

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

serve state residents. The accompanying financial statements present information only as to the transactions of the programs of Nicholls State University, a component unit of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

C. FUND ACCOUNTING

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

Current Funds

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

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

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

<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1995</u>
		\$3,671,214
\$158,983		40,523,854
804,088	\$244,808	18,520,409
347,287		7,021,868
		288,183
<u>\$1,408,328</u>	<u>\$244,808</u>	<u>\$48,137,428</u>

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

15. FOUNDATION

The accompanying financial statements do not include the accounts of Nicholls College Foundation. This foundation is a separate corporation whose financial statements are subject to audit by independent certified public accountants.

16. DEFERRED COMPENSATION PLAN

For fiscal years ended June 30, 1996 and 1995, 25 and 8 employees, respectively, participated 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.

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**

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

	CURRENT FUNDS			STUDENT LOAN FUNDS
	UNRESTRICTED			
	GENERAL	ENTERPRISE	RESTRICTED	
REVENUES AND OTHER ADDITIONS:				
Constitutional-mandated fund revenues	\$30,150,000			
Tuition and fees - restricted			\$90,000	
Donations/grants and contracts:				
Federal			4,088,075	
State			783,000	
Local			8,000	
Private gifts, grants, and contracts - restricted			838,400	
Investment income - restricted				
State financial aid/grants				
Endowment income				
Auxiliary enterprise revenues		\$1,458,700		
Interest on state obligations				\$110
Refund of indebtedness				
Additions to plant facilities				
Other revenues			40	8,000
Total revenues and other additions	<u>\$30,150,000</u>	<u>\$1,458,700</u>	<u>\$4,967,475</u>	<u>\$8,110</u>
EXPENDITURES AND OTHER DEDUCTIONS:				
Educational and general	\$8,078,000		7,488,000	
Auxiliary enterprises		7,163,000		
Auxiliary equipment purchases		28,775		
Expended for plant facilities				
Interest on state obligations			70,700	
Loan cancellations and write-offs				1,000
Refund of indebtedness				
Interest on indebtedness				
Refunded to grantors				1,700
Disposal of plant facilities				
Other				
Total expenditures and other deductions	<u>\$8,078,000</u>	<u>\$7,191,775</u>	<u>7,558,700</u>	<u>\$2,700</u>
Transfers among funds - statutory restrictions:				
Mandatory:				
Principal and interest		\$84,000		
Other		(1,000)		
Nonmandatory:				
Capital improvements				
Other	\$1,544,700	1,070,000	(21,210)	
Total transfers among funds	<u>\$1,544,700</u>	<u>\$82,999</u>	<u>(\$21,210)</u>	<u>\$0,000</u>
Inventory increase (decrease)	700	\$0,875	9000	\$0,000
Net increase (decrease) for the year	700	766,925	(691,225)	4,410
Fund balances at beginning of year	\$33,700	\$1,620,000	\$1,507,700	\$71,700
Fund balances at end of year	<u>\$34,400</u>	<u>\$2,386,925</u>	<u>\$816,475</u>	<u>\$76,110</u>

The accompanying notes are an integral part of this statement.

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

producing present and future income that may either be expended or added to principal.

Plant Funds

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

Agency Funds

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

D. BASIS OF ACCOUNTING

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

NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
For the Years Ended June 30, 1995 and 1996

The following supplemental information schedules present, by year, the Schedule of Endowment Fund Balances and the Schedule of Agency Funds - Deposits Held for Others for amounts included in the totals presented on Statement A for the Endowment and Agency Funds at June 30, 1996.

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Years Ended June 30, 1999 and 1998

INTRODUCTION

Nicholls State University 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 University of Louisiana System Board of Trustees; however, the annual budget of the university and changes to the degree programs, departments of instruction, et cetera, require the approval of the Louisiana Board of Regents. As a state university, operations of the university's instructional programs are funded through annual taxing appropriations made by the Louisiana Legislature.

Nicholls State University, serving as a cultural and educational center for south central Louisiana, is located in Thibodaux, Louisiana. The university offers associate, baccalaureate, and selected masters and specialist degrees in areas of liberal arts, education, business administration, the sciences, and science-related technologies. Enrollment at the university during the summer, fall, and spring semesters of fiscal years June 30, 1998 and 1999, was 3,133 and 3,660; 7,368 and 7,205; and 6,799 and 6,922, respectively. The university has 751 faculty and staff members.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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 Fund from future appropriations made by the Louisiana Legislature. The Governmental Accounting Standards Board (GASB) concurs with 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.

