827,481	
Total expenditures and transfers	<u>214,611,664</u>	<u>18,003,686</u>	<u>61,038,688</u>
Other activities (increments):			
Excess of restricted receipts over transfers to reserves			5,621,691
Inventory decrease	(28,793)		
Other		815,874	8,288,520
Net increase in fund balances	<u>(28,793)</u>	<u>(286,771)</u>	<u>21,366,130</u>

Legislative Auditor

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Internal Control and Compliance Comments
Page 16

revised the contracts of these employees to include a provision for additional compensation for post-season participation.

In the absence of legal authorization or obligation, payments of additional compensation and purchases of gifts related to participation in post-season activity appear to violate Article VII, Section 14(A) of the Louisiana Constitution of 1974. By making such donations, LSU is foregoing the revenues that it would otherwise have had available for use.

LSU should assure that public funds are not improperly donated for purchases and compensation related to athletic activity in all sports. In a letter dated May 18, 1997, Dr. Jerry Blouin, Vice Chancellor for Business Affairs and Comptroller, stated, "The University believes it is a long-standing usual and customary practice among NCAA Division I institutions to provide commemorative awards and entry to pre-game events to the athletes and official team party participating in post-season bowl competitions. In addition, this has been the historical practice of LSU in previous bowl games. However, the University will assure that private funds are used to fund any such future bowl game expenditures. Moreover, LSU has been reimbursed a total of \$2,455 in private funds for the award and pre-game event total expenditures related to the 1996 Independence Bowl.

"During the audit of fiscal year 1995-96, the Legislative Auditor cited the University concerning the payment of additional compensation to LSU coaches and athletic staff who participated in the 1995 Independence Bowl, the 1996 College World Series, and the 1999 Women's Outdoor Track Championship. [See Finding titled "Failure to Adequately Document Additional Compensation Hours."] The University responded to this finding on December 17, 1996. This original audit finding and our response, both of which focused on whether the University had correctly followed an internal policy, was published on March 31, 1997, in the Louisiana Single-Audit Report for the year ended June 30, 1996. Subsequent to the release of that report, and apparently as a result of an opinion letter written by the General Counsel to the Legislative Auditor dated March 20, 1997, the Auditor now finds that the payments in question are in fact "bonuses," and in apparent violation of the Louisiana Constitution. As explained below, LSU believes the payment of additional compensation was legal, and not a constitutional violation. Thus, the University disagrees with this finding.

"The Legislative Auditor's assertion that the University has improperly donated public funds for payments to coaches and athletic staff involved in certain post-season athletic competition is based on Attorney General Opinion No. 89-678 issued on January 23, 1987. This opinion indicates, in part, that 'lump sum payments to coaches and athletic department staff involved in post-season bowl or playoff games' are bonuses, and thus, in violation of Article VII, Section 14 of the Louisiana Constitution, if 'there are no provisions for these payments in the contract, or terms and conditions of employment.'

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
PERMINGTON BIOMEDICAL RESEARCH CENTER

Balance Sheet, All Funds, June 30, 1988

	CURRENT FUNDS		ENCUMBRMENT FUNDS	PLANT FUNDS	AGENCY FUNDS	TOTAL
	OPERATING	RESERVE		IN PLANT		MEMORANDUM FUNDS
ASSETS						
Cash and cash equivalents	\$0,000	\$2,795,750			\$1,000	\$2,800,000
Accounts receivable	\$0,000	\$20,000				\$20,000
Due from private foundations		2,115	\$4,544,000			4,547,115
Deferred charges and prepaid expenses	\$0,000	2,150				2,150
Institutional plant				\$16,177,000		16,177,000
TOTAL ASSETS	\$0,000	\$2,820,015	\$4,544,000	\$16,177,000	\$1,000	\$19,548,015
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts payable	\$54,000	\$54,100				\$108,100
Accrued salaries	17,000	10,000				\$27,000
Deposits held for others					\$7,500	7,500
Total Liabilities	71,000	64,100	NCNE	NCNE	7,500	148,600
Fund Equity						
Net investment in plant				\$16,177,000		16,177,000
Fund balances						
Reserve		\$20,000				\$20,000
Current operations - reserve		2,800,000				2,800,000
Noncurrent operations - encumbrment			\$4,544,000			4,544,000
Total Fund Equity	NCNE	2,820,000	4,544,000	16,177,000	NCNE	19,548,000
TOTAL LIABILITIES AND FUND EQUITY	\$71,000	\$2,820,000	\$4,544,000	\$16,177,000	\$1,000	\$19,548,000

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU BOARD OF SUPERVISORS AND
 SYSTEM ADMINISTRATION

Schedule of Changes in Fund Balances
 For the Year Ended June 30, 1995

	CURRENT FUNDS		PLANT FUNDS		TOTAL
	GENERAL	RESTRICTED	SALARIES/STAFF	INVENTORY	
				IN PLANT	
Revenues and other additions:					
Unrestricted current fund revenues	\$1,708,874				\$1,708,874
Investment income - restricted		\$9,897			\$9,897
Additions to plant facilities				\$26,706	\$26,706
Other sources		\$2,826			\$2,826
Total revenues and other additions	<u>1,708,874</u>	<u>172,523</u>	<u>9048</u>	<u>26,706</u>	<u>1,917,151</u>
Expenditures and other deductions:					
Educational and general	1,708,874	42,130			1,751,004
Expended for plant facilities			\$9,848		9,848
Depreciation plant facilities				18,408	18,408
Total expenditures and other deductions	<u>1,708,874</u>	<u>42,130</u>	<u>9,848</u>	<u>18,408</u>	<u>1,879,260</u>
Transfers among funds - within educational - nonmandatory - capital improvements	<u>9048</u>	<u>(8,263)</u>	<u>8,263</u>	<u>9048</u>	<u>8098</u>
Net increase (decrease) for the year	<u>9048</u>	<u>132,373</u>	<u>(1,898)</u>	<u>8,340</u>	<u>139,863</u>
Fund balances at beginning of year	<u>9048</u>	<u>338,878</u>	<u>9,898</u>	<u>2,111,321</u>	<u>2,550,945</u>
Fund balances at end of year	<u>9048</u>	<u>471,251</u>	<u>8,000</u>	<u>2,119,661</u>	<u>2,668,960</u>

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU BOARD OF SUPERVISORS AND
 SYSTEM ADMINISTRATION

Balance Sheet, All Funds, June 30, 1968

	CURRENT FUNDS		PLANT FUNDS		TOTAL
	GENERAL	RESTRICTED	UNEXPENDED	IN PLANT	(204 1)
ASSETS					
Cash and cash equivalents	\$100,000	\$451,341	\$5,400		\$556,741
Accounts receivable	50,000				50,000
Deferred charges and prepaid expenses	4,400				4,400
Inventory on hand				\$2,189,800	2,189,800
TOTAL ASSETS	\$154,400	\$451,341	\$5,400	\$2,189,800	\$2,800,941
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$10,000	500			\$11,500
Accrued liabilities	5,400	500			5,900
Due to state treasury	70,000				70,000
Total Liabilities	\$85,400	1,000	\$0.00	\$0.00	\$86,400
Fund Equity					
Net investment in plant				\$2,189,800	2,189,800
Fund reserves:					
Reserves			\$5,400		5,400
Excess expenditures - restricted		491,791			491,791
Non-current operations - restricted			1,000		1,000
Total Fund Equity	\$78,900	491,791	\$6,400	\$2,189,800	2,766,891
TOTAL LIABILITIES AND FUND EQUITY	\$164,300	\$942,791	\$6,400	\$2,189,800	\$2,800,941

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY SYSTEM

STATE OF LOUISIANA

Internal Control Report

December 20, 1986, except for the finding

in Exhibit C titled "Improper Donation of

Public Funds," dated May 18, 1987

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This report is intended for the information and use of the university's 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

LJD-GJJ:dl

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LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1996

The following supplemental information schedules present the Balance Sheets; Schedules of Changes in Fund Balances; and Schedules of Revenues, Expenditures, and Other Changes - Current Funds for the LSU Board of Supervisors and System Administration, the Pennington Biomedical Research Center, the LSU and ASM College - Baton Rouge Campus, the LSU at Alexandria Campus, the LSU at Eunice Campus, the Paul M. Hebert Law Center, the LSU Agricultural Center, the University of New Orleans Campus, the LSU in Shreveport Campus, and the LSU Medical Center.

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY SYSTEM

STATE OF LOUISIANA

Internal Control and Compliance Comments

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8. Management of the Department of Computing Services does not extract system generated reports from the central processing, mainframe computer.
9. The Department of Computing Services' quarterly back-up tapes are stored in an unsecured location.
10. The Department of Computing Services' disaster recovery plan has not been tested to determine the actual viability of the plan.
11. The Department of Computing Services has the following physical access deficiencies:
 - Except for the operations room, entrance to the department is not restricted, allowing unauthorized access.
 - Access to the operations room in the Office of Computer Services has been extended to include individuals who do not have a business need for unrecorded access.
 - The locked door used to control access to the department's operations room prohibits visual identification of anyone requesting entrance.
 - The department does not maintain a record of persons obtaining entrance to the operations room.

LSU in Shreveport should review each of the conditions identified previously and take appropriate action to correct each deficiency. In addition, management should continuously monitor and make periodic changes, as needed, to its GCP general controls. In a letter dated August 20, 1995, Mr. Michael T. Ferrill, Vice Chancellor for Business Affairs, stated that the university is committed to correcting any deficiencies noted in these findings.

Unrecorded Inventory

Louisiana State University Medical Center in Shreveport (LSUMC-S) does not have adequate internal controls over its special order supplies. It is management's responsibility to provide for, and maintain, adequate internal controls over inventory, to include the tracking, valuing, and safeguarding of all inventoriable supplies. The LSUMC-S Internal Audit Department conducted an audit of the Central Medical Supply Department's policies, procedures, and practices. The report, dated May 16, 1995, revealed a weakness relating to special order supplies not being counted or included in the perpetual supply inventory. As a follow-up to this matter, three hospital departments were selected for observation to determine the physical existence of

UNAPPORTIONED	PLANT FUNDS		EQUIPMENT IN PLANT	AGENCY FUNDS	TOTAL (UNAPPORTIONED ONLY)
	REVENUE FUNDS REPLACEMENTS	REVENUE FUNDS MAINTENANCE			
26,000,000	21,321,993	\$17,100		\$171,400	\$62,650,278
2,772,000		2,221,000			27,877,800
1,900					170,000
33,700		500,000			22,197,804
					600,000
					17,184,625
					12,880,822
					18,800
					2,100,000
					2,840,400
			2669,821,104		699,871,104
					1,284,000
<u>\$1,024,000</u>	<u>\$2,721,993</u>	<u>\$2,828,400</u>	<u>2669,821,104</u>	<u>\$171,400</u>	<u>\$69,881,176</u>
400,000	271				64,498,000
					2,892,278
					15,747
					64,583,025
				\$170,400	1,588,062
					14,076,889
			228,726,248		22,720,248
			2,578,718		2,578,718
			22,800,000		22,800,000
<u>600,000</u>	<u>271</u>	<u>6,048</u>	<u>24,407,265</u>	<u>170,400</u>	<u>27,770,298</u>
			294,893,468		244,223,468
1,271,000	180,000	\$2,828,400			6,076,700
					26,798,600
11,000,000	2,282,200				28,278,600
					15,941,000
					648,700
					2,666,000
<u>12,000,000</u>	<u>2,704,200</u>	<u>2,828,400</u>	<u>24,407,265</u>	<u>170,400</u>	<u>17,971,274</u>
<u>\$10,074,000</u>	<u>\$2,721,993</u>	<u>\$2,828,400</u>	<u>2669,821,104</u>	<u>\$171,400</u>	<u>\$69,881,176</u>

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 Internal Control and Compliance Comments
 Page 11

"On November 13, 1967, the LSU Board of Supervisors adopted a resolution recognizing that certain post-season intercollegiate athletic events require extra work of coaches and other Athletic Department staff for which they are not compensated in their regular salaries and for which additional compensation is warranted. The resolution identified the specific post-season athletic events for which extra compensation was warranted, the maximum additional compensation that could be paid, and the procedure for determining who would be entitled to receive the additional compensation.

