

**LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
As of and for the Year Ended June 30, 1996**

The following supplemental information schedule presents the Schedule of Individual Agency Funds and Endowment Funds Balances for amounts included in the totals presented on Statement A for the Agency Funds and Endowment Funds.

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
CURRENT FUNDS

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

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	\$17,744,759	\$3,870,804	\$3,166,997
State appropriations	30,410,819		731
Federal grants and contracts	12,420		6,417,678
State grants and contracts			2,585,240
Local grants and contracts			420,282
Private gifts, grants, and contracts			1,945,287
Sales and services of educational departments	364,332		334,858
Sales and services of auxiliary departments	49,266	14,599,936	8,737
Endowment income			48,450
Investment income	145,930	199,635	44,138
Other sources	2,562,977		408,046
Total revenues	<u>51,290,503</u>	<u>18,670,375</u>	<u>15,380,444</u>
Expenditures and transfers:			
Educational and general:			
Instruction	21,608,010		3,667,725
Research	5,276,919		3,508,662
Public service			54,405
Academic support	5,193,786		1,069,215
Student services	2,511,313		695,548
Institutional support	5,345,743		428,398
Operations and maintenance of plant	5,919,272		54
Scholarships and fellowships	3,770,663		5,443,705
Total educational and general expenditures	<u>49,625,706</u>	NONE	<u>14,867,712</u>
Mandatory transfers for:			
Principal and interest		2,423,073	
Renewals and replacement		15,000	
Loan fund matching			28,281
Other	(363,820)	(9,346)	373,166
Nonmandatory transfers for:			
Capital Improvements		33,919	
Renewals and replacements			38,678
Other		(499,745)	(6,825)
Auxiliary enterprises expenditures	1,955,361	16,888,223	79,432
Total expenditures and transfers	<u>51,217,247</u>	<u>18,851,124</u>	<u>15,380,444</u>
Other additions (deductions):			
Excess of restricted receipts over transfers to revenue			123,592
Inventory increase (decrease)	87,021		
Other	(73,256)		
Net increase (decrease) in fund balances	<u>\$87,021</u>	<u>(\$180,749)</u>	<u>\$123,592</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Tech University
State of Louisiana
Ruston, Louisiana

December 18, 1996



Financial and Compliance Audit Division

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

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

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

Cash includes cash on hand, demand deposits, interest-bearing demand deposits, money market accounts, and cash in the state treasury. Cash equivalents include money market mutual funds, short-term U. S. Treasury bills, and time deposits. Under state law, the 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.

In accordance with Louisiana Revised Statute (LSA-R.S.) 49:327(C)(3), the university is authorized to invest funds in direct U.S. Treasury obligations. These investments are U.S. Treasury securities and are reported at cost, which approximates market, on the balance sheet. In addition, the university owns donated investments that include mutual fund shares, stocks, bonds, and diamonds. These investments are stated at market value, if determinable, at the time of donation. Otherwise, they are stated at par value.

G. INVENTORIES

Inventories are valued at the lower of cost or market. The university uses a perpetual inventory system for its general stores and postage inventory and a periodic inventory system for all other inventories. The university values its inventory using the weighted-average method for the general stores, face value for postage, retail for the bookstore, and first-in, first-out (FIFO) for all others. Inventories in the General Fund are recorded as expenditures at the time of purchase. The inventories of the auxiliary enterprise and restricted funds are expensed when sold or consumed. Year-end balances are offset by a fund balance reserve that indicates this portion of the fund balance does not constitute available spendable resources.

H. DEFERRED REVENUES

Tuition and fees collected at June 30, 1996, 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

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve fund balances, is employed by the university. Encumbrances outstanding at year-end in all funds, except for the General Fund, are reported as reservations of fund balance since they do not

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

	1995-1996		Variance Favorable (Unfavorable)
	Actual	Budget	
Revenues			
Appropriated by legislature:			
State General Fund	\$30,314,819	\$30,314,819	
State General Fund by self-generated revenues	20,867,264	23,180,229	(\$2,312,965)
Federal funds	12,420	16,000	(3,580)
Interagency transfers	96,000	144,000	(48,000)
Total revenues	<u>51,290,503</u>	<u>53,655,048</u>	<u>(2,364,545)</u>
Expenditures	<u>51,217,247</u>	<u>53,655,048</u>	<u>2,437,801</u>
Unexpended Appropriation - Current Year	<u>\$73,256</u>	<u>NONE</u>	<u>\$73,256</u>

	1994-1995		Variance Favorable (Unfavorable)
	Actual	Budget	
Revenues			
Appropriated by legislature:			
State General Fund	\$29,145,014	\$29,145,014	
State General Fund by self-generated revenues	20,089,990	22,980,229	(\$2,890,239)
State General Fund by interagency transfers	144,000	144,000	
Federal funds	12,674	16,000	(3,326)
Statutory dedications	737,931	737,931	
Total revenues	<u>50,129,609</u>	<u>53,023,174</u>	<u>(2,893,565)</u>
Expenditures	<u>50,129,476</u>	<u>53,023,174</u>	<u>2,893,698</u>
Unexpended Appropriation - Current Year	<u>\$133</u>	<u>NONE</u>	<u>\$133</u>

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.