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

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
CURRENT FUNDS**

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

	UNRESTRICTED FUNDS		
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	\$11,201,878	\$218,808	\$487,720
State appropriations	11,948,830		154,574
Governmental grants and contracts			
Federal	72,890		4,198,879
State			1,360,400
Local			110,093
Private gifts, grants, and contracts			866,876
Sales and services of education departments	428,332		
Investment income		1,437,881	
Auxiliary enterprise revenue		704,748	
Other sources	504,000	20,438	182
Total revenues	<u>\$25,227,008</u>	<u>\$2,162,887</u>	<u>7,027,522</u>
Expenditures and transfers:			
Educational and general:			
Instruction	15,942,170		1,136,767
Research	88,624		800,874
Public service			871,783
Academic support	3,887,858		157,184
Student services	1,886,116		4,046,821
Institutional support	4,273,387		352,173
Operations and maintenance of plant	2,176,287		
Scholarships and fellowships	686,451		498,836
Total educational and general expenditures	<u>28,599,833</u>	<u>140,000</u>	<u>7,212,202</u>
Noneducational transfers	2,886,274		(288,228)
Total educational and general and transfers	<u>\$2,217,000</u>	<u>\$0,000</u>	<u>1,923,974</u>
Auxiliary enterprises:			
Expenditures		3,888,731	
Mandatory transfers for:			
Principal and interest		496,836	
Other		1,438	
Nonmandatory transfers		(1,724,048)	
Total auxiliary enterprises	<u>18,046</u>	<u>\$2,760,955</u>	<u>\$0,000</u>
Total expenditures and transfers	<u>\$2,227,000</u>	<u>\$2,760,955</u>	<u>1,923,974</u>
Other additions (deductions):			
Excess of restricted receipts over transfers to restricted			453,445
Portion of restricted grant-endowment funds			
Investment gains appreciation			10,854
Inventory increase (decrease)	(1,225)	58,827	
Net increase (decrease) in total balances	<u>\$21,225</u>	<u>\$84,732</u>	<u>\$183,445</u>

The accompanying notes are an integral part of this statement.

EQUIPMENT FUNDS	PLANT FUNDS				TOTAL (see Attachment Page 7)
	UNEXPANDED	REVENUE AND REPLACEMENT	REPAIRS AND MAINTENANCE	RESERVE IN PLANT	
	111,714		504,800		616,514
					4,880,875
					788,200
					5,041
	41,776		88,714		130,490
9,000,000					71,000
178,854					100,000
					170,014
					8,406,889
					112
				1,000,000	100,000
				1,400,000	1,400,000
	20,000				20,000
790,714	176,000	NCM	400,714	1,340,000	2,607,428
					30,000,000
					1,440,000
	100,000				20,000
					882,875
					70,786
					1,880
			400,000		400,000
			300,000		300,000
				100,000	1,780
	243,000		1,887		244,887
NCM	407,000	NCM	701,787	100,000	1,609,787
					400,000
					1,887
	81,784		80,780		162,564
NCM	80,784	NCM	47,784	NCM	128,568
NCM	NCM	NCM	NCM	NCM	82,420
280,014	807,000	NCM	180,000	1,884,100	3,051,114
1,221,424	700,000	870,000	2,488,800	82,000,740	84,280,964
\$1,828,248	\$500,000	\$280,000	\$2,488,800	\$82,000,740	\$84,280,790

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
CURRENT FUNDS**

**Statement of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1986**

	GENERAL	AUXILIARY (ENTERPRISES)	RESTRICTED
Revenues:			
Tuition and fees	\$11,455,323	\$278,727	\$1,435,440
State appropriations	17,507,888		188,314
Commercial grants and contracts:			
Federal	62,484		4,014,280
State			1,883,860
Local			28,550
Private gifts, grants, and contracts			918,051
Salts and services of education departments	479,655		
Investment income		727,381	
Auxiliary enterprise revenue		8,830,211	
Other sources	878,800	34,438	63
Total revenues	<u>37,130,587</u>	<u>9,980,798</u>	<u>7,483,667</u>
Expenditures and transfers:			
Educational and general:			
Instruction	15,440,171		1,627,858
Stipends	58,699		230,088
Public service			747,280
Academic support	3,271,054		877,738
Student services	1,891,888		2,894,543
Institutional support	4,784,028		650,583
Operations and maintenance of plant	3,288,490		
Scholarships and fellowships	879,587		528,361
Total educational and general expenditures	<u>38,095,787</u>	<u>None</u>	<u>7,457,384</u>
Nonmandatory transfers	1,844,720		25,276
Total educational and general and transfers	<u>39,940,507</u>	<u>None</u>	<u>7,482,660</u>
Auxiliary enterprises:			
Expenditures		7,202,861	
Mandatory transfers for:			
Principal and interest		484,597	
Other		1,967	
Nonmandatory transfers		(7,870,000)	
Total auxiliary enterprises	<u>None</u>	<u>2,758,315</u>	<u>None</u>
Total expenditures and transfers	<u>39,940,507</u>	<u>2,758,315</u>	<u>7,482,660</u>
Other additions (deductions):			
Excess of transfers to-revenue over restricted receipts			(688,724)
Inventory increase (decrease)	158	(82,816)	
Net increase (decrease) in fund balances	<u>918</u>	<u>\$153,667</u>	<u>(\$688,724)</u>

The accompanying notes are an integral part of this statement.