"In a letter dated January 9, 1968, the University's attorneys opined that this resolution of the Board of Supervisors 'becomes a term or condition of the employment of every University employee.' Our attorneys further indicated that, while 'specific recognition of the substance of the resolution adopted by the LSU Board of Supervisors in any written contracts with employees . . . would be better documentation of the contractual relationship' between the University and its employees, nonetheless, 'a written document is not necessary to create a term or condition of employment or a contractual right.'

"Thus, the University paid extra compensation to coaches and athletic staff involved in the 1965 Independence Bowl and certain other post-season athletic events during fiscal 1966-68 with assurance from our attorneys that such payments were both legal and necessary, in accordance with the 1967 resolution adopted by the LSU Board of Supervisors. In order to provide further assurance of the contractual right for extra compensation that exists relative to post-season athletic events, the University, as we stated in our reply to the original finding, made relevant modifications to the employment contracts of all Athletic employees during fiscal 1968-69."

Failure to Adequately Document Additional Compensation Hours

The LSU - Baton Rouge Athletic Department could not provide support for payments of additional compensation as follows:

- \$56,347 for the 18 Athletic Department staff members performing duties for the 1965 Independence Bowl
- \$3,172 for the two baseball staff members performing duties for the 1966 College World Series
- \$10,713 for the five track staff members performing duties for the 1966 Women's Outdoor Track Championship

Office of the Chancellor Policy Statement 43 (PC-43) provides that a fiscal year employee may earn additional compensation for performing work outside the scope of the employee's normal duties as reflected on his/her position description form. However, if the work to be performed

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 MONROE BIOMEDICAL RESEARCH CENTER
 CURRENT FUNDS

Schedule of Revenues, Expenditures,
 and Other Changes
 For the Year Ended June 30, 1988

	<u>GENERAL</u>	<u>RESTRICTED</u>
Revenues:		
State appropriations	\$5,808,000	\$8,807
Federal grants and contracts		5,458,871
State gifts and contracts		148,800
Private gifts, grants, and contracts		1,158,404
Fees and services of educational departments	11,378	3,842
Other sources	671,878	1,511,141
Total revenues	<u>7,502,334</u>	<u>8,959,865</u>
Expenditures and transfers - educational and general:		
Research	1,600,808	7,287,388
Public service		42,758
Academic support	789,215	389,800
Institutional support	1,337,658	381,571
Operations and maintenance of plant	1,718,628	134,374
Scholarships and fellowships	483	42,877
Total educational and general expenditures	<u>7,164,607</u>	<u>8,279,878</u>
Other additions (deductions):		
Excess of restricted receipts over transfers to revenues		2,230,688
Other		<u>(2,172,543)</u>
Net increase in fund balances	<u>NONE</u>	<u>\$18,044</u>

INVESTMENT FUNDS	PLANT FUNDS				TOTAL
	REVENUES	REVENUES AND REPLACEMENTS	DEPRECIATION	INVESTMENT IN PLANT	
					\$285,473,287
					5,987,884
					18,833,385
					88,333,880
					13,746,880
\$433,343	\$66,807				5,175,880
					287,748
					1,287,888
1,000,000					1,000,000
300,000					1,388,117
				\$22,471,287	18,471,907
				2,888,184	3,888,184
420,733	15,138			420,000	8,988,888
1,747,924	197,945			28,888,187	411,288,733
					288,888,287
					17,888,488
					8,888,888
					88,774
					8,888,888
					2,888,188
					2,778,888
				28,888,888	28,888,888
	1,087,784				5,888,784
		\$1,888,888		8,788,478	8,788,288
	1,888,888	1,888,888	1,888,732	28,287,888	48,287,732
					5,888,888
	8,043,133	1,888,733			
		1,288,888			
788,888		11,288			
288,288	1,288,733	888,777	5,778,888		8888
					28,788
1,888,138	1,888,288	878,887	178,888	18,778,888	13,788,884
18,288,778	8,888,888	8,888,118	2,878,888	88,888,888	78,888,788
\$11,288,884	\$1,288,287	\$2,778,888	\$3,888,888	\$28,288,888	\$11,288,144

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU AND ASM COLLEGE - BATON ROUGE

Balance Sheet, All Funds, June 30, 1988

	CURRENT FUNDS			STUDENT LOANS FUNDS	ENDOWMENT FUNDS
	GENERAL	ENTRUSTABLES	RESTRICTED		
ASSETS					
Cash and cash equivalents	\$29,259,797	\$4,155,633	\$6,641,188	\$2,800,888	\$4,700,427
Investments	17,368,000	1,099,204			1,800,825
Accrued interest	288,000	63,000	287,000		
Accounts receivable	3,897,400	2,400,170	14,008,071		
Due from state General Fund Sales (receivable)				11,594,421	
Due from private foundation			1,884,187		18,879,400
Due from other campuses	78,800				
Deferred charges and prepaid expenses	1,680,070	204,800	1,387,894		
Inventory	148,000	3,880,000			
Institutional plant Other assets					1,244,800
TOTAL ASSETS	\$45,645,067	\$14,527,807	\$17,379,867	\$13,395,307	\$18,799,827
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$4,688,864	\$1,026,400	\$183,740	\$71,103	
Accrued liabilities	3,038,400	209,194	180,000		
Due to state/fund(s)	75,141				
Due to other campuses	78,000,000				\$1,034,000
Deposits held by others	680,000	\$21,700		888,000	
Deferred revenues	6,820,481	7,875,007	111,000		
Notes payable					
Contracts payable					
Bonds payable					
Total Liabilities	15,301,886	9,137,301	465,740	959,103	1,034,000
Fund Equity					
Net investment in plant					
Fund balances:					
Financial	148,000	1,868,200	1,235,000		
Current operations - restricted		3,975,071	25,000,000		
Recurrent operations:					
Reserves				12,980,000	
Endowment					15,841,800
Total endowment					144,700
Quasi-endowment - restricted					1,688,000
Total Fund Equity	148,000	5,843,271	26,375,000	13,960,000	17,534,500
TOTAL LIABILITIES AND FUND EQUITY	\$15,449,886	\$14,980,571	\$17,379,867	\$14,355,103	\$18,799,827

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AT ALEXANDRIA

Balance Sheet, All Funds, June 30, 1996

	CURRENT FUNDS			STUDENT LOAN FUND	ENDOWMENT FUNDS
	GENERAL	ENTERPRISE	RESTRICTED		
ASSETS					
Cash and cash equivalents	\$211,885	\$1,388,818	\$29,486	\$1,232	\$91,218
Accounts receivable	78,136		200,000		
Due from State General Fund					
Due from State Foundation			1,428		160,708
Receivables - charges and prepaid expenses	1,440				
Investments		290,277			
Institutional plant					
TOTAL ASSETS	\$361,566	\$1,679,103	\$300,914	\$1,232	\$312,634
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$45,540	\$2,880			
Accounts receivable	128,112	2,792	\$1,216		
Deposits held for others				59	
Unfunded revenues	\$91,875	\$1,366	3,822		
Contracts payable					
Total Liabilities	\$365,527	\$7,040	5,058	59	
Fund Equity					
Net investment in plant					
Fund balances:					
Reserved		\$7,894	19,200		
Unexp. operations - restricted		1,894,665	411,591		
Unexp. operations:					
Restricted				7,564	
Unrestricted					\$91,218
Grant employment - restricted					
Total Fund Equity	706	1,902,559	406,791	7,564	\$91,218
TOTAL LIABILITIES AND FUND EQUITY	\$366,233	\$1,681,602	\$406,850	\$7,564	\$312,634

UNEMPLOYED	PLANT FUNDS			AGENCY FUNDS	TOTAL (SEE 5)
	REPAIRS AND REPLACEMENTS	RETIREMENT OR BENEFITS	INVESTMENT IN PLANT		
\$48,745	\$134,193			\$15,490	\$2,518,764
		\$111,450			288,284
					171,888
					170,888
					5,400
					288,277
			\$27,000,100		27,000,100
<u>\$48,745</u>	<u>\$134,193</u>	<u>\$111,450</u>	<u>\$27,000,100</u>	<u>\$15,490</u>	<u>\$28,448,764</u>
					393,528
					144,284
				\$15,490	45,571
					223,768
			\$71,000		181,888
<u>\$48,745</u>	<u>\$134,193</u>	<u>\$111,450</u>	<u>\$71,000</u>	<u>\$15,490</u>	<u>1,400,000</u>
					28,241,768
\$2,933	\$2,491	\$275,400			799,442
					1,400,000
\$3,132	\$18,711				170,234
					45,571
					45,571
<u>\$3,132</u>	<u>\$18,711</u>	<u>\$275,400</u>	<u>\$2,267,736</u>	<u>\$40,491</u>	<u>27,381,281</u>
<u>\$48,745</u>	<u>\$134,193</u>	<u>\$111,450</u>	<u>\$27,000,100</u>	<u>\$15,490</u>	<u>\$28,448,764</u>

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AT ALEXANDRIA**

**Schedule of Changes in Fund Balances
For the Year Ended June 30, 1998**

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	ADVERSE	RESTRICTED	
Revenues and other additions:				
Included current fund revenues	\$7,295,804	\$1,195,649		
Tuition-entrance - restricted			\$47,200	
State grants and contracts - restricted			273,288	
Federal grants and contracts - restricted			7,494,584	
Private gifts, grants, and contracts - restricted			288,811	
Investment income - restricted				\$234
Sales and services			2,812	
Interest on loans receivable				\$71
State funded assignments:				
Endowment income			18,698	
Subsidies to plant facilities				
Repayment of indebtedness				
Other sources			8,648	4,351
Total revenues and other additions	7,295,804	1,195,649	7,877,143	4,656
Expenditures and other deductions:				
Educational and general	7,295,804		3,087,208	
Auxiliary enterprises		1,044,100		
Student costs recovered			27,283	
Expended for plant facilities				
Retirement of indebtedness				
Interest on indebtedness				
Deprecial of plant facilities				
Other			3,725	4,480
Total expenditures and other deductions	7,295,804	1,047,825	3,118,216	8,960
Transfers among funds - additions (deductions):				
Mandatory - principal and interest		273,288		
Nonmandatory				
Capital improvements		(27,488)		
Plant and equipment		(4,725)		
Total transfers among funds	\$0.00	(24,199)	\$0.00	\$0.00
Net increase (decrease) for the year:	\$0.00	122,824	47,114	(404)
Fund balances at beginning of year:	\$0.00	1,826,855	\$43,733	8,656
Fund balances at end of year:	\$0.00	1,949,679	\$90,847	8,252

ENHANCEMENT FUND	PLANT FUNDS			INSURANCE FUND	TOTAL
	REPAIRS AND REPLACEMENTS	REPAIRS AND REPLACEMENTS	REPAIRS AND REPLACEMENTS		
					\$4,111,000
					41,000
					333,000
					1,494,000
					390,011
					334
					3,910
					321
\$100,000					100,000
0.000					0.000
				500,000	500,000
				50,000	50,000
				70,000	70,000
<u>100,000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>620,000</u>	<u>1,530,211</u>
					8,494,700
					1,894,100
	670,100				67,000
			599,000		20,000
			40,000		50,000
				50,000	50,000
				50,000	50,000
		50,000			50,000
<u>0.000</u>	<u>670,100</u>	<u>50,000</u>	<u>639,000</u>	<u>50,000</u>	<u>1,530,211</u>
					110,000
	25,000				
<u>0.000</u>	<u>25,000</u>	<u>14,100</u>	<u>14,100</u>	<u>0.000</u>	<u>60.000</u>
100,000	0.000	10,714	90,000	690,000	790,000
10,000	44,344	140,000	111,000	10,000,000	22,000,000
<u>\$170,000</u>	<u>\$44,344</u>	<u>\$154,714</u>	<u>\$111,000</u>	<u>\$10,690,000</u>	<u>\$23,260,200</u>