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

E. BUDGET PRACTICES

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

The budget amounts for 1995-1996 and 1994-1995 include the original approved budgets and subsequent amendments approved as follows:

1995-1996

Original approved budget	\$53,619,981
Preamble addition	100,000
Amendments - decrease in state General Fund	<u>(64,933)</u>
Total	<u>\$53,655,048</u>

1994-1995

Original approved budget	\$51,880,543
Preamble addition	100,000
Amendments:	
Increase in state General Fund	304,700
Increase in statutory dedications (Casino Gaming Proceeds Fund) to provide a one-time salary supplement	<u>737,931</u>
Total	<u>\$53,023,174</u>

The following are the appropriation budgetary comparisons for 1995-1996 and 1994-1995:

LOUISIANA TECH 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.

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

as to the transactions of the programs of Louisiana Tech 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. 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 includes the Auxiliary Enterprise Fund and 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

**LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA**

Notes to the Financial Statements
As of June 30, 1996, and for the Years
Ended June 30, 1996 and 1995

INTRODUCTION

Louisiana Tech 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 Board of Regents for Higher Education. As a state university, operations of the university's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

Louisiana Tech University is located in Ruston, Louisiana. The university offers associate, baccalaureate, and selected masters, specialists, and doctorate degrees in the areas of business, education, liberal arts, the sciences, engineering, and engineering-related technologies. Student enrollment was approximately 9,700 for the 1996 fall semester. The university has approximately 370 faculty and 800 support staff members.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) considers both the American Institute of Certified Public Accountants (AICPA) College Guide model and the governmental model to be acceptable for accounting and financial reporting by governmental colleges and universities. The accompanying financial statements have been prepared in accordance with the AICPA College Guide model principles, except for the recognition of compensated absences. The university recognizes the liability for unused annual and sick leave when paid because major portions of the liability will be paid from the university's General Fund from future appropriations made by the Louisiana Legislature.

B. REPORTING ENTITY

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

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
CURRENT FUNDS

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

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	\$17,602,212	\$3,960,714	\$3,473,369
State appropriations	30,026,945		
Federal grants and contracts	12,674		5,937,375
State grants and contracts			3,049,935
Local grants and contracts			419,303
Private gifts, grants, and contracts			1,547,644
Sales and services of educational departments	268,332		345,998
Sales and services of auxiliary departments	58,107	14,504,020	9,760
Endowment income			40,263
Investment income	136,805	258,074	36,636
Other sources	2,024,534		159,041
Total revenues	<u>50,129,609</u>	<u>18,722,808</u>	<u>15,019,324</u>
Expenditures and transfers:			
Educational and general:			
Instruction	21,760,585		4,067,977
Research	5,316,664		2,689,161
Public service			93,571
Academic support	4,974,429		1,278,079
Student services	2,428,235		724,226
Institutional support	5,195,659		350,776
Operations and maintenance of plant	5,582,546		
Scholarships and fellowships	3,136,721		5,486,337
Total educational and general expenditures	<u>48,394,839</u>	NONE	<u>14,690,127</u>
Mandatory transfers for:			
Principal and interest		2,179,017	
Renewals and replacements		15,000	
Loan fund matching			(140,524)
Other	(338,617)	(15,923)	354,540
Nonmandatory transfers for:			
Capital improvements		373,217	
Renewals and replacements			58,668
Other			(15,973)
Auxiliary enterprises expenditures	2,073,254	16,679,719	72,486
Total expenditures and transfers	<u>50,129,476</u>	<u>19,231,030</u>	<u>15,019,324</u>
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			(134,199)
Inventory increase (decrease)	25,400		
Other	(133)	(9,563)	
Net increase (decrease) in fund balances	<u>\$25,400</u>	<u>(\$517,785)</u>	<u>(\$134,199)</u>

The accompanying notes are an integral part of this statement.

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

Cash on hand	\$57,464
Demand deposits	(1,360,905)
Interest-bearing demand deposits	814,548
Money market accounts	1,931,039
Money market mutual funds	4,219,889
Time deposits	3,634
Short-term U.S. Treasury bills	6,154,348
Cash in state treasury	<u>558,909</u>
Total	<u>\$12,378,926</u>

These deposits are stated at cost, which approximates market.

The overdraft shown in demand deposits is the amount of checks outstanding at June 30, 1996, drawn on zero-balance checking accounts for which there are rights of offset against money market accounts in the same banks. The banks transfer cash from money market accounts to these demand accounts to cover each check as it clears. The deposit balance in the money market account at each bank exceeds the outstanding checks drawn on the zero-balance accounts in the bank.

Under state law, all deposits (or 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 university or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1996, the university has \$2,870,356 in deposits (collected balances). These deposits are secured from risk by \$290,459 of federal deposit insurance (GASB Category 1), and \$2,579,897 by pledged securities held in the name of the university by custodial banks acting as agents of the university (GASB Category 1).

Included in cash and cash equivalents is cash available to the university within the state treasury totaling \$558,909. The above computations do not include securities pledged for cash in the state treasury, as the securities pledged by banks holding deposits of the state treasury are held in the name of the state treasury by the custodial banks.