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**

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

	CURRENT FUNDS			STUDENT LOANS FUNDS	ENCUMBERED FUNDS
	UNRESTRICTED				
	GENERAL	MAINTENANCE	RESTRICTED		
Revenues and other additions:					
Unrestricted current fund revenues	\$30,207,000	\$5,794,863			
Tuition and fees - restricted			\$514,471		
Operational gains and contracts:					
Federal			4,194,000		
State			5,569,000		
Local			114,400		
Private gifts, grants, and contracts - restricted			\$98,000	\$500	
Investment income - restricted				140	
Endowment income					\$104,000
Repayment of indebtedness					
Refunds on plant facilities					
Other sources:				4,214	
Total revenues and other additions	<u>\$30,207,000</u>	<u>\$5,794,863</u>	<u>\$5,926,871</u>	<u>\$4,854</u>	<u>\$104,000</u>
Expenditures and other deductions:					
Educational and general	\$4,140,800		7,400,000		
Plant and equipment		\$494,000			
Expansion/plant facilities					
Involuntary (used) increased			114,000		
Loan cancellations and interests				2,740	
Repayment of indebtedness					
Interest on indebtedness					
Refunded to printers				1,744	
Expense of plant facilities					
Other					
Total expenditures and other deductions	<u>\$4,140,800</u>	<u>\$494,000</u>	<u>\$7,514,000</u>	<u>\$4,484</u>	<u>\$104,000</u>
Transfers among funds - additions:					
Deductions:					
Mandatory:					
Principal interest		(490,000)			
Other		(7,400)			
Nonmandatory:					
Capital improvements					
Portion of restricted equalization			10,000		(10,000)
Fund investment gains - appropriated					
Other	(3,000,000)	1,704,000	544,000		
Interfund transfers among funds	<u>(3,000,000)</u>	<u>1,704,000</u>	<u>544,000</u>	<u>10,000</u>	<u>(10,000)</u>
Inventory increase (decrease)	(1,000)	10,000	10,000	10,000	10,000
Net increase (decrease) for the year	(1,000)	\$4,700	(400,440)	4,000	(10,000)
Fund balances at beginning of year	100,000	2,387,000	2,869,000	177,000	870,000
Fund balances at end of year	<u>\$99,000</u>	<u>\$2,391,700</u>	<u>\$2,468,560</u>	<u>\$181,000</u>	<u>\$860,000</u>

The accompanying notes are an integral part of this statement.

UNRECORDED	PLANT FUNDS			TOTAL (MEMORANDUM ONLY)
	REPAIRS AND REPLACEMENTS	REPAIRS AND REPLACEMENTS	ACQUISITION IN PLANT	
871,700		888,000		1,759,700
				4,184,850
				1,889,000
				774,400
				888,000
40,871		88,000		128,871
			400,000	400,000
			2,881,000	2,881,000
100				100
<u>10,700</u>	<u>NONE</u>	<u>400,000</u>	<u>4,000,000</u>	<u>4,510,700</u>
				50,884,800
				1,888,700
888,700				888,700
				774,000
				8,700
		400,000		400,000
		888,000		1,388,000
			1,881,000	1,881,000
		1,000		1,000
<u>888,700</u>	<u>NONE</u>	<u>888,000</u>	<u>1,881,000</u>	<u>3,657,700</u>
		400,000		400,000
		1,000		1,000
887,000		287,000		1,174,000
<u>887,000</u>	<u>NONE</u>	<u>287,000</u>	<u>NONE</u>	<u>1,174,000</u>
<u>800,000</u>	<u>NONE</u>	<u>800,000</u>	<u>800,000</u>	<u>3,274,000</u>
1,000,000		1,000,000	1,000,000	3,000,000
804,871	1,000,000	1,000,000	80,000,000	81,804,871
<u>870,000</u>	<u>1,870,000</u>	<u>21,884,000</u>	<u>80,000,000</u>	<u>83,624,000</u>

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

B. BUDGET PRACTICES

The appropriation made for the General Fund of the university is an annual lapping appropriation established by legislative action and by Title 38 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 branches of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that: (1) depreciation is not recognized; (2) lease costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are deferred to the succeeding year; (4) inventories in the General Fund are recorded as expenditures at the time of purchase; and (5) certain transfers are budgeted as revenues.

The budget amounts include the original approved budget and subsequent amendments approved as follows:

	Fiscal Years	
	1986	1985
Original approved budget	\$21,461,407	\$28,828,337
Amendments:		
State General Fund increase (decrease)	(8,104)	129,480
Salutory deductions - salary supplement		480,628
Total budgeted amounts	\$21,453,303	\$29,438,445

The General Fund appropriation budgetary comparison for the fiscal years ending June 30, 1986 and 1985, follows:

	Actual	June 30, 1986		Percent Favorable Discrepancies
		Adjusted in Budget Year	Actual in Budget Year	
Revenues				
Appropriated by Legislature				
State General Fund direct	\$27,158,884	\$27,158,884	\$27,309,988	(278,884)
State General Fund by self-generated revenues	12,580,205	843,178	12,520,588	10,000,011
State General Fund by emergency transfers	248,000		248,000	248,000
Federal funds	27,484		27,484	27,484
Transfers-in	28,180,573	423,178	28,354,355	27,325,971

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

7. RISK MANAGEMENT

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program or by General Fund appropriation. The university is involved in 11 lawsuits at June 30, 1996, in which the plaintiffs are seeking damages. The amount is not determinable at this time.

8. COMPENSATED ABSENCES

At June 30, 1996, employees of the university have accumulated and vested \$2,453,346 of employee leave benefits, which was computed in accordance with GASB Codification Section C80.105. 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 \$2,453,346. This adjustment would be made to the appropriate fund within the current funds from which the leave is payable. Also, the net increase in fund balances would be decreased by \$165,680 and \$78,826 for the years ended June 30, 1995 and 1996, respectively, and an adjustment to decrease fiscal year ended June 30, 1996, beginning fund balances would be made for \$2,230,618.