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AT ALEXANDRIA
CURRENT FUNDS

Schedule of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1996

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	\$1,270,000		\$38,000
State appropriations	4,880,478		1,140
Federal grants and contracts			1,482,000
State grants and contracts			368,400
Private gifts, grants, and contracts			214,000
Fees and services of educational departments	22,700		
Fees and services of auxiliary departments		\$1,230,049	
Endowment income			1,474
Other sources	213,814		1,078
Total revenues	7,380,304	1,230,049	3,087,126
Expenditures and transfers:			
Educational and general:			
Instruction	3,884,688		602,328
Public service			2,001
Academic support	429,044		77,158
Student services	595,308		87,574
Institutional support	1,382,240		23,483
Operations and maintenance of plant	1,644,236		2,048
Scholarships and fellowships	50,485		1,520,000
Total educational and general expenditures	7,525,901	NONE	2,987,128
Mandatory benefits - principal and interest		112,200	
Mandatory benefits for:			
Capital improvements		27,780	
Equipment and replacements		84,420	
Auxiliary enterprises expenditures		1,044,180	
Total expenditures and transfers	7,525,901	1,196,380	3,087,126
Other additions (deductions):			
Excess of restricted receipts over benefits to resources			174,207
Other		(8,708)	(21,200)
Net increase (decrease) in fund balances	NONE	\$133,669	\$87,104

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

28. DEFERRED COMPENSATION PLAN

Certain employees of the 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.

29. SUBSEQUENT EVENTS

The Board of Supervisors of Louisiana State University Agricultural and Mechanical College issued \$4,495,000 of Revenue Bonds (University of New Orleans Project) Series 1996A dated August 1, 1996. The bond proceeds will be used to finance the acquisition of Jefferson Parish Institutional Center and refund outstanding University Building Bonds, Series 1978. Revenues derived from the \$45 per student per semester off-campus charge together with certain Auxiliary Enterprises Fund revenue are pledged to finance debt service.

The Board of Supervisors of Louisiana State University Agricultural and Mechanical College issued \$23,485,000 of Revenue Bonds (Louisiana State University and A&M College - Baton Rouge) Series 1996 dated September 8, 1996. The bond proceeds will be used to demolish Power Hall; build a new student apartment complex; construct an athletic medical training and treatment room, locker rooms, and weight training facilities; fund a deposit to the reserve account for the Series 1996 bonds; fund a deposit to the Capitalized Interest Fund; and pay expenses related to the bond issue. Revenues from any fees, rates, rentals, charges or other receipts or income received from students in connection with the operation of the auxiliary are pledged to finance debt service.

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU AT LAFAYETTE

Balance Sheet, All Funds, June 30, 1966

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	ENROLLMENT	MAINTENANCE	
ASSETS				
Cash and cash equivalents				
Accounts receivable	\$206,048	\$98,718	\$304,373	\$11,000
Notes receivable	82,360	26	3,610.94	
Due from parent foundation				476,700
Inventories			8,882	
Deferred charges and prepaid expenses		364,376		
Investment plan	6,460			
TOTAL ASSETS	\$301,868	\$1,148,200	\$614,348	\$607,700
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$6,100	\$1,400		
Accrued salaries	114,080	3,040	90,880	
Deposits held for others	7,300			
Deferred revenues				
Total Liabilities	127,480	14,440	90,880	
Fund Equity:				
Net investment - funded				607,700
Fund balances:				
Reserves				
Current operations - restricted		8,882	1,346	
Maintenance operations:		1,148,200	134,000	
Furnished				
Endowment				607,700
Total Fund Equity				607,700
TOTAL LIABILITIES AND FUND EQUITY	\$301,868	\$1,148,200	\$614,348	\$607,700

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
UNIVERSITY OF NEW ORLEANS
CURRENT FUNDS

Schedule of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1995

	GENERAL	AUXILIARY ENTERPRISES	CONTRACTS
Revenues			
Tuition and fees	\$24,088,858		\$4,872,870
State appropriations	24,150,000		
Federal grants and contracts			45,536,813
State grants and contracts			5,580,240
Local grants and contracts			583,280
Private gifts, grants, and contracts			3,248,352
State and services of educational departments	184,380		
State and services of auxiliary departments		\$11,008,450	
Endowment income			177,079
Investment income	428,581		134,898
Other sources	3,094,434		2,541,034
Total revenues	<u>27,692,733</u>	<u>11,008,450</u>	<u>57,093,273</u>
Expenditures and transfers:			
Educational and general:			
Instruction	27,828,473		6,274,580
Research	1,780,240		11,874,581
Public service	1,882,283		1,688,555
Academic support	9,887,088		593,274
Student services	3,880,000		2,005,217
Institutional support	3,504,000		1,102,807
Operations and maintenance of plant	3,148,417		688,400
Scholarships and fellowships	3,437,412		7,335,280
Total educational and general expenditures	<u>71,868,303</u>	<u>NONE</u>	<u>32,767,384</u>
Mandatory transfers for:			
Principal and interest		840,000	840,376
Loan fund matching	52,500		
Nonmandatory transfers for:			
Capital improvements		488,008	1,120,300
Materials and replacements		34,318	
Other	(126,884)	79,000	87,662
Auxiliary enterprises expenditures		8,608,450	
Total expenditures and transfers	<u>71,688,319</u>	<u>9,527,848</u>	<u>35,023,842</u>
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			1,780,737
Inventory increase			3,120
Other	352	114,808	(2,488,328)
Net increase in fund balances	<u>504</u>	<u>680,602</u>	<u>(2,084,769)</u>

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 Internal Control and Compliance Comments
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Management of PBRC should continue to work with the East Baton Rouge Sheriff's Parish Office and officials at EPLMC in satisfactorily resolving this matter, and ensure that, in the future, all cash is adequately safeguarded and periodic unannounced reconciliations of the petty cash fund are performed. In a letter dated May 28, 1999, Mr. John J. Favel, Jr., Director of Fiscal Operations, concurred with the finding and stated that PBRC will conduct unannounced cash counts at EPLMC.

Improper Donation of Public Funds

Louisiana State University (LSU) appears to have improperly donated public funds during fiscal year 1996 for purchases and compensation related to athletic activity in football, baseball, and track.

The Louisiana Constitution of 1974, Article VI, Section 14(A) states, in part, that the funds, credit, property, or things of value of the state or of any political subdivisions shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. In addition, Attorney General Opinion No. 88-679 provides, in part, that payments to coaches and athletic department staff involved in post-season bowl or playoff games are bonuses and are, therefore, prohibited. This opinion further states, "there may be no payment of public funds in addition to a public employee's fixed compensation or salary, notwithstanding the fact that such employee may have performed extra services or worked overtime." However, we noted the following:

- The Independence Bowl organizer provided 100 complimentary jackets, hats, watches, and attaché bags as player awards and 900 complimentary tickets for pre-game events. However, this number was not sufficient for the entire official party, which included the coaches, graduate assistants, student-athlete workers, student trainers, equipment managers, team doctors, Athletic Department staff, the President of LSU, bus drivers, and police escorts. As a result, LSU paid \$9,700 to purchase 37 jackets, 67 hats, 45 watches, 58 attaché bags to provide the entire official party with bowl-related apparel, and \$775 for 90 additional pre-game event tickets. Subsequent to our audit, LSU has been reimbursed a total of \$9,400 in private funds for the awards and pre-game event tickets related to the 1996 Independence Bowl.
- Twenty-six Athletic Department employees received additional compensation totaling \$79,232 in connection with the 1995 Independence Bowl, the 1996 College World Series, and the 1996 Women's Outdoor Track Championship; however, their employment contracts neither authorized nor required the payment of additional compensation. Subsequent to these events, LSU has

LEGISLATIVE AGENCY

LOUISIANA STATE UNIVERSITY SYSTEM

STATE OF LOUISIANA

Internal Control and Compliance Comments

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On April 25, 1996, OGP submitted a report to ORD to support the expenditure of a \$700,000 grant received in fiscal year 1995 and a \$50,000 grant received in fiscal year 1996. The report also provided a summary of programs from October 15, 1994, through May 1, 1995, and allocated costs among the programs. However, we were unable to reconcile this report to the accounting records of the LSU Division of Continuing Education. In addition, OGP's financial records indicate that the account had a debit of \$38,788 for the year ended June 30, 1996.

The inaccuracies in the report were due to OGP personnel preparing the report by reconstructing financial data without review by the business office of the LSU Division of Continuing Education. Failure to submit accurate reports to grantors and failure to monitor grant expenditures could result in misspent funds and the loss of future funding.

The LSU Division of Continuing Education should ensure that all reports required by grantors contain accurate information and that grant activities remain within available resources. In a letter dated November 7, 1996, Dr. Jerry J. Maude, Vice Chancellor for Business Affairs and Comptroller stated, "The University concurs with the finding. Steps have already been taken to ensure that all grant funds are properly monitored with the Division of Continuing Education and accurate information is reported to grantors."

REPORTABLE CONDITIONS/ COMPLIANCE COMMENTS

Shortage in Petty Cash Fund

Pennington Biomedical Research Center (PBRC) does not have adequate controls over the petty cash fund maintained at Earl K. Long Medical Center (EKLMC) resulting in a shortage of \$1,655. PBRC is the recipient of a federal grant from the U.S. Department of Health and Human Services titled "Mental Health Research Center" (CFDA 50.310). Officials of PBRC and EKLMC signed a Memorandum of Agreement establishing a \$5,000 petty cash fund with an EKLMC employee as custodian of the account. This petty cash fund is used to reimburse patients for their participation in grant research. An adequate system of internal controls would require that cash be adequately safeguarded and periodic reconciliations of petty cash funds be performed.

During our test counts of the petty cash fund on April 24 and 25, 1996, we determined that there was a \$1,655 cash shortage not detected by either officials of PBRC or EKLMC. Periodic reconciliations of the petty cash fund had not been performed. The East Baton Rouge Parish Sheriff's Office is investigating this matter.

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Internal Control and Compliance Comments
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uncounted materials and supplies and to obtain a general idea of the volume of error. The following matters were disclosed:

1. During a walk-through of the Operating Rooms Department on September 3, 1996, we observed seven storage rooms, each of which contained several stocked shelves. A nursing supervisor estimated the value of these items to be approximately \$1 million but also stated that many of these items are probably obsolete. The actual value of these inventory items, as of June 30, 1996, is not known and we are not certain that the value can be reasonably estimated.
2. There were four storage rooms in the Anesthesia Department with several stocked storage shelves in each room. No estimate was provided for this inventory.
3. There were several cabinets within the Cardio Catheterization Laboratory that were fully stocked with supply items. The estimated value of these supplies was placed at \$48,800 by the laboratory director.

These conditions exist because management has not placed considerable emphasis upon accountability and safeguarding of all assets. Since the medical center did not adequately control these supplies through an inventory process, inventory is understated in the financial statements by an undetermined amount.

LSUHC-B should review each hospital department's use of special orders, establish policies and procedures to govern their use, and ensure that all supplies purchased throughout the year are tracked through an acceptable inventory method, to include year-end reporting of supplies on hand. In a letter dated September 20, 1996, Mr. Ingo Angermeyer, Hospital Administrator, stated that the medical center will establish a hospital policy requiring each department obtaining medical supplies via special order to conduct a year ending inventory. The value of these inventories shall be reported to the accounting department for inclusion in the year-end financial statements of the medical center.