Also included in cash and cash equivalents are short-term U.S. Treasury bills and money market mutual funds that do not require collateralization because they are not subject to credit risk as deposits. However, the Treasury bills are subject to the credit risk of financial institutions that serve either as counterparties to their purchase or as custodians in whose name the securities are registered. Risk category 2 includes securities that are registered in the name of the trust department of the bank through which the university purchased the securities or in the name of an agent of that bank. Category 3 includes securities that are

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA

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

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	\$50,129,609			
Tuition and fees - restricted			\$3,108,641	
State grants and contracts - restricted			3,202,084	
Federal grants and contracts - restricted			5,937,375	\$82,358
Local grants and contracts - restricted			419,303	
Private gifts, grants, and contracts - restricted			1,626,024	
Investment income - restricted			36,636	27,175
Sales and services of educational departments			355,758	
Sales and services of auxiliary departments		\$18,722,808		
Interest on loans receivable				158,523
Endowment income			40,263	
Additions to plant facilities				
Retirement of indebtedness				
Other sources			327,018	47,170
Total revenues and other additions	50,129,609	18,722,808	15,053,102	315,226
Expenditures and other deductions:				
Educational and general	48,394,839		14,690,127	
Auxiliary enterprises	2,073,254	16,259,201	72,486	
Loan cancellations and write-offs				121,358
Administrative and collection costs		420,518		29,207
Expended for plant facilities				
Retirement of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Other	133	9,563		
Total expenditures and other deductions	50,468,226	16,689,282	14,762,613	150,565
Transfers among funds - additions (deductions):				
Mandatory:				
Principal and interest		(2,179,017)		
Renewals and replacements		(15,000)		
Loan fund matching			(27,453)	27,453
Other	338,617	15,923	(354,540)	
Nonmandatory:				
Capital improvements				
Renewals and replacements		(373,217)	(58,668)	
Other			15,973	
Total transfers among funds	338,617	(2,551,311)	(424,688)	27,453
Inventory increase	25,400	NONE	NONE	NONE
Net increase (decrease) for the year	25,400	(517,785)	(134,199)	192,114
Fund balances at July 1, 1994, restated (note 22)	356,079	5,453,256	3,362,138	6,103,905
Fund balances at June 30, 1995	\$381,479	\$4,935,471	\$3,227,939	\$6,296,019

The accompanying notes are an integral part of this statement.

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

registered in the name of the bank through which the university purchased the securities. Risk categorization does not apply to the money market mutual funds.

	<u>Carrying Amount</u>
Category 2 - U.S. Treasury bills	\$4,202,668
Category 3 - U.S. Treasury bills	1,951,680
Uncategorized - money market mutual funds	<u>4,219,889</u>
Total cash equivalents	<u>\$10,374,237</u>

3. INVESTMENTS

At June 30, 1996, the university has investments with a total carrying value of \$161,371, which are listed in the table below. Investments in securities are categorized to indicate the level of credit risk assumed by the university. At year-end, all of the university's investments in securities are in Category 1, which includes securities that are insured or registered by the issuer in the name of the university. Risk categorization does not apply to certain other types of investments that are listed below as uncategorized.

	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Fund</u>
Category 1:			
Equity stock	\$33,284	\$78,165	Endowment
U.S. Treasury note	19,886	20,742	Endowment
U.S. Treasury notes and bonds	49,800	54,251	Agency
Uncategorized:			
Diamonds	33,110	8,239	Endowment
Mutual fund	<u>25,291</u>	<u>18,377</u>	Endowment
Total	<u>\$161,371</u>	<u>\$179,774</u>	

Statement B

ENDOWMENT FUNDS	PLANT FUNDS			INVESTMENT IN PLANT	TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS		
		\$161,907	\$511,923		\$51,290,503
	\$975,350				3,648,187
	3,563,815		113,349		3,741,573
					10,179,685
\$139,576					420,282
		8,578	274,818		2,220,842
					348,130
					334,858
					18,679,112
214,798					151,111
72,421					214,798
					120,871
				\$9,728,607	9,728,607
				4,715,014	4,715,014
	7,587		2,827,081		3,330,509
426,795	4,546,752	170,485	3,727,171	14,443,621	109,124,082
					64,493,418
					18,923,015
					204,993
					55,337
	4,907,708	218,285			5,125,993
			4,715,014	2,510,000	7,225,014
			1,277,961		1,277,961
				766,924	766,924
			381,575		454,831
NONE	4,907,708	218,285	6,374,550	3,276,924	98,527,486
					2,423,073
		15,000			
	282,665		(248,746)		
		(36,322)	75,000		
(6,825)		150,942	(650,687)		
(6,825)	282,665	129,620	1,598,640	NONE	NONE
NONE	NONE	NONE	NONE	NONE	87,021
419,970	(78,291)	81,820	(1,048,739)	11,166,697	10,683,617
4,908,838	433,468	377,893	4,032,841	141,443,867	166,037,815
\$5,328,808	\$355,177	\$459,713	\$2,984,102	\$152,610,564	\$176,721,432

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA

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

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	\$51,290,503			
Tuition and fees - restricted			\$2,974,357	
State grants and contracts - restricted			2,766,223	
Federal grants and contracts - restricted			6,417,678	\$84,843
Local grants and contracts - restricted			420,282	
Private gifts, grants, and contracts - restricted			2,081,266	
Investment income - restricted			44,138	20,596
Sales and services of educational departments			334,858	
Sales and services of auxiliary departments		\$18,670,375	8,737	
Interest on loans receivable				151,111
State funded endowments				
Endowment income			48,450	
Additions to plant facilities				
Retirement of indebtedness				
Other sources			408,046	87,795
Total revenues and other additions	51,290,503	18,670,375	15,504,035	344,345
Expenditures and other deductions:				
Educational and general	49,625,706		14,867,712	
Auxiliary enterprises	1,955,361	16,888,223	79,431	
Loan cancellations and write-offs				204,993
Administrative and collection costs				55,337
Expended for plant facilities				
Retirement of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Other	73,256			
Total expenditures and other deductions	51,654,323	16,888,223	14,947,143	260,330
Transfers among funds - additions (deductions):				
Mandatory:				
Principal and interest		(2,423,073)		
Renewals and replacements		(15,000)		
Loan fund matching			(28,281)	28,281
Other	363,820	9,346	(373,166)	
Nonmandatory:				
Capital improvements		(33,919)		
Renewals and replacements			(38,678)	
Other		499,745	6,825	
Total transfers among funds	363,820	(1,962,901)	(433,300)	28,281
Inventory increase	87,021	NONE	NONE	NONE
Net increase (decrease) for the year	87,021	(180,749)	123,592	112,296
Fund balances at July 1, 1995	381,479	4,935,471	3,227,939	6,296,019
Fund balances at June 30, 1996	\$468,500	\$4,754,722	\$3,351,531	\$6,408,315