9. LEASE OBLIGATIONS

The university has no material capital or operating leases at June 30, 1996.

10. LONG-TERM DEBT

Bonds Payable

The following is a summary of bond transactions of the university for the two years ended June 30, 1996:

Bonds payable at June 30, 1994	\$5,320,000
Bonds retired:	
June 30, 1995	407,062
June 30, 1996	<u>436,440</u>
Bonds payable at June 30, 1996	<u>\$4,476,538</u>

A detailed summary of all debt outstanding at June 30, 1996, including interest payments of \$1,226,441, follows:

STATE OF LOUISIANA LEGISLATIVE AUDITOR

McNeese State University
State of Louisiana
Thibodaux, Louisiana

December 18, 1995



Financial and Compliance Audit Division

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

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**MICHOLES STATE UNIVERSITY
STATE OF LOUISIANA
Thibodaux, Louisiana**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of June 30, 1990, and for the Years
Ended June 30, 1988 and 1989
With Supplemental Information Schedules**

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

December 19, 1990

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of June 30, 1996, and for the Years
Ended June 30, 1995 and 1994
With Supplemental Information Schedules**

CONTENTS

	Statement	Page No.
Independent Auditor's Report on the Financial Statements		3
General Purpose Financial Statements:		
Balance Sheet - All Funds, June 30, 1994	A	5
For the Year Ended June 30, 1995:		
Statement of Changes in Fund Balances	B	7
Statement of Revenues, Expenditures, and Other Changes - Current Funds	C	9
For the Year Ended June 30, 1996:		
Statement of Changes in Fund Balances	D	10
Statement of Revenues, Expenditures, and Other Changes - Current Funds	E	12
Notes to the Financial Statements		13
	Schedule	Page No.
Supplemental Information Schedules:		
Schedule of Endowment Fund Balances	1	31
Schedule of Individual Agency Fund Balances	2	33

CONTENTS (CONT.)

	Exhibit
Other Reports Required by Government Auditing Standards:	
Report on Internal Control Structure Based Solely on an Audit of the General Purpose Financial Statements	A.
Report on Compliance With Laws and Regulations	B.



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DAVID B. WYLLIE, PH.D., CPA, CFE
 LEGISLATIVE AUDITOR

November 18, 1995

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

NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
 Thibodaux, Louisiana

We have audited the accompanying general purpose financial statements of Nicholls State University, a component unit of the State of Louisiana, as of June 30, 1995, and for the years ended June 30, 1994 and 1993, as listed in the foregoing table of contents. These financial statements are the responsibility of management of Nicholls State University. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, except for the effects of not recording the liability for 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 Nicholls State University at June 30, 1995, and the changes in fund balances and the current funds revenues, expenditures, and other changes for the years ended June 30, 1994 and 1993, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 18, 1995, on our consideration of Nicholls State University's internal control structure and a report dated November 18, 1995, on its compliance with laws and regulations.

LEGISLATIVE AUDITOR

NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Audit Report, June 30, 1999

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 Nicholls State University. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,



Daniel G. Kato, CPA, CFC
Legislative Auditor

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**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**

Balance Sheet, All Funds, June 30, 1998

	CURRENT FUNDS			STUDENT LOAN FUNDS	ENDORSEMENT FUNDS
	UNRESTRICTED				
	GENERAL	ENTERPRISES	RESTRICTED		
ASSETS					
Cash and cash equivalents (note 2)	\$1,271,862	\$1,472,828	\$1,892,721	284,729	\$1,218,128
Accounts receivable	127,375	185,851	247,245	95	75
Notes receivable (note 2)	62,718			83,882	
Deferred charges and prepaid expenses contingencies	122,882	1,047,282			
Investment plan (note 10)					
TOTAL ASSETS	\$1,584,837	\$2,706,061	\$2,140,067	\$369,696	\$1,298,328
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$18,811	\$21,726	\$2		
Accrued liabilities	287,273	3,492	3,492		
Deposits held for others		82,858			
Deferred revenues	1,266,243	12,212			
Notes payable (note 2)					
Other liabilities					
Total Liabilities	1,572,327	\$3,888	\$3	\$369,696	\$369,696
Fund Equity:					
Net Investment in plant					
Fund balances:					
Reserved for debt service					
Reserved for contingencies	122,882	2,004,269	1,232,027		
Current operations - restricted					
Restricted operations:					
Restricted				123,688	
Unrestricted					\$1,474,888
Quasi-restricted - restricted					63,282
Fund Fund Equity	122,882	2,006,269	1,232,027	123,688	1,538,170
TOTAL LIABILITIES AND FUND EQUITY	\$1,695,209	\$2,710,157	\$2,142,097	\$493,384	\$1,836,348

The accompanying notes are an integral part of this statement.