Inadequate Grant Reporting and Monitoring

The LSU Division of Continuing Education did not ensure that accurate information was reported by its Office of Government Programs (OGP) to the Governor's Office of Rural Development (ORD) and, in addition, allowed the OGP to overspend its budget. An adequate internal control structure includes procedures to ensure that accurate information is submitted to grantors and that grant activities remain within available resources.

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU AND ASM COLLEGE - BATON ROUGE

Schedule of Changes in Fund Balances
 For the Year Ended June 30, 1988

	FUNDS OF CLASS			STUDENT LEARN FUND
	GENERAL	EXTRACURRICULAR	RESTRICTED	
Revenues and other additions:				
Unexpended account fund revenues	\$214,871,884	\$91,885,810		
Tuition and fees - restricted			\$1,091,884	
State grants and contracts - restricted			\$1,076,588	
Federal grants and contracts - restricted			\$4,514,863	
Private gifts, grants, and contracts - restricted			\$1,021,137	
Investment income - restricted			1,000,800	\$50,885
Interest on loans receivable				287,148
State and services			1,247,248	
State-funded endowments				
Endowment income			508,449	
Additions to plant facilities				
Replacement of infrastructure		100,800	7,877,205	254,444
Other sources				
Total revenues and other additions	\$214,871,884	\$92,086,610	\$17,818,629	\$854,317
Expenditures and other deductions:				
Educational and general	214,282,008		14,008,088	
Auxiliary enterprises		15,000,454		
Interest costs restricted			8,088,800	
Loan cancellations and write-offs				\$8,714
Expended for plant facilities				
Replacement of infrastructure				
Interest on infrastructure				
Deposit of plant facilities				
Emergency transfers to Office of Facility Planning and Control				
Other		728,174		17,214
Total expenditures and other deductions	\$214,282,008	\$15,728,628	\$12,096,888	\$25,928
Transfers among funds - additions (deductions):				
Mandatory				
Principal and interest		13,818,000	14,700,000	
Loan fund matching grants	152,040			13,840
Nonmandatory:				
Capital improvements	(716,134)	(3,826,783)	(4,408,917)	
Revenues and replacements		(7,289,990)		
Other		(268,443)	88,811	
Total transfers among funds	(564,094)	\$10,733,827	\$10,291,083	\$27,864
Inventory increase	108,790	40,000	40,000	40,000
Net increase (decrease) for the year	108,790	\$65,713	7,889,741	\$64,349
Fund balances at beginning of year (restricted)	188,716	6,669,240	28,883,148	12,488,271
Fund balances at end of year	\$297,506	\$7,334,953	\$36,772,889	\$72,932,620

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU AGRICULTURAL CENTER

Balance Sheet, All Funds, June 30, 1988

	CURRENT FUND		ENCUMBRANCE FUND
	GENERAL	RESTRICTED	
ASSETS			
Cash and cash equivalents	188,887	64,250,898	
Accounts receivable	81,373	3,850,871	
Due from private foundation		18,200	140,554
Unfilled charges and prepaid expenses in contracts	8,854	30,389	
Investment plan	2,788,883		
TOTAL ASSETS	30,708,897	68,104,474	469,684
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	22,872	91,887	
Accounts payable	408,004	192,268	
Due to state treasury	1,589		
Deposits held for others	1,588		
Deferred revenues	1,343		
Total Liabilities	436,386	284,155	769,641
Fund Equity:			
State investment in plant / improvements			
Reserve	3,788,883	498,142	
Current operations - restricted		1,544,937	
Noncurrent operations: Restricted			
Encumbrance			469,684
Total Fund Equity	3,788,883	2,043,079	469,684
TOTAL LIABILITIES AND FUND EQUITY	30,708,897	68,104,474	469,684

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
UNIVERSITY OF NEW ORLEANS

Balance Sheet, All Funds, June 30, 1986

	CURRENT FUNDS			STUDENT LOANS FUNDS	ENDOWMENT FUNDS
	GENERAL	EXPENSES	RESTRICTED		
ASSETS					
Cash and cash equivalents	\$3,990,040	\$3,894,868	\$368,500	\$368,500	\$208,700
Investments			6,262		1,287,849
Accumulated	41,878		6,171		
Accounts receivable	4,713,384	1,284,687	3,708,878		
State accounts				4,214,212	
Due from private foundation			384,774		3,284,888
Deferred charges and prepaid expenses	695,824	7,248	4,888		
Inventory	323,323	778,418	38,578		
Institutional plant					
Other assets			384,880		
TOTAL ASSETS	\$9,811,734	\$6,069,113	\$4,387,691	\$4,582,712	\$3,871,638
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$1,384,614	\$331,684	\$331,700		
Accrued salaries	1,288,756	50,787	400,454		
Expenses paid for others	60,180	75,484			
Due to other departments			61,680		
Deferred expenses	4,088,400	177,568	378,424		
Notes payable					
Bonds payable					
Other liabilities	74,870		77,545		
Total Liabilities	6,896,820	645,523	848,723	6286	6286
Fund Equity:					
Non-investment in plant					
Fund balances:					
Reserved	181,188	56,677	24,824		
Current operations - restricted		4,388,344	3,073,547		
Noncurrent operations:					
Restricted				\$4,582,712	
Unrestricted					\$3,211,000
Total Fund Equity	332,176	4,445,021	3,103,371	4,587,424	3,217,000
TOTAL LIABILITIES AND FUND EQUITY	\$9,811,734	\$6,880,372	\$4,387,691	\$4,582,712	\$3,871,638

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 UNIVERSITY OF NEW ORLEANS
 ALL FUNDS

Schedule of Changes in Fund Balances
 For the Year Ended June 30, 1990

	CURRENT FUNDS		STUDENT LOANS FUNDS
	GENERAL	ENTREPRENEURIAL	
Revenues and other additions:			
Unrestricted current fund revenues	\$71,880,323	\$11,000,413	
Tuition and fees - restricted			\$3,830,088
State grants and contracts - restricted			8,000,000
Federal grants and contracts - restricted			17,801,044
Local grants and contracts - restricted			679,000
Private gifts, grants, and contracts - restricted			3,940,439
State funded endowments			
Investment income - restricted			14,468
Endowment income			248,181
Interest on loans receivable			
Additions to plant facilities			54,071
Retirement of indebtedness			
Other sources		114,820	2,408,411
Total revenues and other additions	71,880,323	11,115,233	30,480,561
Expenditures and other deductions:			
Educational and general	71,880,323		52,371,555
Auxiliary enterprises		8,800,488	
Student state operations			2,400,000
Loan cancellations and write-offs			
Expenses for plant facilities			54,070
Retirement of indebtedness			
Interest on indebtedness			
Interagency transfers to Office of Facility Planning and Control			
Other			30,173
Total expenditures and other deductions	71,880,323	8,800,488	54,825,828
Transfers among funds - additions (deductions)			
Mandatory:			
Principal and interest		(840,000)	(840,000)
Loan fund working	(20,000)		
Nonmandatory:			
Capital improvements		(498,000)	(2,710,000)
Revenues and expenditures		(34,200)	
Other	100,000	(78,000)	(81,000)
Total transfers among funds	80,000	(1,440,200)	(3,631,000)
Inventory increase	300	600	2,000
Minorities (decrease) for the year	300	60,300	(50,000)
Fund balances at beginning of year	707,070	4,248,071	3,886,180
Fund balances at end of year	507,300	\$4,470,371	\$4,385,180

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU AGRICULTURAL CENTER
 CURRENT FUNDS

Schedule of Revenues, Expenditures,
 and Other Changes
 For the Year Ended June 30, 1988

	<u>GENERAL</u>	<u>RESTRICTED</u>
Revenues:		
Federal appropriations	\$10,254,444	
State appropriations	65,180,108	\$1,620
Federal grants and contracts		3,454,267
State grants and contracts		4,908,887
Private gifts, grants, and contracts		4,333,411
Sales and services of educational departments	3,889,134	228,334
Investment income	171,901	333,143
Other sources	880,237	288,429
Total revenues	<u>68,712,975</u>	<u>13,228,308</u>
Expenditures and transfers - educational and general:		
Instruction		3,800
Research	38,029,217	9,880,890
Public service	27,680,878	3,135,817
Academic support	215,108	
Institutional support	4,410,877	187,883
Operations and maintenance of plant	3,466,137	9,851
Scholarships and fellowships		187,781
Total educational and general expenditures	<u>68,712,975</u>	<u>13,228,308</u>
Other additions (deductions):		
Excess of restricted receipts over transfers to revenues		1,643,861
Inventory decrease	(180,688)	
Other		(421,213)
Net increase (decrease) in fund balances	<u>(\$180,688)</u>	<u>\$3,122,518</u>

PLANT FUNDS		
UNRECORDED	RECORDED	TOTAL
IN PLANT		
		\$50,712,295
		4,755,944
		3,683,719
		4,272,997
PLANT		555,712
		244,434
		400,000
		34,894
	\$1,001,000	2,691,000
\$61,421		1,400,000
\$64,842	\$1,001,000	\$1,700,792
		62,008,280
		481,272
490,708		490,708
	\$60,876	\$60,888
\$60,726	\$60,876	\$1,241,702
PLANT	PLANT	PLANT
424,711	1,006,144	5,691,000
1,443,640	55,411,000	43,699,492
\$1,868,351	\$1,411,144	\$17,379,776

LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 LSU AGRICULTURAL CENTER

Schedule of Changes in Fund Balances
 For the Year Ended June 30, 1996

	CURRENT FUND		ENVIRONMENT FUND
	GENERAL	NON-RESERVED	
Revenues and other additions:			
Unrestricted current fund revenues	\$6,712,875		
Farm grants and contracts - restricted		\$5,191,943	
Federal grants and contracts - restricted		3,983,749	
Private gifts, grants, and contracts - restricted		4,312,897	
Investment income - restricted		249,899	
Fees and services		544,439	
State FUND-allocations			\$600,000
Endowment income		68,230	6,684
Additions to plant facilities			
Other sources		621,066	
Total revenues and other additions	<u>\$6,712,875</u>	<u>\$14,858,324</u>	<u>\$606,684</u>
Expenditures and other deductions:			
Educational and general	\$6,712,875	15,175,906	
restricted costs-recovered		441,313	
Expended for plant facilities			
Deprecial of plant facilities			
Total expenditures and other deductions	<u>\$6,712,875</u>	<u>\$15,617,219</u>	<u>\$0.00</u>
Fund balance decrease	<u>(0.00)</u>	<u>\$858,895</u>	<u>\$0.00</u>
Net increase (decrease) for the year	<u>(0.00)</u>	<u>1,123,016</u>	<u>\$606,684</u>
Fund balances at beginning of year	<u>2,858,881</u>	<u>5,495,211</u>	<u>\$0.00</u>
Fund balances at end of year	<u>\$2,758,881</u>	<u>\$6,618,227</u>	<u>\$606,684</u>

PLANT FUNDS		TOTAL	
(40)(1)(2)(3)(4)	(50)(1)(2)(3)(4)	(40)(1)(2)(3)(4)	(50)(1)(2)(3)(4)
IN PLANT	IN PLANT	FUNDS	OBJ.
\$1,874,200		\$14,000	\$6,471,000
			1,044,344
			424,804
			29,043
			2,790,009
	\$14,011,791		\$4,654,794
\$1,874,200	\$14,011,791	\$14,000	\$47,266,144
			\$11,880
			551,450
			5,440
		\$44,000	15,730
			1,040
\$1,880	\$4,000	\$4,000	\$50,500
	\$4,004,791		\$4,004,790
\$16,430			2,080,000
			7,604,797
1,140,011			1,740,000
			400,880
\$1,880,230	\$4,004,790	\$4,000	\$7,270,770
\$1,874,031	\$14,007,791	\$44,000	\$47,888,100

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falls within the employee's normal workweek, then the employee must be charged for annual leave or leave without pay for the hours spent on the activity. Finally, the personnel action forms authorizing the payment of the additional compensation for the post-season competition included the statement that annual leave or leave without pay must be taken for any time spent away from regular duties to participate in this activity. Since the employment contracts for head coaches, assistant coaches for football and baseball, and the athletic director include a provision for additional compensation for post-season participation, the provisions of PS-43 related to additional compensation are not applicable to these employees.