The accompanying notes are an integral part of this statement.

PLANT FUNDS					
UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTAL (MEMORANDUM ONLY)
\$341,665	\$459,713	\$2,978,736		\$417,484	\$12,378,926
				49,800	161,371
				78,929	152,202
46,963				1,232,239	3,774,285
					6,132,725
		5,366			4,082,019
					1,153,907
				50	917,651
					1,774,789
			\$173,756,573		173,756,573
		49,664			49,664
<u>\$388,628</u>	<u>\$459,713</u>	<u>\$3,033,766</u>	<u>\$173,756,573</u>	<u>\$1,778,502</u>	<u>\$204,334,112</u>
\$33,451				\$12,854	\$1,335,062
				46,018	613,186
					73,451
				1,153,907	1,153,907
				565,723	572,572
					2,668,829
		\$49,664			49,664
			\$21,146,009		21,146,009
<u>33,451</u>	<u>NONE</u>	<u>49,664</u>	<u>21,146,009</u>	<u>1,778,502</u>	<u>27,612,680</u>
	\$150,000	1,824,459	152,610,564		152,610,564
					3,915,665
					6,633,547
355,177	309,713	1,159,643			8,232,848
					5,328,808
<u>355,177</u>	<u>459,713</u>	<u>2,984,102</u>	<u>152,610,564</u>	<u>NONE</u>	<u>176,721,432</u>
<u>\$388,628</u>	<u>\$459,713</u>	<u>\$3,033,766</u>	<u>\$173,756,573</u>	<u>\$1,778,502</u>	<u>\$204,334,112</u>

**LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
BALANCE SHEET - ALL FUNDS**

For the Year Ended June 30, 1996

	CURRENT FUNDS			STUDENT LOAN FUNDS	ENDOWMENT FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED		
ASSETS					
Cash and cash equivalents (note 2)	\$2,313,409	\$3,256,093	\$1,275,185	\$201,423	\$1,135,218
Investments (note 3)					111,571
Accrued interest (note 4)				73,273	
Accounts receivable (note 5)	25,247	552,647	1,916,295	894	
Notes receivable (note 6)				6,132,725	
Due from private foundations					4,082,019
Due from other funds	327,333	166,350	654,858		
Deferred charges and prepaid expenses	789,465	99,574	28,562		
Inventories	468,500	1,283,187	23,102		
Institutional plant (note 18)					
Other assets					
TOTAL ASSETS	\$3,923,954	\$5,357,851	\$3,898,002	\$6,408,315	\$5,328,808
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$698,545	\$166,396	\$423,816		
Accrued liabilities	457,403	86,392	23,373		
Due to state treasury (note 15)	73,451				
Due to other funds					
Deposits held for others			6,849		
Deferred revenues	2,226,055	350,341	92,433		
Matured bonds and interest payable					
Bonds payable (note 14)					
Total Liabilities	3,455,454	603,129	546,471	NONE	NONE
Fund Equity:					
Net investment in plant					
Fund balance - reserved (note 16)	468,500	1,283,187	189,519		
Current operations - restricted		3,471,535	3,162,012		
Noncurrent operations:					
Restricted				\$6,408,315	
Endowment					\$5,328,808
Total Fund Equity	468,500	4,754,722	3,351,531	6,408,315	5,328,808
TOTAL LIABILITIES AND FUND EQUITY	\$3,923,954	\$5,357,851	\$3,898,002	\$6,408,315	\$5,328,808

The accompanying notes are an integral part of this statement.

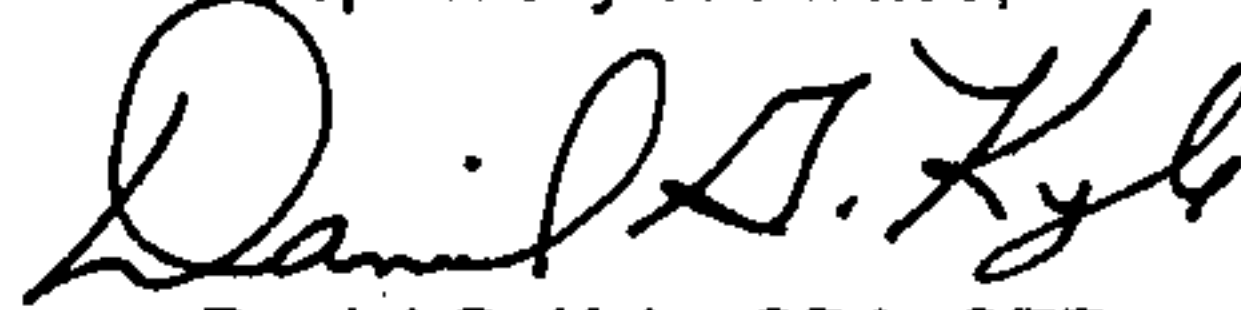
LEGISLATIVE AUDITOR

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Audit Report, June 30, 1996

In accordance with *Government Auditing Standards*, we have also issued a report dated November 6, 1996, on our consideration of the Louisiana Tech University's internal control structure and a reported dated November 6, 1996, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of Louisiana Tech 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 financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