LEGISLATIVE AUDITOR

NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Compliance Report
November 13, 1995
Page 2

Our comments on compliance with laws and regulations are intended for the information and use of the university and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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page 2

EXHIBIT B

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

A summary of investments in plant follows:

	Balance July 1, 1988	Additions	Deletions	Balance June 30, 1989
Land and improvements	\$1,885,862	\$884,712		\$2,770,574
Buildings	40,889,407	57,264		40,946,671
Equipment	15,217,871	1,573,888	\$726,201	15,974,968
Library books	8,290,848	869,871		9,160,719
Constructive in progress	439,112	147,765	884,712	502,165
Total	<u>\$64,852,800</u>	<u>\$2,565,328</u>	<u>\$1,611,213</u>	<u>\$66,806,725</u>

14. AUXILIARY ENTERPRISES

The university maintains various auxiliary enterprise funds that provide services to the university community. Segment information for the fiscal years ended June 30, 1989 and 1988, follows:

	<u>June 30, 1989</u>	<u>June 30, 1988</u>
Net increase in fund balances	\$163,801	\$84,735
Net loss	(908,191)	(1,120,937)
Net assets	2,908,208	2,442,458
Outstanding principal and interest on debt	8,543,358	8,283,378
Annual principal and interest on debt	688,823	654,379

The present accounting system does not provide for individual accounting of balance sheet and fixed assets for each auxiliary. A summary of net income or (net loss) for the fiscal years ended June 30, 1989 and 1988, follows:

	<u>June 30, 1989</u>	<u>June 30, 1988</u>
Food service	\$277,358	\$276,688
Housing	113,162	119,482
Bookstore	123,803	74,683
Student Union	(712,455)	(571,684)
Athletic Auxiliary	(1,578,905)	(1,754,048)
Other	358,858	324,082
Total	<u>(908,191)</u>	<u>(1,120,937)</u>

HICHOSS STATE UNIVERSITY
STATE OF LOUISIANA

Notes to the Financial Statements (Continued)

	June 30, 1989	June 30, 1988
Peoples Loan Fund	\$94,375	\$97,687
Nursing Student Loan	1,510	3,087
Student Government Association		
Emergency Loan Fund	52,081	52,687
American Petroleum Institute Loan Fund	15,889	15,889
Partners in Responsible Opportunity Loan Fund	2,111	2,887
Total	\$155,965	\$131,147

13. PLANT FUNDS

The reported fund balances of the unexpended plant funds for the years ended June 30, 1989 and 1988, are as follows:

	June 30, 1989	June 30, 1988
Parking permits	\$117,131	\$67,388
Interest income from investments	12,258	69,563
Oil lease and royalty income	432	32,432
Royalty income - Petter Farm	290,245	529,812
Equipment and special projects	82,112	
Other	1,189	1,189
Total	\$683,322	\$700,385

In August 1987, the Financial Accounting Standards Board (FASB) issued Statement No. 69, Recognition of Depreciation by Not-for-Profit Organizations, which requires not-for-profit organizations, including colleges and universities, to recognize depreciation of their long-lived tangible assets in their financial statements. In January 1988, the GASB issued Statement No. 8, which addresses the implementation of FASB Statement No. 69. Codification of Governmental Accounting and Financial Reporting Standards Section C-9.102 states that, "Colleges and universities that follow the AICPA Industry Audit Guide, Audits of Colleges and Universities, should not change their accounting and reporting for depreciation of capital assets as a result of FASB Statement No. 69; the GASB has several projects under way that may affect that reporting." As reflected in note 1-D, depreciation is not currently recognized by the university.

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

Bond Issue	Cash Reserves Available	Reserve Requirements	Excess
Student Housing System Revenue Bonds	\$1,194,850	\$997,823	\$213,558
Academic Offices Building Use Fee Revenue Bonds	1,025,768	30,790	1,493,880
General Obligation Bonds	182,247	132,074	499,673
Total	<u>\$3,002,865</u>	<u>\$1,160,687</u>	<u>\$2,568,016</u>

The bond agreement of the housing system's revenue bonds requires that, after required deposits have been made to the housing system repair and replacement fund, a sum totaling \$255,000 must be deposited in a housing system repair and replacement reserve. At June 30, 1996, the university satisfied the repair and replacement reserve requirement.

11. RESERVATIONS OF FUND BALANCES

Reservations of fund balances at June 30, 1996, as shown on Statement A, are as follows:

	Reserved for Inventories	Bond Indebtedness	Total
Current funds - general	\$122,852		\$122,852
Plant funds:			
Repairs and replacements		\$255,000	255,000
Retirement of indebtedness		1,184,282	1,184,282
Total	<u>\$122,852</u>	<u>\$1,439,282</u>	<u>\$1,572,234</u>

12. STUDENT LOAN FUNDS

The fund balances of the student loan funds for the years ended June 30, 1996 and 1995, are as follows:



BARRELL & KIRKPATRICK, CPAs, INC.
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BAYLUM HOUSE, LOUISIANA TOWER-FURT

180 NORTH THIRD STREET
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November 15, 1998

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

NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Thibodaux, Louisiana

We have audited the general purpose financial statements of Nicholls State University, a component unit of the State of Louisiana, as of June 30, 1998, and for the years ended June 30, 1995 and 1996, and have issued our report thereon dated November 15, 1998.

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.

Compliance with laws and regulations applicable to Nicholls State University is the responsibility of the university's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we 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 matter relating to movable property, as described in the internal control report (Exhibit A), that is also considered to be a compliance matter required to be reported hereunder Government Auditing Standards.