The 25 employees receiving additional compensation to which PS-43 applies were not required to provide documentation to LSU for the time spent away from regular duties for post-season participation, and no leave was taken by any of the 25 employees during the four weeks preceding the competition or the two weeks subsequent to the competition in connection with post-season activities. We also noted that 24 of the 25 employees received the maximum additional compensation allowable, 7 percent of base pay, totaling \$68,771, and the remaining two employees received less than 2 percent of base pay, totaling \$455. Relative to the 1995 Independence Bowl, the LSU Board of Supervisors approved amounts to be paid to employees on December 8, 1995, before the December 29 bowl game, and those specific amounts were paid, which may be an indication that the amounts paid were not directly related to the level of additional work performed.

LSU should obtain documentation for all payments of additional compensation as required by PS-43. LSU should also ensure that annual leave, or leave without pay, is taken as required by PS-43 and related personnel action forms. In addition, the legality of these payments is in question as disclosed in the finding titled "Improper Donation of Public Funds."

In a letter dated December 17, 1998, Dr. Jerry J. Baultz, Vice Chancellor for Business Affairs and Comptroller stated, "On November 13, 1987, the LSU Board of Supervisors authorized the payment of additional compensation to coaches and other Athletic Department staff for extra work performed in connection with football bowl games and certain other post-season athletic events. The Athletic Director was authorized to determine the persons to receive the additional compensation and the amounts to be paid, within certain limitations, and to submit recommendations for such payments through the Chancellor and the President for approval by the LSU Board of Supervisors.

"Relative to the 1995 Independence Bowl, the Athletic Director recommended additional compensation payments, within the limits established by the Board in 1987, to the football coaches and certain other Athletic Department staff, based on additional work duties assigned. The additional compensation so recommended was specifically approved by the Chancellor, the President, and the LSU Board of Supervisors. With respect to the 1998 College World Series and the Women's Outdoor Track Championship, extra compensation was paid to the baseball

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when it became imminent that the first order was insufficient to cover the needs of the department.

4. Management takes the position that this pattern of use was discovered internally and that corrective measures were implemented to include identification of supply requirements in order to establish competitive price contracts. Also, the majority of these purchases were exempt from bidding by virtue of being devices for physical restoration.
5. Management further stated that the matters relating to the Internal Audit report dealt with internal procedural matters that have been corrected as a result of the Internal Audit report and that these matters were neither procurement code nor regulation violations.

Additional Comments: While we agree with management in some respects, we must point out the following matters in relation to the responses by point:

5. We acknowledge that errors can occur; however, adequate controls would detect these errors in a timely manner. In addition, management draws attention to the fact that the commodity in question is deemed to be noncompetitive and sole source, yet its requests do not indicate that this was considered when the initial contract was bid. If sole source procurement was to govern this purchase, R.S. 5057 would apply, and we were not provided evidence of such compliance.
2. We concur with management in its efforts to establish a competitive price contract to support the use of blanket purchase orders.
3. Management has taken the position that "need" was the governing factor in these two purchases. Our discussions with the department head indicated that the first purchase was based on the quantity which could be purchased without requiring bids. The second purchase, made six days later, also could not be supported as to need.
4. We do not take exception to the fact that the medical center may have initially discovered this pattern of use or that corrective action may have been initiated before our discovery. We applaud the efforts to identify supply requirements to establish competitive price contracts. However, the observation that the majority of these purchases were exempt from bidding by virtue of being devices for physical restoration was not supported. We requested documentation to support the exemption provided by executive order of the Governor, specifically that the items in question qualify as devices for physical restoration. Management did

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1. We found 11 items, or 78 percent, that did not contain the serial number as a part of the description in the movable property listing.
2. There were seven items, or 50 percent, where the property was not physically tagged; however, a tag number had been assigned and was reflected in the movable property listing.
3. Three items, or 21 percent, were not physically located where the records indicated.
4. One item, or 7 percent, was tagged with a number that was not consistent with the number reflected in the movable property listing.

We examined five items on the movable property listing valued in excess of \$75,000. One of these items was listed as a laser printer with a value of \$107,858 when it actually was a collection of 62 individual computers, printers, and monitors in a computer lab. Each of the items was individually identified by tag number and individually listed in the records. However, no serial numbers were provided in the description of the items. This resulted in duplication of the values of these items, overstating the movable property listing by \$107,858.

We performed an additional procedure to verify that items located throughout the university were actually recorded on the inventory master listing and in the proper location. The results of that procedure revealed that five of the ten items examined, or 50 percent, did not contain the serial number in the description. In conjunction with this test, we became aware of 13 computer terminals and 30 printers in the library that were not physically tagged when purchased, and the printers were not recorded in the movable property listing when purchased. Documentation reviewed indicated that these terminals and printers had been received at least six months before our examination.

In addition to our audit work, the LSU System Internal Audit Department issued an audit report dated February 27, 1994, on personal computer software. The audit covered two areas at the university. One was the legality of software on personal computers, and the other was the proper location of the computers. The report disclosed exceptions in each area based on a judgmentally selected sample of 40 university personal computers as follows:

1. Twelve of the computers had a total of 33 programs that were identified as inconsistencies when the Software Publishers Association software program, CPAudit, was executed on them.
2. Eleven of the computers were not located at the areas identified in the records.

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Inadequate Control Over Purchases

Louisiana State University Medical Center in Shreveport (LSUMC-S) engaged in procurement practices contrary to state purchasing laws and regulations. R.S. 38:1505 provides that any procurement not exceeding the amount established by executive order of the Governor (\$5,000) may be made in accordance with small purchase procedures prescribed by each executive order, except that procurement requirements shall not be artificially divided so as to constitute a small purchase. R.S. 38:1504(A) provides that contracts exceeding \$5,000 be awarded by competitive bidding. R.S. 38:1504(C)(1) provides that, in addition to public notice requirements, advertising is required if the amount of the purchase is \$25,000 or more. R.S. 38:1515 provides that a contract for supplies or services may be entered into for periods not more than three years. A sample of 48 non-payroll disbursements, which included 100 invoices, and a review of disbursement documentation from three vendor folders disclosed the following:

1. One purchase order was issued for a period covering the fiscal year ending June 30, 1990, and was supported by a bid contract that legally expired on September 30, 1989. A total of \$71,974 in purchases were made after the contract's expiration and the purchasing department was unable to provide evidence that the items listed in the contract were advertised for bidding, as required by state procurement regulations.
2. Two separate blanket purchase orders, totaling \$18,000, were issued to the same vendor for similar items and services for which bids were not obtained. Blanket purchase orders are used to authorize purchases up to a specified dollar amount to be expended over a designated period of time. The purchase order did, however, contain a notation that individual orders were not to exceed \$500, which is the maximum amount allowed to be purchased without quotes.
3. Two confirmation purchase orders, for \$474 and \$404, were processed for identical items for the same department from the same vendor within six days. The purchase was made in two stages, reducing the amount below the level requiring quotes.
4. One department made 31 purchases of "like items" totaling approximately \$5,265 from the same vendor over a 10-month period using limited purchase orders. Limited purchase orders are a specific form of purchase order that can be issued by authorized personnel and are limited to \$200. Numerous other instances of similar type purchases were also discovered. There was no evidence of these items being quoted or bid.

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responsibilities, programs, or operations of the agency of the public servant and in which the public servant has participated. R.S. 42:1111(C)(2)(d) prohibits a public servant or legal entity in which the public servant exercises control or owns an interest in excess of 25 percent, from receiving anything of economic value for or in consideration of services rendered, or to be rendered, to or for any person during his public service unless such services are neither performed for nor compensated by any person from whom such public servant would be prohibited by R.S. 42:1115(A)(1) or (B) from receiving a gift.

4. Students participating in the African Trip were not covered by student travel accident insurance. PM 4 identifies travel which must be covered by the trip travel accident insurance policy to include travel by class group. This is identified as travel in which the university controls the time, route, and mode of travel. The professor controlled each of these.
5. International travel approval was not obtained in writing from the campus head or a single designee before departure for the African Trip. PM 13 states all international travel must be approved in writing by the campus head or a single designee before departure. The campus head will report all international travel authorizations to the Commissioner of Administration on a monthly basis. This trip was not reported.

LSU in Shreveport should review each of the conditions identified previously and take appropriate action to correct each deficiency. In addition, management should review appropriate state laws, LSU System Personnel Memoranda, and the university's Policy Statements and ensure that each employee is reminded of these requirements. In a letter dated August 29, 1988, Mr. Michael T. Farrell, Vice Chancellor for Business Affairs, stated that management concurred with the finding and that university policies and regulations, in addition to any state laws and regulations, will be adhered to in offering similar programs in the future.

Inadequate Controls Over Library Subscriptions

LSU in Shreveport paid two invoices totaling \$154,000 to a vendor for library subscriptions without detailed documentation, which resulted in an overpayment of \$40,653 and a possible violation of the Louisiana Constitution of 1974. An adequate internal control structure should include policies and procedures requiring (1) adequate segregation of duties, (2) detailed support documentation before processing documents for payment, such as detailed invoices, (3) independent control over establishment of vendors, and (4) documentation of the receiving process to ensure that all goods paid for have been received. Article VI, Section 14 of the Louisiana Constitution of 1974 prohibits the loaning of public funds by a state agency.

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These conditions exist because management has not placed sufficient emphasis upon accountability and adherence to the stated regulations. Since the university did not comply with purchasing laws, the university cannot be assured that the best prices were obtained.

LSU in Shreveport should ensure that all departments are aware of the procurement code, and the purchasing department should review all purchases for compliance. In a letter dated August 20, 1996, Mr. Michael T. Perret, Vice Chancellor for Business Affairs, stated that management concurred with the finding and that corrective action has been taken to ensure that the Purchasing Office staff closely reviews purchase requisitions so that no violations of any state purchasing laws or regulations occur again.

Field Trip to Africa Violates State Law

LSU in Shreveport does not have adequate internal controls in place to ensure compliance with portions of R.S. 42:1111; LSU System Permanent Memoranda (PM) 4, 11, and 13; and the university's Policy Statement Number 2 05/02, relating to outside business activity and/or international travel. At the request of the chancellor, the LSU System Internal Audit Department conducted an audit of the university's Summer 1995 Biological Science Field Trip in Africa (African Trip). The report, dated May 13, 1996, revealed weaknesses as follows:

1. The African Trip was not administered by the Division of Continuing Education and Public Service. The university's Policy Statement Number 2 05/02 defines the responsibility of the Division of Continuing Education and Public Service for all continuing education and public service programs offered by and/or cosponsored by the university. It defines Continuing Education and Public Service programs as educational programs, off-campus classes, foreign travel and study, telecourses, teleconferences and other special activities, credit or noncredit. The African Trip qualifies under this definition.
2. To the extent this was a public activity, the withdrawal of \$7,000 from a university agency account by a professor of biology may have violated the Code of Governmental Ethics (Code). The Code, R.S. 42:1111(A)(7), prohibits a public servant from receiving anything of economic value from the governmental entity to which he is duly entitled for the performance of the duties and responsibilities of his office or position.
3. To the extent that this was a private activity, by not getting PM-11 approval to engage in outside business activity, the professor may have violated state law. PM 11, Section I, requires employees to disclose and submit outside employment for administrative review and approval. R.S. 42:1111(C)(1)(a) prohibits a public servant from receiving anything of economic value for any service, the subject matter of which is devoted substantially to the

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LSU in Shreveport should require positive annual certification by all employees of their outside employment and related party relationships and should prepare and submit to the LSU System President and LSU Board of Supervisors the annual information report. In a letter dated August 25, 1998, Mr. Michael T. Ferrell, Vice Chancellor for Business Affairs, stated that management concurred with the finding, that the university is attempting to ensure that all employees are in compliance with all university policies and regulations, and that the annual information report will be compiled from this information.