CAC:MAN:dl

(TECH)



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (504) 339-3800
FACSIMILE: (504) 339-3870

November 6, 1996

Independent Auditor's Report
on the Financial Statements

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Ruston, Louisiana

We have audited the accompanying general purpose financial statements of Louisiana Tech University, a component unit of the State of Louisiana, as of June 30, 1996, and for the years ended June 30, 1996 and 1995, as listed in the foregoing table of contents. These financial statements are the responsibility of management of Louisiana Tech 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 *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 relating to compensated absences, as discussed in the preceding paragraph, the accompanying general purpose financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Tech University at June 30, 1996; the changes in fund balances; and the current funds' revenues, expenditures, and other changes for the two years then ended, in conformity with generally accepted accounting principles.

**LOUISIANA TECH 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, 1996 and 1995
With Supplemental Information Schedule**

CONTENTS

	Statement	Page No.
Independent Auditor's Report on the Financial Statements		2
General Purpose Financial Statements:		
Balance Sheet - All Funds, June 30, 1996	A	4
For the Year Ended June 30, 1996:		
Statement of Changes in Fund Balances	B	6
Statement of Revenues, Expenditures, and Other Changes - Current Funds	C	8
For the Year Ended June 30, 1995:		
Statement of Changes in Fund Balances	D	9
Statement of Revenues, Expenditures, and Other Changes - Current Funds	E	11
Notes to the Financial Statements		12
	Schedule	Page No.
Supplemental Information Schedule - Schedule of Individual Agency Funds - Deposits Held for Others and Endowment Funds Balances	1	36
	Exhibit	
Other Reports Required by <i>Government Auditing Standards</i>:		
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	

**LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Ruston, Louisiana**

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

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 and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

December 18, 1996

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. Greene
Senator Craig F. Romero
Representative F. Charles McMains, Jr.
Representative Edwin R. Murray
Representative Warren J. Triche, Jr.
Representative David Vitter

LEGISLATIVE AUDITOR

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

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

ENDOWMENT FUNDS	PLANT FUNDS			INVESTMENT IN PLANT	TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS		
					\$50,129,609
		\$93,538	\$544,003		3,746,182
	\$743,040				3,945,124
	3,374,243		113,349		9,507,325
					419,303
\$25,431					1,651,455
		6,796	300,979		371,586
					355,758
					18,722,808
					158,523
139,663					179,926
				\$8,621,707	8,621,707
				7,218,091	7,218,091
			5,375,376		5,749,564
<u>165,094</u>	<u>4,117,283</u>	<u>100,334</u>	<u>6,333,707</u>	<u>15,839,798</u>	<u>110,776,961</u>
					63,084,966
					18,404,941
					121,358
			119,641		569,366
	5,808,367	280,576			6,088,943
			6,882,083	5,370,000	12,252,083
			1,472,288		1,472,288
				603,843	603,843
578,222					587,918
<u>578,222</u>	<u>5,808,367</u>	<u>280,576</u>	<u>8,474,012</u>	<u>5,973,843</u>	<u>103,185,706</u>
			2,179,017		
		15,000			
	1,394,540	(75,000)	(1,319,540)		
	373,217	165,332	(106,664)		
(15,973)		86,145	(86,145)		
<u>(15,973)</u>	<u>1,767,757</u>	<u>191,477</u>	<u>666,668</u>	<u>NONE</u>	<u>NONE</u>
<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>25,400</u>
(429,101)	76,673	11,235	(1,473,637)	9,865,955	7,616,655
5,337,939	356,795	366,658	5,506,478	131,577,912	158,421,160
<u>\$4,908,838</u>	<u>\$433,468</u>	<u>\$377,893</u>	<u>\$4,032,841</u>	<u>\$141,443,867</u>	<u>\$166,037,815</u>

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

	Balance July 1, 1995	Additions	Deletions	Balance June 30, 1996
Land and improvements	\$8,538,175	\$1,718,173		\$10,256,348
Buildings	111,153,014	6,492,323		117,645,337
Equipment	29,311,811	2,909,970	\$643,114	31,578,667
Library books	10,840,627	793,154	123,810	11,509,971
Construction in progress	4,951,263	5,034,730	7,219,743	2,766,250
Total	\$164,794,890	\$16,948,350	\$7,986,667	\$173,756,573

In accordance with LSA-R.S. 39:321-332, the university has complied with the Louisiana movable property statutes.

19. AUXILIARY ENTERPRISES

The university maintains various auxiliary enterprise funds that provide services to the university community. Segment information for the year ended June 30, 1996, is shown as follows:

	Food Service	Housing	Bookstore	Student Center	Other	Total
Net increase (decrease) in fund balances	(\$410,264)	(\$247,871)	\$267,878	\$85,779	\$123,729	(\$180,749)
Net income	(256,406)	1,014,015	368,497	463,050	155,132	1,744,288
Net assets	(341,334)	1,739,699	2,427,916	2,428,661	(1,500,220)	4,754,722
Outstanding principal and interest on debt	1,469,691	11,737,508	886,133	3,291,030	4,607,426	21,991,788
Annual principal and interest on debt	153,858	1,246,886	100,619	377,271	544,439	2,423,073

20. FOUNDATIONS

The accompanying financial statements do not include the accounts of Louisiana Tech University Foundation, Louisiana Tech Engineering Foundation, or Louisiana Tech School of Administration Foundation. These foundations are separate corporations whose financial statements are subject to audit by independent certified public accountants.