We considered this instance of noncompliance in forming our opinion on whether Nicholls State University's 1998 and 1996 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles. This report does not affect our report dated November 15, 1998, on those general purpose financial statements.

EXHIBIT B

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

Issue	Date of Issue	Original Issue	Outstanding June 30, 1995
Student Housing System Revenue Bonds:			
Series 1964	Dec. 1, 1964	\$1,800,000	\$664,000
Series 1968	Dec. 1, 1968	2,700,000	1,470,000
Series 1971	Jan. 1, 1971	2,700,000	1,120,000
Series 1977-A	Oct. 1, 1977	850,000	334,288
Academic Facilities Building Use Fee General Obligation Bonds:			
Series 1985-B	May 1, 1985	175,000	128,078
Series 1988-A	Jan. 5, 1988	1,275,000	1,198,084
Total		\$10,410,000	\$5,220,028

The annual requirements to amortize all bonds outstanding at June 30, 1995, including interest of \$1,220,448, are as follows:

	1997	1998	1999
Student Housing Revenue Bonds:			
Series 1964	\$80,000	\$80,000	\$91,288
Series 1968	140,000	144,800	148,800
Series 1971	201,044	201,875	200,144
Series 1977-A	45,600	45,827	45,684
Academic Facilities Building Use Fee Revenue Bonds - Series 1975:	30,735	37,605	36,605
General Obligation Bonds:			
Series 1985-B	10,457	18,408	18,350
Series 1988-A	183,170	153,263	153,264
Total	\$680,348	\$699,864	\$692,501

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

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**
**Schedule of Endowment Fund Balances
For the Years Ended June 30, 1999 and 1998**

	<u>JUNE 30, 1999</u>	<u>JUNE 30, 1998</u>
Alice H. Gordon Scholarship	\$10,379	\$10,039
Allen and Helene Ousebury	15,872	15,872
C. Glenn Waters Memorial Scholarship	3,175	
Chairman Foundation Scholarship Endowment Program	100,000	100,000
Clyde P. Donvillen	1,128	1,078
Darcy Lettens	15,258	17,780
Delahaye Communication Arts	3,118	3,178
Donaldsonville Music Club	10,321	10,043
E. G. Katochancu Memorial Fund	10,000	10,000
Endowed Professorship in BA	80,000	
Endowed Professorship in Engineering	223,844	228,488
Endowed Professorship in Nursing	105,379	91,080
Ernie Jeanston Austin	10,000	
Eugenia S. Churchill	31,818	31,827
Florida A. Patt Scholarship	10,000	10,000
George Mitchell Physical Education Scholarship	14,259	14,141
Gerard B. Stakeman Memorial Fund	2,078	1,875
Gilson J. Austin, Jr.	10,000	10,000
I. T. Dasco Memorial	15,838	13,302
Ingrid C. Peterson Memorial	2,260	2,188
James Lynn Powell	15,814	14,734
Jennie and Company Film Production Scholarship	2,815	2,876
Lella Graham Florizulius Scholarship	5,229	5,229
Lloyd Morgan	10,000	10,000
Louise Stahl Dentis	280,000	280,000
Margaret Jolly Scholarship Fund	1,400	1,334
Marie P. Servais Scholarship	17,528	17,528
Mary B. Welch-Alto American	8,870	8,060
Mrs. E. B. T. Marquette Paine	15,090	17,692
Mrs. E. B. T. Marquette, CPA	7,867	7,080
M. Y. Tines Foundation Scholarship	30,000	30,000
Peggy Palmer Pentec Scholarship	4,425	4,425
Phil Naggin, Jr., Scholarship	10,843	10,043
Presidential Distinguished Scholarship	25,831	24,894
Ramon Labor Memorial Scholarship	8,878	8,877
Ray Diller Memorial	43,290	43,290
Raymond J. Calross Memorial	20,000	
Richard Peller	11,238	11,007

(Continued)

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

1996, and 1994, were \$2,254,364, \$2,180,369, and \$2,148,495, respectively, and in LASSRS for the years ended June 30, 1995, 1993, and 1994, were \$989,919, \$620,251, and \$600,033, respectively, equal to the required contributions for each year.

5. OPTIONAL RETIREMENT SYSTEM

LSA-R.S. 11:821 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 the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

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

For the years ended June 30, 1996 and 1995, contributions by the university were 16.5 and 16.2 percent, respectively, of the covered payroll. The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan totaled \$635,062 and \$572,305 for the years ended June 30, 1996 and 1995, respectively.

**6. 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. The cost of providing these retiree benefits totaled \$576,026 and \$429,626 for the years ended June 30, 1996 and 1995, respectively.

**MICHOLES STATE UNIVERSITY
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

3. NOTES RECEIVABLE

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

	Allowance		Net Statement A
	Notes Receivable	for Uncollectibles	
Student Loan	\$19,881	\$14,880	\$5,001
Nursing Student Loans	8,484	7,841	643
Eastern Government Association Loans	18,188	8,247	9,941
Partners in Responsibility Opportunity Loans	188		188
Total	\$36,741	\$31,068	\$5,673

4. PENSION PLANS

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 13, Section 39 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 44723, Baton Rouge, Louisiana 70804-9723, or by calling (504) 925-9449 and/or the Louisiana State Employees Retirement System, Post Office Box 44013, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0669 or (800) 258-3800.