Improper Procurement Practices

LSU in Shreveport engaged in procurement practices contrary to state purchasing laws and regulations. R.S. 39:1598 provides that any procurement not exceeding the amount established by executive order of the Governor may be made in accordance with small purchase procedures prescribed by such executive order, except that procurement requirements shall not be artificially divided so as to constitute a small purchase under this Section. R.S. 39:1594(A) provides that contracts exceeding the amount provided by R.S. 39:1598 be awarded by competitive bidding. R.S. 39:1598(C)(1) provides that, in addition to public notice requirements, advertising is required if the amount of the purchase is \$25,000 or more. A sample of 31 nonpayroll disbursements disclosed the following conditions:

1. One requisition, totaling \$688, was artificially split and the purchase made in two stages, dividing the purchase below the \$500 limit, which would have required telephone or fax quotes from three bona fide, prospective bidders.
2. Two purchase orders, totaling \$505, were processed for similar items for the same department from the same vendor within eight days. The purchase was made in two stages, reducing the amount below the level requiring quotes.
3. Two purchase orders, totaling \$2,250, were processed for identical items on the same day. One purchase order was for five items totaling \$1,875, and the other was for one item at a cost of \$375. Purchases exceeding \$2,000 require written invitations for bid to be sent to at least eight bona fide, qualified bidders. Written invitations were not sent out.
4. Based on information from the preceding test, all purchase orders to one vendor were reviewed. That review revealed computer equipment for networking the university was purchased on a periodic basis, throughout the year, following the bid requirements for each individual purchase. Since this was one project, it should have been handled as a single purchase. Purchase orders exceeding \$25,000 have been processed for this project, which should have been awarded by competitive bidding, since it exceeded the \$5,000 limit. Also, the project should have been advertised since it exceeded the \$25,000 limit.

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3. Computers were found without the university's Property Control identification numbers.

These conditions exist because management has not placed adequate emphasis upon accountability and adherence to the state property control regulations. Failure to maintain an accurate movable property system increases the risk of loss from unauthorized use and subjects the university to noncompliance with state laws and regulations.

LSU in Shreveport should implement and monitor procedures to ensure adequate control over the university's movable property. These procedures should specifically address the errors and omissions of noncompliance mentioned above. In a letter dated August 20, 1990, Mr. Michael T. Fones, Vice Chancellor for Business Affairs, stated that management concurred with the finding and that the university believes that it is currently in full compliance with all state laws and regulations in regard to movable property inventory.

Noncompliance With System Regulations

LSU in Shreveport does not have adequate internal control procedures to determine if university personnel are complying with LSU System Permanent Memorandum 11 (PM 11), dealing with outside employment of university employees. A good internal control system requires policies and procedures be established and implemented to prevent and/or detect violations of applicable regulations. Through discussions with various university and LSU System personnel and review of various documents, the following matters were discovered:

- PM 11, Section I, requires employees to disclose and submit outside employment for administrative review and approval. The university did not obtain and, therefore, could not approve PM 11 forms for outside employment from two academic employees.
- PM 11, Section VIII, requires the chancellor to prepare an information report annually listing all outside employment approved by him. Copies of this report shall be sent to the LSU System President and the LSU Board of Supervisors. These reports have not been submitted by the chancellor's office.

The university's current policy is to ask employees, when hired, to identify outside employment and related party relationships, and it is the employees' responsibility to inform the university of any changes during their employment. Because of the lack of periodic positive certification (at least annually) regarding outside employment and related party relationships, undetected violations of PM 11 could occur.

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not provide such documentation nor was such consideration noted on the purchase orders or invoices.

5. We acknowledge management's efforts to address the recommendations of the Internal Audit report. However, exceeding authorized limits for using blanket purchase orders is a violation of purchasing regulations.

Untimely Liquidation of Patient Account Credit Balances

For the third consecutive year, the Louisiana State University Medical Center - New Orleans Professional Practice Association (PPA) has not instituted internal control policies and procedures to ensure that outstanding patient credit balances, which result from overpayments by patients and insurance companies, are reviewed and liquidated on a timely basis. At June 30, 1995, the PPA has outstanding credit balances of \$537,637 from patient overpayments.

Good internal controls require management to establish policies and procedures to record transactions timely and accurately. In addition, R.S. 8:184 requires that any monies due and payable for more than one year are presumed abandoned and must be reported to the Department of Revenue and Taxation.

Ownership of the current credit balances should be determined, the monies should be returned to the rightful owner, and all credit balances more than one year old should be reported to the Department of Revenue and Taxation. In a letter dated September 26, 1995, Dr. Robert L. Maric, Acting Dean of the School of Medicine, concurred with the finding and recommendation.

FINANCED BY FUND	PLANT FUND				TOTAL
	DEPRECIATION	REPLACEMENTS	REPAIRS-MAINT	INVESTMENT IN PLANT	
					80,888,176
					2,894,240
			893,700		8,408,188
					17,848,722
					876,000
27,100					2,297,244
448,800					448,800
					124,800
82,100					200,281
					54,371
				887,641	887,641
				14,757,888	14,757,888
				140,400	3,778,800
488,720	81,600		82,711	14,757,888	15,180,919
	8,400				84,000
					104,888,888
					8,828,488
					2,488,228
	1,548,720				34,800
			878,841		1,588,728
			708,488		878,841
					178,488
	74,000				74,000
		858,144		1,888,888	1,888,176
8088	1,038,720	558,144	1,888,888	1,888,888	120,211,281
					888,888
	1,888,188				
		24,278			
80,000		72,000	248,888		
80,000	1,888,188	247,288	1,888,888	8088	20,000
8088	8088	8088	8088	8088	3,478
848,288	8,000	88,728	248,888	14,888,571	14,888,884
3,477,888	378,888	152,248	878,288	208,887,282	212,888,173
80,877,888	808,488	848,884	878,720	808,788,888	892,787,844

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Furthermore, LSUMC-S' Internal Audit Department performed work in the Accounts Payable and Travel and Direct Pay sections of the Accounting Services Department and issued a report dated January 3, 1996. The following exceptions relating to controls over purchases were addressed in that report:

1. **Inadequate Control Over Limited Purchase Orders** - User departments sometimes neglect to send the limited purchase order and invoice to Accounts Payable timely. Accounts Payable personnel are not provided a listing of authorized users of limited purchase orders. The Accounting Services Department is not being provided a log of limited purchase orders used by June 30 of each year.
2. **Ineffective Procedures Related to Confirmation Purchase Orders** - User departments sometime neglect to complete a purchase requisition, in support of the confirmation purchase order, and submit it to Accounts Payable timely.
3. **Unauthorized Disbursements Relating to Blanket Purchase Orders** - Five of 24 blanket purchase orders reviewed were in excess of the applicable authorized limits by a total of \$132,274.

These conditions exist because management has not placed considerable emphasis upon accountability and adherence to the stated regulations. Failure to comply with the procurement code increases the risk that the best prices will not be obtained and that public funds may be mispent.

LSUMC-S should ensure that all departments, which have been authorized to obligate the medical center through use of confirming and limited purchase orders, are aware of the procurement code requirements. In addition, all departments should be reminded of the prohibition against artificially dividing purchases so as to constitute a small purchase. In a letter dated September 17, 1995, Mr. Richard H. Chandler, Director of Purchasing and Materials Management, provided the following responses to the conditions identified previously by point:

1. This was acknowledged as human error which caused no fiscal harm or misuse of public funds. The commodity purchased is deemed to be noncompetitive and sole source, and the errors have been dealt with to assure nonrecurrence.
2. Management has initiated measures to identify recurring miscellaneous supply needs in order to establish a competitive price contract to support the use of blanket purchase orders.
3. Management does not concur with this matter as the specific department head has denied artificially dividing the needs of his department. The exact need was unknown at the time of the first purchase order and the second order was placed

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- During our discussions with university personnel, it was noted by many department heads that the emphasis is on the university's responsibility to the students. Therefore, if a member of the academic staff is unable to teach a class or cover office hours for personal reasons, each of which is a requirement of the minimum load, the class or office hours are covered by another with no decrease in pay. It was also noted that if a member of the academic staff is unable to teach or cover office hours because of illness, for which sick leave is provided, the class or office hours are covered without the diminishment of leave. In light of the fact that accumulated leave is payable upon termination or retirement, the ability to not have leave deducted when absent from work for illnesses results in financial gain in future years.

These conditions exist because management has not placed considerable emphasis upon accountability and adherence to the stated regulations. Failure to enforce the specified policies increases the risk of unauthorized absences by members of the academic staff and subjects the university to non-compliance with LSU System and LSU in Shreveport regulations. In addition, interannual violations of the sick leave policies could result in payroll fraud.

LSU in Shreveport should enhance its internal controls by issuing specific written guidelines to all its academic employees regarding enforcement of leave rules and work hours and by emphasizing attendance expectations. In a letter dated August 25, 1998, Mr. Michael T. Ferrel, Vice Chancellor for Business Affairs, stated that management concurred with the finding and that the university is attempting to ensure that all employees are in compliance with laws and policies regarding work attendance.

Inadequate Controls Over Movable Property

LSU in Shreveport did not comply with state law regarding movable property and did not provide adequate control over its movable property. Louisiana Revised Statute (R.S.) 39:320 authorizes the Louisiana Property Assistance Agency (LPA) to establish property control rules and regulations, which shall have the effect of law. Chapter 3, Section 307 through 309 of the Rules and Regulations, Property Control, provide in part that all acquisitions of qualified items must be tagged and all pertinent inventory information must be forwarded to the LPA director within 45 days after receipt of the items. In addition, sound internal controls should require the safeguarding of assets and compliance with legal requirements.

Our test of additions to movable property included examination of supporting documentation for 14 items added to the movable property records from July 1, 1995, through January 31, 1999. Listed below is a summary of errors found in our test of additions.

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In addition, two untagged computers, valued at \$1,000 each, that were acquired through a short-term lease arrangement and subsequent purchase, were not assigned identification tags for a period of 90 days. Failure to follow LRAA property control regulations increases the risk that movable property may be lost, removed, or misused, without timely detection.

The University of New Orleans should take the necessary measures to ensure that internal controls over movable property are functioning effectively to comply with state movable property regulations. In a letter dated October 21, 1995, Mr. Stephen F. Kolz, Director of Purchasing, concurred with our comment concerning donated movable property and has revised the university's procedures for tagging and reporting donated movable property. However, Mr. Kolz does not agree that there is a problem with tagging movable property that is acquired through the procurement process. He feels that the procurement of the two computers cited was an isolated case and does not expect a recurrence.

Time and Attendance Policies Not Enforced - LSU in Shreveport

LSU in Shreveport does not have adequate internal control procedures to ensure compliance with LSU System Policy Memorandum (PM) 20 and the LSU in Shreveport Faculty Handbook requirements relating to certain leave policies. An adequate system of internal controls and PM 20 require proper authorization for employee absences from duty, and further, require department heads or other designated officials to (1) receive and review requests for leave; (2) approve or disapprove such requests; and (3) ascertain that accurate leave records are maintained on leave accrued and leave taken, using appropriate leave forms. The LSU in Shreveport Faculty Handbook requires faculty member's absences because of illness to be reported to the department head as soon as possible, and that an approved leave slip should be submitted to the Human Resource Management Office via the dean on the day the faculty member reports back for duty. Enforcement of these requirements would minimize the risk of unauthorized leaves of absence not being reported, unauthorized absences going undetected, and payment to academic employees for work not performed.