Louisiana Tech University has contracted with the Louisiana Tech Foundation to invest the university's 6 Endowed Chairs for Eminent Scholars endowment funds and 31 Endowed Professorship Program endowment funds, which were created in accordance with LSA-R.S. 17:3384. The Endowed Chairs for Eminent Scholars endowment funds are established for \$1,000,000 each, with \$600,000 of private contributions and \$400,000 of state matching portion



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (504) 339-3800
FACSIMILE: (504) 339-3870

DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

November 6, 1996

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

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Ruston, Louisiana

We have audited the general purpose financial statements of Louisiana Tech University, a component unit of the State of Louisiana, as of June 30, 1996, and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated November 6, 1996.

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 Louisiana Tech University 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 performed tests of the university's compliance with certain provisions of laws and regulations. However, our objective 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 no instance of noncompliance that is required to be reported herein under *Government Auditing Standards*.

Our comments on compliance with laws and regulations are 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,

A handwritten signature in cursive script, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

CAC:MAN:dl

[TECH]

EXHIBIT B

LEGISLATIVE AUDITOR

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Internal Control Report
November 6, 1996
Page 5

Our comments on internal control structure are 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

CAC:MAN:dl

[TECH]

EXHIBIT A

LEGISLATIVE AUDITOR

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Internal Control Report
November 6, 1996
Page 4

The university should require coaches to enter into written contracts for all games and should ensure that all contracts are filed in an orderly manner to establish accountability. In addition, the athletic director should designate a specific person to monitor collection of all guarantees and penalties. In a letter dated September 4, 1996, Mr. Jim Oakes, Athletic Director, stated that all future game contracts will be completed for all scheduled intercollegiate athletic contests including those where guarantees are not specified. In addition, all contracts must be approved by him, and the responsibilities for maintenance of game contract files and collection of game guarantees will be assigned to the assistant athletic director.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements, including those relating to compliance with laws and regulations, does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control 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, the findings above are not considered material weaknesses.

In our consideration of the internal control, we also considered matters contained in the Legislative Auditor's management letter issued under separate cover by our Investigative Audit Division, dated November 4, 1996, relating to theft of university equipment by a university employee. Copies of that report have been made available to management of the university and the public.

EXHIBIT A

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Internal Control Report
November 6, 1996
Page 3

and state laws. Payrolls for graduate assistants and adjunct professors totaled \$1,823,732 and \$598,492, respectively, from July 1, 1995, through May 1996.

Louisiana Tech University should require time and attendance reports for its graduate assistants and adjunct professors and should ensure that properly authorized personnel appointment request forms are signed by the Office of University Research. In a letter dated August 30, 1996, Dr. Stuart Jay Deutsch, Vice President for Research and Development, stated that time and attendance records for all graduate and adjunct faculty will be centralized within the Office of the Vice President of Research and Development using attendance reporting similar to full-time faculty.

**Incomplete Athletic Contract Files and Inadequate
Monitoring of Collection of Guarantees**

Louisiana Tech University's Athletic Department has not established adequate accountability for game guarantee revenues and penalties for non-performance. Good business practice requires establishment of accountability for all revenues earned and maintenance of complete and orderly records to support accountability. Coaches did not enter into written contracts consistently for conference games to establish financial terms for non-performance. Contracts for non-conference games frequently specify a revenue guarantee for the visiting team; however, our audit procedures disclosed the following:

- For the fiscal year ended June 30, 1995, 5 of 21 contracts for non-conference men's and women's basketball and softball games were not available. Also in that year, accounting records did not show receipt of a \$1,000 guarantee specified in a baseball game contract.
- For the fiscal year ended June 3, 1996, contracts for 13 of 23 non-conference baseball and softball games were not available.

The Athletic Department has not required coaches to enter into written contracts for non-conference games and has not ensured that all contracts have been obtained and filed in an orderly manner. It also has not designated a person with responsibility to monitor collection of guarantee revenue and penalties for non-performance. These gaps in controls resulted in a known loss of \$1,000 of guarantee revenue and increased the risk of non-collection of \$1.57 million of guarantees for the two years ended June 30, 1996.

LEGISLATIVE AUDITOR

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Internal Control Report
November 6, 1996
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.

Payroll - Inadequate Documentation

Louisiana Tech University did not maintain appropriate time and attendance records for all graduate assistants and adjunct professors to support amounts charged to university programs for personal services. Also, one personnel appointment request form for a graduate assistant for a Board of Regents state grant was not signed by the Research Contracts Administrator, Office of University Research. The University of Louisiana System Board of Trustees for Colleges and Universities policies and procedures Chapter III, Section XXI C.2 requires daily attendance and leave records to be maintained for all unclassified employees. Office of Management and Budget Circular A-21 in Sections J 8a and J 8c.2(f) require personal services charged to grant programs to be supported in accordance with policies established for universities. Furthermore, an adequate system of internal accounting controls requires that a document be prepared every payroll period for each employee summarizing the actual number of hours of attendance or absence, to include certification by both the employee and supervisor.