The contribution requirements of plan members and the university are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (LSA-R.S.) 11:102. Employees contribute 6 percent (TRS) and 7.5 percent (LASERS) of covered salaries. The state is required to contribute 18.8 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,

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

excess of 360 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-D, 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 these columns do not present financial position or results of operations. Neither is such data comparable to a consolidation.

3. CASH AND CASH EQUIVALENTS

At June 30, 1998, the university has cash and cash equivalents (bank balances) totaling \$11,188,762 as follows:

Cash on hand	\$87,108
Demand deposits	18,300
Interest-bearing demand deposits	3,047,897
Money market accounts	2,948,738
Time deposits	5,841,841
Other	<u>365,788</u>
Total	<u>\$11,188,762</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1998, the university has \$11,270,483 in deposits (collected bank balances). These deposits are secured from risk by \$668,892 of federal deposit insurance and \$10,701,821 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Included in cash and cash equivalents is cash available to the university within the state treasury totaling \$173,573. Securities pledged for cash in the state treasury are not included in the above computations as these amounts are secured by fiscal agent banks established by the state treasury independent of the university.

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

G. INVENTORIES

Inventories are valued at cost for the General Fund stores inventory and the Auxiliary Enterprise Fund bookstore inventory. The university uses a periodic inventory system and values its inventory using the first-in, first-out (FIFO) valuation method. Inventories in the General Fund are recorded as expenditures at the time of purchase. Year-end balances are offset by a fund balance reserve that indicates this portion of the fund balance does not constitute available spendable resources. The inventories of the auxiliary enterprise funds are expended when sold or used.

H. DEFERRED REVENUES

Tuition and fees collected at June 30, 1995, but applicable to the 1996 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

The university employs encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve fund balances. Encumbrances 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 Louisiana Revised Statute 30:52. There are no encumbrances outstanding at June 30, 1995.

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. Construction in progress is capitalized during construction based upon actual expenditures to date. Public domain or infrastructures are not capitalized. No depreciation has been provided on plant assets.

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during holiday periods when students are not in classes. Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 360 hours. In addition, students and non-classified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Unused annual leave is

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

	June 30, 1998				
	Actual	Adjustment to Budget Base	Actual vs Budget Base	Budget	Variance Favorable (unfavorable)
Expenditures					
Program expenditures	\$6,188,887	\$83,178	\$6,272,065	\$7,420,263	\$1,148,198
Unexpended appropriation - current year	None	None	None	None	None
	June 30, 1999				
	Actual	Adjustment to Budget Base	Actual vs Budget Base	Budget	Variance Favorable (unfavorable)
Revenues					
Appropriated by legislature					
State General Fund (50%)	\$17,500,000		\$17,500,000	\$17,500,000	
State General Fund by self-generated revenues	12,281,000	\$40,000	12,321,000	11,483,000	\$838,000
State General Fund by interagency transfers	548,000		548,000	548,000	
Federal funds	71,000		71,000	71,000	
Total revenues	<u>\$30,399,000</u>	<u>\$40,000</u>	<u>\$30,439,000</u>	<u>\$29,922,000</u>	<u>\$517,000</u>
Expenditures					
Program expenditures	26,297,000	40,000	26,337,000	24,438,000	1,900,000
Unexpended appropriation - current year	None	None	None	None	None

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

F. CASH AND CASH EQUIVALENTS

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

NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Internal Control Report
November 18, 1988
Page 4

weaknesses as defined previously. However we believe the reportable conditions described previously are not material weaknesses.

Our comments on the internal control structure are intended for the information and use of the university and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Internal Control Report
November 10, 1999
Page 3

The lack of adequate internal control procedures provided these opportunities for theft and the reduction of internal earnings caused by delayed deposits. Nicholls State University should establish an adequate internal control structure to include segregation of duties so that the university can be assured that assets are safeguarded and errors and/or irregularities are identified timely. In a letter dated September 8, 1999, Mr. Mike Naguin, Controller, stated that the internal control structures in the Office of Student Publications and Printing and the Nicholls State University Bookstore have been changed and improved to include additional segregation of duties and timeliness of deposits. These changes should ensure that assets are safeguarded and errors and/or irregularities are identified in a timely manner.

Timely Recording and Tagging Movable Property Items

Nicholls State University failed to timely record and tag all movable property items as required by the Louisiana Property Assistance Agency (LPPA). State property control regulations require state agencies to place a unique identification tag on property and forward that information to the LPPA within 45 days after receipt. During our audit, we observed 21 acquisition documents containing 84 items, totaling \$179,861, that were not tagged and not entered into the LPPA property control system for periods of 48 to 101 days. Failure to follow LPPA property control regulations increases the risk that movable property may be lost, removed, or misused, without timely detection.

Nicholls State University should take the necessary measures to ensure that movable property internal accounting controls are functioning effectively to comply with state movable property regulations. In a letter dated September 3, 1999, Mr. Michael Davis, Director of Purchasing and Property Control, concurred with the finding and recommendation and reemphasized that the oversight was not detected timely because of the reduction in his staff. Despite the manpower shortage, these omissions would have been detected and corrected. Procedures have been implemented to ensure that this situation does not occur again.