Certain instances were brought to our attention, which, when investigated, revealed the following:

Three members of the academic staff took trips outside the state without specific written approval. We were informed by the dean or department head, as appropriate, that verbal approval had been given in violation of university policy. We have been unable to determine the specific benefit to the university that could justify the absence with pay, such as research or university promotion.

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The university did not maintain accumulated compensatory leave balances for employees. A calculation of one employee's compensatory time earned and used illustrated that the employee used 58.5 unearned compensatory leave hours.

These discrepancies occurred because of the lack of an adequate internal control monitoring system. Failure to adhere to employment, attendance, and leave rules, policies, and practices could subject the university to possible misuse or loss of funds.

The University of New Orleans should closely monitor established employment practices and attendance and leave records. In a letter dated September 28, 1999, Mr. Daryl Hankel, Manager, Internal Auditing and Systems Development, explained the corrective action taken to resolve each element of the finding.

Inadequate Controls Over Movable Property

The University of New Orleans failed to timely tag and record all movable property items as required by the Louisiana Property Assistance Agency (LPA). The LPA received movable property control policy setting authority from the Office of the Governor, Commissioner of Administration under state law. State property control regulations require state institutions to place a unique identification tag on property and record that information within 45 days after receipt. During our walk-through of two floors of the nine story Engineering Building, we observed outdated computer equipment that was not tagged and not entered into the university's property control records for periods of 89 days to an estimated 4 years as follows:

<u>Number of Items</u>	<u>Estimated Value</u>	<u>Estimated Period of Acquisition to Tagging</u>
10	\$12,000	89 days
6	7,600	240 days
2	1,000	300 days
6	20,750	1.5 years
2	750	3 years
4	3,200	4 years
<u>32</u>	<u>\$45,300</u>	

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employee's supervisor. These conditions have been a matter of concern for six consecutive years.

University's Administrative Policy and Procedure 4-1 requires:

1. Employees and timekeepers to sign the attendance-leave records no later than the close of the fifth working day following the last day of each month and supervisors or department heads to certify that the attendance-leave records are accurate and signed by the employee and the timekeeper at the end of each six month period.
 - We examined 30 attendance-leave records of which 17 were not signed by employees and 18 were not signed by timekeepers for a period of one to five months and 14 were not approved by supervisors for the six month period ending December 31, 1995. In addition, the attendance-leave records contained leave not correctly subtracted in 3 instances and leave balances not accumulated and posted in 12 instances for a period of one to three months. One of 18 employees original leave slips was not located. An automated leave tracking system effective July 1, 1995, was installed in the latter part of fiscal year 1995, causing a premature abandonment of the manual attendance-leave records. Except for the missing leave slip, these conditions have been a matter of concern for six consecutive years.
2. Timekeepers to have another employee approve and maintain his/her leave records.
 - Our examination disclosed that four timekeepers maintained their own attendance-leave records.

Good business practices require:

1. The maintenance of supporting documentation for payroll deductions.
 - Three of five graduate assistants' payroll files tested did not contain supporting documentation for graduate school fees that were deducted from their payroll checks.
2. The maintenance of supporting documentation for compensatory leave hours earned, used, and accumulated for each employee.

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In a letter dated November 28, 1998, Dr. Jerry J. Baulin, Vice Chancellor for Business Affairs and Controller stated, "The University concurs with this finding. New guidelines have been established for the administration of the Chancellor's Incentive Awards program, and all recommendations made by the Legislative Auditor have been implemented."

Noncompliance With Payroll Regulations -
University of New Orleans

The University of New Orleans failed to maintain adequate internal control procedures over employment practices and time and attendance records to ensure compliance with Civil Service rules and regulations, university policies and procedures, and good business practices. Our audit of employment practices, time and attendance, and leave records disclosed the following:

Civil Service Rules 4.1(d)(1), 8.35, and 15.2 require:

1. An employing agency to submit written justification for approval to add to the unclassified service positions involving duty assignments which are seasonal, temporary, intermittent, or part-time. The university received authority to employ intermittent temporary workers for the Lakefront Arena only. The status of these employees is unclassified temporary, unclassified intermittent, or unclassified part-time.
 - Employees under the categories stated above should not be allowed to work in a full-time capacity. Seventeen arena employees with the unclassified intermittent category are working in a classified full-time capacity.
 - The university considered the authority given to the Lakefront Arena as a blanket authority to employ intermittent workers and employed 227 intermittent workers, in areas of the university other than the Lakefront Arena. Because the authority from Civil Service only covered the Lakefront Arena, the university employed these 227 workers without Civil Service authorization.

2. Employees and supervisors to certify the number of hours of attendance or absence from duty on the employees' time and attendance records (time sheets).
 - We reviewed 20 time sheets and noted 17 to be unsigned by the employees, one temporary employee and 16 classified employees. In addition, one classified employee's time sheet was not approved by the

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7. Several checks issued to students for the CIAs were voided and reissued to other students without a sufficient explanation in the file.
8. We could not determine why students were awarded the amounts they were awarded (i.e., \$250, \$375, \$500, et cetera).
9. The Tiger Athletic Foundation funded \$13,500 in CIAs in fiscal year 1994. Of the 28 students receiving these awards, 3 (11 percent) were minorities and 8 (29 percent) belonged to or joined Lambda Chi Alpha fraternity.

We were informed in a representation letter dated November 11, 1990, from the Athletic Department, of another scholarship distributed by the Special Assistant to the Chancellor. This was a one-time, privately funded scholarship program of \$22,995 to be used exclusively by the Chancellor at his discretion to recruit and assist students enrolled at LSU in the pursuit of their education. The \$22,995 of scholarships was distributed to 31 students. Of these 31 students, 14 (45 percent) were members of Lambda Chi Alpha fraternity and 12 (39 percent) also received the CIAs. This representation letter also disclosed a violation of National Collegiate Athletics Association (NCAA) regulations, which the university has reported to the Southeastern Conference and the NCAA.

LSU should consider the following recommendations:

1. We concur with the LSU Internal Audit Department's recommendation to require the OSAS to be notified of all cash awards. The CIAs should be processed through OSAS for review and approval.
2. LSU should either credit the student's fee bill for the CIAs or find another appropriate method of award distribution.
3. Guidelines should be established to document the calculation of the individual award amounts.
4. Since the CIAs are now given to "exceptional students," there should be guidelines as to what constitutes an exceptional student.
5. Although not previously included on the system, the CIAs should now be included and monitored on the Financial Aid Database system.
6. LSU should determine and properly resolve amounts awarded to students who are subsequently determined ineligible because of their acceptance of conflicting scholarships.

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was passed at the April 21, 1995, board meeting with no objections. The LSU Internal Audit Department issued a report dated August 23, 1995, outlining findings related to the CIAs. Mr. Davillier, in response to the LSU Internal Audit report, stated that he was not aware of the criteria established by the board. He further stated that it was his understanding that the awards could be made purely on a discretionary basis.

As a result of the internal audit findings, on October 16, 1995, the Louisiana Legislature's House Committee on Education directed the Legislative Auditor to examine LSU's CIA program and related financial issues. Our examination and report disclosed the following:

1. As was disclosed in the Internal Audit report, the award checks were distributed by the Special Assistant to the Chancellor and were not processed by the Bursar's Office or the Office of Student Aid and Scholarships (OSAS). As a result, the OSAS could not assess the financial needs and eligibility of the students.
2. Of the 93 students receiving the CIAs for the fiscal years 1994, 1995, and 1996, seven (7 percent) were minorities, and 33 (34 percent) belonged to or joined Lambda Chi Alpha fraternity, to which the Special Assistant to the Chancellor was affiliated.
3. Ninety of the 96 (92 percent) CIA recipients received \$282,514 in other financial assistance, in addition to the CIAs.
4. In fiscal year 1995, 17 of the 96 recipients (33 percent) of the CIAs also received some type of Title IV assistance. Five of these 17 recipients received more student loan proceeds than they would have received if the OSAS had been notified of the CIAs before packaging the students' awards.
5. Six of the CIA recipients in fiscal year 1995 and four in fiscal year 1996 also received the Louisiana Honors Scholarship. One of the criteria for this scholarship is that the student cannot receive other gratuitous financial assistance from LSU if the total cost of the student's tuition is provided by scholarship. These ten students received a total of \$3,025 in CIAs and \$13,264 in tuition exemptions under the Louisiana Honors Scholarship.
6. The award focus was changed to "exceptional students" by the April 21, 1995, meeting of the board. The overall grade point average of the CIA recipients after the focus was changed to exceptional students was 2.995. Twenty-four of the 57 students had below a 3.0 grade point average.

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and track coaches and the team coordinators who participated in these post-season events in accordance with the Board authorization provided in 1987.

"PS-43 does not require detailed reporting of actual hours worked by unclassified employees relative to extra compensation properly authorized for performing duties outside the scope of normal duties. Thus, the University did not require the Athletic Department to provide such documentation for the compensation properly authorized for participation in post-season activities. Moreover, the policy for authorizing compensation paid for the 1988 Independence Bowl was essentially the same as for the 1988 Hall of Fame Bowl, the last bowl in which LSU participated. However, the University recognizes that our policy for handling compensation for post-season activities needs to be clarified. We believe PS-43 was incorrectly applied, and that the employment contracts for all eligible Athletic employees should have included a provision for compensation for post-season participation, as authorized by the Board of Supervisors. The University is currently revising the contracts of the affected employees to properly reflect this provision."

Additional Comment: We recognize LSU's intention to modify employment contracts in the future to address additional compensation; however, for the audit period, we could not determine whether payments of additional compensation were supported, based on existing payroll records.

Violations of Scholarship Criteria

LSU - Baton Rouge distributed the Chancellor's Incentive Awards (CIAs) in violation of the criteria established by the LSU Board of Supervisors (the board). In addition, the university has not established adequate controls over the awarding of CIAs and other scholarships that are not reviewed by the Office of Student Aid and Scholarships.

The original board resolution passed at the August 23, 1981, meeting directed the CIAs to be given on the basis of "... demonstrated financial need, with emphasis on the recruitment of minority students who do not otherwise qualify for scholarships presently awarded by University. ..." On March 3, 1985, as part of an on-going internal audit, the LSU Internal Audit department informed Mr. V. David Deville, Special Assistant to the Chancellor, that he was not following the board's established guidelines in distributing the CIAs. On March 27, 1985, Mr. Deville sent a memorandum to the Assistant Vice President of the LSU System, requesting that a resolution to change the criteria of awarding the CIAs be placed on the next board meeting agenda. The board changed the requirements to "... with emphasis for each based on the recruitment of exceptional students to the University, for the recognition of academic and/or other exemplary accomplishments of students enrolled in the University, and for such other cases deemed appropriate by the Chancellor. ..." The language referring to "minority students who do not otherwise qualify for scholarships" was removed. This resolution

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 PAUL M. HERBERT LAW CENTER
 CURRENT FUNDS

Schedule of Revenues, Expenditures,
 and Other Changes
 For the Year Ended June 30, 1995

	<u>GENERAL</u>	<u>RESTRICTED</u>
Revenues:		
Tuition and fees	\$2,952,209	\$28,910
State appropriations	4,625,288	
State grants and contracts		1,080
Private gifts, grants, and contracts		201,428
Sales and services of educational departments	81,891	142,110
Investment income	60,008	
Endowment income		18,750
Other sources	1,244	
Total revenues	<u>\$8,071,828</u>	<u>\$39,278</u>
Expenditures and transfers - educational and general:		
Instruction	4,115,541	155,785
Research	244,857	3,180
Public service	33,828	12,244
Academic support	1,489,212	22,658
Student services	271,218	38,818
Institutional support	986,823	119,630
Operations and maintenance of plant	279,227	
Scholarships and fellowships	219,511	4,080
Total educational and general expenditures	<u>\$8,475,828</u>	<u>\$352,793</u>
Non-scholarship transfers - other	126,268	(126,268)
Total expenditures and transfers	<u>\$8,602,096</u>	<u>\$226,525</u>
Other additions - excess of restricted receipts over transfers to students		<u>\$9,091</u>
Net increase in fund balances	<u>\$469,732</u>	<u>\$16,654</u>