One of thirty federal payroll transactions tested was not supported by a time and attendance report, paid under Rehabilitation Services - Vocational Rehabilitation Grants to States (A) (CFDA 84.126). Also, in our test of non-federal payroll, 6 of the 30 employees tested did not have time and attendance records. These employees were graduate assistants or adjunct professors. The university does not have any policies requiring graduate assistants or adjunct professors to prepare time and attendance reports. These employees are paid from university personnel appointment request forms.

Because the university did not maintain time and attendance records for its graduate assistants and adjunct professors, charges totaling \$1,152 for Rehabilitation Services - Vocational Rehabilitation Grants to States (A) (CFDA 84.126) are questioned cost. Also, failure to maintain time and attendance records and sign-off of the personnel appointment request forms for the Board of Regents grant does not provide for adequate internal accounting controls and places the university in violation of federal

EXHIBIT A



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (504) 339-3800
FACSIMILE: (504) 339-3870

November 6, 1996

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

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Ruston, Louisiana

We have audited the general purpose financial statements of Louisiana Tech University, a component unit of the State of Louisiana as of June 30, 1996, and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated November 6, 1996.

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 Louisiana Tech 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 objective of an internal control structure is 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 Louisiana Tech University as of and for the two years ended June 30, 1996, 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.

**LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA**

**Schedule of Individual Agency Funds - Deposits
Held for Others and Endowment Funds Balances
For the Year Ended June 30, 1996**

AGENCY FUNDS - DEPOSITS HELD FOR OTHERS

A. E. Phillips deposits	\$41,528
Student room deposits	154,950
Intramural Team	14,249
General Scholarship deposits	10,786
Tuition Management Systems	36,606
Student Government Association	59,312
Student Accident and Hospital Insurance	16,085
University Senate	80,945
Union Board	93,490
Recreation Park	32,143
Others	25,629
	<hr/>
Total	<u>\$565,723</u>

ENDOWMENT FUNDS

Arthur Taylor Prescott Library Endowment	\$2,500
Elva J. Mann Estate	281,553
Elva Leggett Smith	44,169
Sachs English Collection	4,666
Museum Endowment Fund	781
McGee Scholarship Trust	284,670
Pearce Memorial Scholarship Trust	10,153
Sisk Trust Fund	12,500
Sada Carey Scholarship Fund	10,030
W. H. Talbot Scholarship Fund	68,460
Marvin Morse - Diamond Collector	33,110
Reggie Reeves Scholarship Endowment	7,555
Faulk Chair of Journalism	4,284
Louisiana Association for Public Community and Adult Education	28,432
Kaiser Aluminum Scholarship Program	120,000
Roy T. Sessums Scholarship Fund	205,617
Riverwood-Manville Endowment Scholarship	10,000
Aukar, Butros Memorial Scholarship Endowment	6,835
Jack Thigpen Mechanical Engineer Scholarship	45,958
Mendal Heller Scholarship	5,144
Willie Lou Durrett Scholarship Endowment	15,771
Human Ecology Investments	20,578
Lloyd P. Blackwell Scholarship Fund	11,554
W. L. Browder Scholarship Endowment	12,469
Due from Private Foundations	4,082,019
	<hr/>
Total	<u>\$5,328,808</u>

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

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, 1996, as provided by LSA-R.S. 39:82.

J. PLANT ASSETS

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

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during holiday periods when students are not in classes. Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and non-classified 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 these 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, 1996, the university has cash and cash equivalents (book balances) totaling \$12,378,926 as follows:

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

Unexpended Plant:	
Research Park repairs	\$4,795
Dorm repairs	382
Technology Transfer Center equipment repairs	300,000
Auditorium enhancements	<u>50,000</u>
Total	<u>\$355,177</u>
Renewals and Replacements:	
Parking lot maintenance	\$50,054
Recreational facilities	31,899
Telephone system maintenance	214,938
Excess debt service requirements (note 14)	<u>12,822</u>
Total	<u>\$309,713</u>

In August 1987, the Financial Accounting Standards Board (FASB) issued Statement No. 93, *Recognition of Depreciation by Not-for-Profit Organizations*, which requires not-for-profit organizations, including colleges and universities, to recognize depreciation of their long-lived tangible assets in their financial statements. In January 1988, the GASB issued Statement No. 8, which addresses the implementation of FASB Statement No. 93. Codification of Governmental Accounting and Financial Reporting Standards Section Co5.102 states that, "colleges and universities that follow the AICPA Industry Audit Guide, Audits of Colleges and Universities, should not change their accounting and reporting for depreciation of capital assets as a result of FASB Statement No. 93; the GASB has several projects under way that may affect that reporting." As reflected in note 1-D, depreciation is not currently recognized by the university.