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

NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
 Internal Control Report
 November 15, 1995
 Page 2

We noted certain matters 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 entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Student Payroll and Bookstore Irregularities

The Nicholls State University internal auditor issued reports on student payroll and bookstore cash receipts irregularities dated February 6, 1995, and February 22, 1995, respectively. These reports cite irregularities that were caused by deficiencies in internal control procedures including a lack of segregation of duties, resulting in opportunities for fraud to occur as follows:

- The former secretary of the Office of Student Publications and Printing (student newspaper department) was assigned incompatible functions. She received time sheets from students, submitted them to the department's director, and resubmitted them from the director to deliver to the personnel department for processing. She would also go to the payroll department to pick up the payroll checks. This unlimited access gave her the opportunity to obtain and forge student workers' payroll checks, totaling \$800, and alter the payroll records to conceal the theft. In addition, the secretary was responsible for billing, accounting, and depositing proceeds from advertisements in the Nicholls Morning Newspaper (student newspaper). The internal auditor's examination disclosed altered receipts and untimely deposits for at least \$7,705.

- The former bookstore director committed fraudulent acts totaling \$7,988. After business hours, the director had access to undeposited cash and checks, deposit documents, and cash registers. Having this unlimited access, he substituted fictitious cash refunds documents, commission checks, and vendor refund checks for cash.

These fraudulent acts appear to be in violation of Louisiana Revised Statute (LSA-R.S.) 14:57, which prohibits any person from taking anything of value that belongs to another (theft); LSA-R.S. 14:72, which prohibits forgery; and LSA-R.S. 14:130, which prohibits the injuring of public records. Both matters were turned over to the District Attorney for the Seventeenth Judicial District and criminal charges were filed.



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LEGISLATIVE AUDITOR

November 18, 1995

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

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Thibodaux, Louisiana**

We have audited the general purpose financial statements of the Nicholls State University, a component unit of the State of Louisiana, as of June 30, 1995, and for the years ended June 30, 1995 and 1994, and have issued our report thereon dated November 18, 1995.

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.

Management of Nicholls State University 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.

In planning and performing our audit of the general purpose financial statements of Nicholls State University for the years ended June 30, 1994 and 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we 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.

EXHIBIT A

**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.

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**

**Schedule of Individual Agency Fund Balances
For the Years Ended June 30, 1988 and 1985**

	<u>JUNE 30, 1988</u>	<u>JUNE 30, 1985</u>
Alumni Federation	\$1,247	\$1,453
American Language Academy	1,889	1,807
AFSCME and Support	74,179	10,150
Kelley National Fellowship	13,793	
Play-Offs - NCAA		11,584
Play-Offs - SLC	448	12,289
Student Conference Tournament	448	
Student Government Association Legal Aid	8,814	8,680
Student Government Association	32,817	28,000
Student Programming Association	32,195	18,637
Support for Older Students	333	558
Tex Kern De Club	9,953	13,234
Miscellaneous	1,709	1,189
	<u>\$216,839</u>	<u>\$180,347</u>
Total	\$216,839	\$180,347

**NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**

Schedule of Endowment Fund Balances, 1995 and 1996

	<u>JUNE 30, 1995</u>	<u>JUNE 30, 1996</u>
Robby J. Standaert Scholarship	\$5,147	\$1,474
Senator Claude Dural	10,000	10,000
Senior Scholarship Fund	14,401	13,700
Bergant Calvin Helzer, Jr., Memorial Scholarship	14,883	14,142
Shel A. Bush Apparel Merchandise	1,870	1,570
State Farm Athletic	30,000	30,000
The Texaco, Incorporated	10,000	10,000
Thibodaux Rotary Club	20,782	19,169
Timothy Lindsey, Jr.	5,070	5,870
Vernon F. Galtman Scholarship	7,973	7,766
Victor J. Ballew Memorial Scholarship	10,340	10,007
	<u>\$1,818,348</u>	<u>\$1,521,404</u>
Total		

(Continued)

Redeemed June 30, 1995	Redeemed June 30, 1996	Outstanding June 30, 1996	Maturities	Interest Rate	Interest Outstanding June 30, 1995
\$85,800	\$79,000	\$128,080	1997-2004	3.0%	\$100,348
80,800	86,000	1,308,080	1997-2008	4.70%	277,888
130,800	140,000	858,080	1997-2008	6.800%	147,408
20,714	31,272	272,080	1997-2003	4.78%	47,856
30,800	25,000	142,080	1997-2008	3.8%	6,816
7,485	8,138	714,058	1997-2008	5.30%	36,816
84,885	89,732	1,882,458	1997-2008	7.500%	478,816
<u>\$457,584</u>	<u>\$439,440</u>	<u>\$4,473,524</u>			<u>\$1,228,440</u>

2000	2001	Thereafter	Total
\$84,070	\$81,578	\$378,846	\$844,345
148,080	148,243	928,842	1,825,965
188,880	185,260		867,408
48,073	48,074	51,478	328,858
37,866			158,816
18,289	19,238	78,214	172,975
<u>153,473</u>	<u>153,889</u>	<u>770,021</u>	<u>1,838,868</u>
<u>\$695,820</u>	<u>\$663,004</u>	<u>\$2,289,188</u>	<u>\$3,688,995</u>