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AT MONROE

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1996

	CURRENT FUNDS			STOCKING LEADS FUNDS
	GENERAL	RESTRICTED	UNRESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	\$1,000,000	\$1,084,847		
Tuition and fees - restricted			\$77,333	
State grants and contracts - restricted			\$81,485	
Private grants and contracts - restricted			2,029,054	
Private gifts, grants, and contracts - restricted			228,870	
State and various:			200	
Investment income - restricted				\$4,737
Interest on loans receivable				1,500
State funded endowments				
Endowment income			8,850	
Additions to plant facilities				
Other sources			26,860	\$2,550
Total revenues and other additions	<u>\$1,000,000</u>	<u>1,364,247</u>	<u>2,642,820</u>	<u>\$8,837</u>
Expenditures and other deductions:				
Educational and general	\$1,004,000		\$100,918	
Auxiliary activities		\$60,341		
Support costs recovered			\$8,288	
Loan cancellations and write-offs				\$,401
Depreciation of plant facilities				
Intergovernmental transfers to Office of Facility Planning and Control				
Other			15,700	8,802
Total expenditures and other deductions	<u>\$1,004,000</u>	<u>\$60,341</u>	<u>\$124,906</u>	<u>\$9,203</u>
Transfers among funds - additions (deductions):				
Maintenance - from fund maintaining nonmonetary	\$13,498			\$3,498
Capital improvements	0	\$200,000		
Renovate and replacements		(\$2,000)		
Total transfers among funds	<u>\$13,498</u>	<u>\$198,000</u>	<u>\$0</u>	<u>\$3,498</u>
Net increase (decrease) for the year	<u>\$0</u>	<u>\$183,906</u>	<u>\$138,014</u>	<u>\$1,634</u>
Fund balances at beginning of year	<u>\$0</u>	<u>\$1,877,780</u>	<u>\$227,776</u>	<u>\$414,974</u>
Fund balances at end of year	<u>\$0</u>	<u>\$2,061,686</u>	<u>\$365,790</u>	<u>\$416,608</u>

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
PAUL M. HERBERT LAW CENTER

Schedule of Changes in Fund Balances
For the Year Ended June 30, 1990

	CLAIMING FUNDS		ENCUMBRANCE FUNDS	PLANT FUND - INSTALLMENT IN PLANT	TOTAL
	UNRESERVED	RESERVED			
Revenues and other additions:					
Unallocated current fund resources	\$841,100				\$841,100
Tuition and fees - restricted		28,878			28,878
Sale grants and contracts - restricted		2,880			2,880
Private gifts, grants, and contracts - restricted		288,878			288,878
State aid services		288,858			288,858
Investment income - restricted		25,888			25,888
Investment income		25,888	14,888		40,776
Additions to plant facilities				888,881	888,881
Total revenues and other additions	<u>\$841,100</u>	<u>\$678,382</u>	<u>\$14,888</u>	<u>\$888,881</u>	<u>\$1,983,051</u>
Expenditures and other deductions:					
Educational and general	\$,471,108	\$88,888			\$,560,000
Support-operated facilities				24,888	24,888
Total expenditures and other deductions	<u>\$,471,108</u>	<u>\$88,888</u>	<u>\$0</u>	<u>\$29,776</u>	<u>\$,589,772</u>
Fund(s) arising from - utilities (deductions) - nonappropriated - other	<u>(\$,14,888)</u>	<u>18,888</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,000</u>
Net increase for the year	\$0	208,871	4,500	47,821	\$27,192
Fund balances at beginning of year	\$0	\$8,888	\$8,888	\$,888,888	\$9,085,112
Fund balances at end of year	<u>\$0</u>	<u>\$29,759</u>	<u>\$13,388</u>	<u>\$,936,709</u>	<u>\$9,133,296</u>

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
PAUL M. ROBERT LAW CENTER

Balance Sheet, All Funds, June 30, 1998

	CURRENT FUNDS		ENDOWMENT FUNDS	PLANT FUNDS -		TOTAL MISCELLANEOUS FUNDS
	ORIGINAL	RESTRICTED		IN-PLANT	AGENCY FUNDS	
ASSETS						
Cash and cash equivalents	\$426,152	\$708,008	\$78,888		\$418	\$1,213,466
Accounts receivable	28,822	13,818				42,640
Due from private foundation		85,241	268,260			353,501
Deferred charges and prepaid expenses	45,000					45,000
Investmental plant				\$16,260,807		16,260,807
TOTAL ASSETS	\$545,974	\$817,067	\$347,148	\$16,260,807	\$418	\$17,971,214
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts payable	\$52,000	\$688				\$52,688
Accrued liabilities	70,000	3,888				73,888
Deferred income	128,133				\$418	128,551
Deferred revenues	242,147					242,147
Total Liabilities	\$592,280	4,576	\$0.00	\$0.00	\$418	\$597,274
Fund Equity						
Net investment in plant				\$16,260,807		\$16,260,807
Fund balances:						
Reserved		\$1,688				\$1,688
Current operations - restricted		795,000				795,000
Noncurrent operations:						
Endowment			\$208,884			\$208,884
Quasi-restricted - restricted			500			500
Total Fund Equity	\$0.00	\$796,688	\$209,384	\$16,260,807	\$918	\$17,007,887
TOTAL LIABILITIES and FUND-EQUITY	\$592,280	\$801,264	\$209,384	\$16,260,807	\$918	\$17,971,214

EMPLOYMENT FUNDS	PLANT FUND		EQUIPMENT	TOTAL
	UNREPAIRED	REPLACEMENTS		
				\$1,031,686
				71,333
				387,488
				1,038,029
				338,670
				388
				1,781
				1,889
\$30,000				40,000
2,000				8,000
			\$1,878,782	1,878,782
	\$1,000			11,491
<u>32,000</u>	<u>1,000</u>	<u>6000</u>	<u>1,878,782</u>	<u>18,900,000</u>
				9,893,714
				899,341
				38,388
				9,491
			750	750
	881,167			881,167
<u>60,000</u>	<u>187,167</u>	<u>6000</u>	<u>750</u>	<u>10,000,000</u>
	188,888			
		\$12,888		
<u>60,000</u>	<u>188,888</u>	<u>12,888</u>	<u>6000</u>	<u>6000</u>
41,083	59,000	12,888	1,878,007	1,888,888
58,488	48	108,887	18,758,724	18,888,777
<u>1,188,000</u>	<u>\$21,848</u>	<u>\$148,888</u>	<u>\$1,878,751</u>	<u>20,888,772</u>

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
LSU AT LUNICE
CURRENT FUNDS

Schedule of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1995

	ORIGINAL	AUXILIARY ENTERPRISES	POSTPONED
Revenues:			
Tuition and fees	\$2,195,810		\$19,700
State appropriations	4,100,700		0
Federal grants and contracts			2,078,250
State grants and contracts			640,967
Private gifts, grants, and contracts			152,400
Sales and services of auxiliary departments		\$1,204,047	
Other sources	80,200		
Total revenues	<u>\$6,386,680</u>	<u>1,204,047</u>	<u>3,333,317</u>
Expenditures and transfers:			
Educational and general:			
Instructors	3,890,190		817,830
Academic support	219,881		14,478
Student services	890,800		811,300
Institutional support	838,700		10,890
Operations and maintenance of plant	738,280		49,100
Scholarships and fellowships	17,789		2,123,231
Total educational and general expenditures	<u>\$6,304,660</u>	<u>None</u>	<u>3,333,316</u>
Mandatory transfers - loan-fund-matching grants	12,490		
Nonmandatory transfers:			
Capital improvements	(10)	200,000	
Repairs and replacements		12,508	
Auxiliary enterprise expenditures		889,241	
Total expenditures and transfers	<u>\$6,386,680</u>	<u>1,204,177</u>	<u>3,333,316</u>
Other activities (debits):			
Excess of restricted receipts over transfers to revenues			247,880
Other		(13,790)	(50,280)
Net increase in fund balances	<u>None</u>	<u>\$189,629</u>	<u>\$100,421</u>

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY SYSTEM STATE OF LOUISIANA Internal Control and Compliance Comments Page 26

The university has a policy that allows library management to establish vendors, order and receive books and subscriptions, and approve invoices for payment by the accounting department. The library has historically used the services of a subscription agent to procure its subscriptions. The procedure involves the agent submitting a proposal to the library which would reflect the previous year's subscriptions and would await authorization from the library to begin sending the current issues. Because of budget cuts in the current year, the process was delayed and the order was not placed in a timely manner. To begin receiving the subscriptions, the assistant dean of the library contacted the agent and requested an invoice for \$60,000 as a partial payment. The vendor complied and the invoice was prepared on May 24, 1996. On June 26, 1996, with the fiscal year-end approaching and the timing of appropriation rearing, the assistant dean requested an additional invoice for \$54,000, the approximate balance remaining in the subscription account. Both invoices were received by the library and submitted to the accounting department for payment in accordance with the university's policy. These payments resulted in loans to the vendor totaling \$40,653 since there were no valid subscriptions to substantiate this amount.

The assistant dean was unable to provide documentation of the specific subscriptions ordered and had to contact the agent. The documentation provided by the agent, in the form of a detailed invoice dated July 8, 1996, supported subscriptions totaling \$83,567; therefore, \$40,653 of fiscal year 1996 appropriation was paid to the agent, in advance, with no supporting documentation.

The lack of segregation of duties allows employees the opportunity to establish a fraudulent vendor, process a bogus invoice, cause payment to be made, and not receive the goods. This could occur without being questioned by other departments under the existing policy.

L&J in Shreveport should reevaluate its control procedures over library expenditures as they relate to: (1) adequate segregation of duties, (2) use of detailed invoices to support payment requests, (3) independent control over establishment of vendors, and (4) documentation of the receiving process to ensure that all goods paid for have been received. In addition, to avoid noncompliance with the constitutional provision prohibiting loans, the university should refrain from making advance payments for goods not yet ordered or received. In a letter dated August 20, 1996, Mr. Michael T. Pernot, Vice Chancellor for Business Affairs, stated that management concurred with the finding and that the university has strengthened the policies and procedures that govern the library in ordering and paying for library acquisitions of books and periodicals. In addition, management's emphasis will be intensified in enforcing and abiding by all state laws and regulations regarding the procurement of library acquisitions.

EMPLOYMENT FUNDS	PLANT FUNDS			CONTRACT FUNDS	TOTAL (BUDGETARY ONLY)
	REPAIRS AND REPLACEMENTS	INVESTMENT IN PLANT	REPAIRS AND REPLACEMENTS		
\$10,000	\$40,045	\$40,045		\$4,700	\$1,000,000 450,000 40,000 100,000 200,000 5,000
111,000			\$18,000,000		18,000,000
<u>\$121,000</u>	<u>\$40,045</u>	<u>\$40,045</u>	<u>\$18,000,000</u>	<u>\$4,700</u>	<u>\$1,000,000</u>
					\$14,000 100,000 5,000 240,000 360,000
<u>10000</u>	<u>50000</u>	<u>50000</u>	<u>50000</u>	<u>4700</u>	<u>360,000</u>
			\$18,000,000		18,000,000
					50,000 1,000,000
\$100,000	\$50,000	\$100,000			\$11,400 100,000
<u>100,000</u>	<u>50,000</u>	<u>100,000</u>	<u>18,000,000</u>	<u>4,700</u>	<u>1,000,000</u>
<u>\$100,000</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$18,000,000</u>	<u>\$4,700</u>	<u>\$1,000,000</u>