A summary of investment in plant follows:

	Balance July 1, 1994	Additions	Deletions	Balance June 30, 1995
Land and improvements	\$8,536,900	\$1,275		\$8,538,175
Buildings	110,901,537	251,477		111,153,014
Equipment	26,816,098	3,099,556	\$603,843	29,311,811
Library books	10,065,628	774,999		10,840,627
Construction in progress	456,863	4,494,400		4,951,263
Total	<u>\$156,777,026</u>	<u>\$8,621,707</u>	<u>\$603,843</u>	<u>\$164,794,890</u>

<u>Redeemed (Issued)</u>	<u>Outstanding June 30, 1996</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 1996</u>
\$67,000		1997-1997	2.88%	
75,000	\$257,000	1997-2000	3.50%	\$19,005
170,000	595,000	1997-1998	3.75%	32,906
110,000	2,950,000	1997-2004	3.85%	611,092
145,000	1,820,000	1997-2005	4.875-5.0%	480,101
40,000	184,000	1997-1999	3.00%	11,220
90,000	3,745,000	1997-2012	6.0-6.25%	2,410,552
21,951	215,853	1997-2004	5.20%	48,227
2,825,000		1997-2005	6.20-6.50%	
266,062	4,654,156	1997-2004	Variable	1,427,873
380,000	4,390,000	1997-2005	4.75-6.65%	1,472,810
(2,510,000)	2,335,000	1997-2004	5.3-6.2%	682,765
175,000				
350,000		1997	6.85%	
<u>\$2,205,013</u>	<u>\$21,146,009</u>			<u>\$7,196,551</u>

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

The annual requirements to amortize all bonds outstanding at June 30, 1996, including interest of \$7,196,551, are as follows:

1997	\$2,822,563
1998	2,853,094
1999	2,888,167
2000	2,844,380
2001	2,859,546
Subsequent years	<u>14,074,810</u>
Total	<u><u>\$28,342,560</u></u>

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 1996:

<u>Bond Issue</u>	<u>Cash/ Investment Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess</u>
Revenue Fund System Bonds	\$875,899	\$875,899	
Educational Facilities Bonds	939,640	389,650	\$549,990
Intramural Complex Bonds	32,838	32,838	
Dormitory Bonds	526,072	526,072	
Total	<u><u>\$2,374,449</u></u>	<u><u>\$1,824,459</u></u>	<u><u>\$549,990</u></u>

The 1962 Revenue System Bond agreement requires that, after all required deposits have been made to the Revenue System Bonds Retirement of Indebtedness Fund, a sum of \$15,000 per annum be transferred to the Renewals and Replacement Fund until that reserve totals \$150,000. The cash reserve available at June 30, 1996, is \$162,821.

15. GENERAL FUND

As shown by Statement A, the General Fund has a total of \$73,451 due to the state treasury at June 30, 1996. This amount, after adjustment, should be remitted to the state treasury as follows:

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 1995</u>
Revenue Fund System Bonds:			
Dormitory-Dining Hall	April 1, 1957	\$1,510,000	\$67,000
1962 Dormitory	April 1, 1962	2,014,000	332,000
1963 Dormitory	April 1, 1963	3,200,000	765,000
1965 Student Housing and Dining Hall	April 1, 1965	4,750,000	3,060,000
1966 Student Union and Housing	April 1, 1966	4,200,000	1,965,000
Academic Facilities Extension			
Use Fee Revenue Bonds:			
Series A	July 1, 1969	838,000	224,000
Series B	July 1, 1972	4,750,000	3,835,000
Intramural Complex General			
Obligation Bonds:			
Series C	September 1, 1978	450,000	237,804
Series 1980-C	June 1, 1980	4,550,000	2,825,000
Dormitory Renovation General Obligation			
Demand Bonds - Series 1991-A and B	July 31, 1984	6,385,000	4,920,218
Revenue Refunding Bonds:			
1995 Series	March 30, 1995	5,020,000	4,770,000
1996 Series	May 15, 1996	2,510,000	
Centennial Plaza Bonds - 1995 Series	March 1, 1995	350,000	350,000
Total		\$40,527,000	\$23,351,022

During the fiscal year ended June 30, 1995, the university refunded four bond issues [Natatorium General Obligation Bonds Series 1981-B (\$146,915) and Series 1983-A (\$1,173,079) and Student Center/Bookstore Expansion General Obligation Bonds Series 1985-B (\$381,603) and Series 1986-A (\$3,824,204)] for \$5,525,801 with Revenue Refunding Bonds - 1995 Series for \$5,020,000. Total net savings and present value savings will be \$664,967 and \$501,422, respectively.

During the fiscal year ended June 30, 1996, the university refunded the Intramural Complex General Obligation Bonds - Series 1980-C for \$2,825,000 with Revenue Refunding Bonds - 1996 Series for \$2,510,000. Also, during the fiscal year ended June 30, 1996, the university paid off two bond issues early--the Dormitory-Dining Hall Issue of 1957 for \$67,000 and the Centennial Plaza Bonds - 1995 Series for \$350,000. Total net savings and present value savings will be \$195,882 and \$148,782, respectively.

Redeemed (Issued)	Outstanding June 30, 1995	Maturities	Interest Rates	Interest Outstanding June 30, 1995
\$62,000	\$67,000	1996-1997	2.88%	\$1,955
75,000	332,000	1996-2000	3.50%	30,625
165,000	765,000	1996-1998	3.75%	60,000
105,000	3,060,000	1996-2004	3.85%	727,843
135,000	1,965,000	1996-2005	4.875-5.0%	574,356
40,000	224,000	1996-1999	3.00%	17,340
85,000	3,835,000	1996-2012	6.0-6.25%	2,645,360
18,293	237,804	1996-2004	5.20%	60,022
185,000	2,825,000	1996-2005	6.20-6.50%	1,122,675
146,915				
1,173,079				
235,990	4,920,218	1996-2004	Variable	1,697,051
381,603		1996-2005	9.25-9.30%	
3,824,204		1996-2006	7.30-7.375%	
(5,020,000)	4,770,000	1996-2005	4.75-6.65%	1,770,860
250,000				
(350,000)	350,000	1996-1996	6.85%	35,962
<u>\$1,512,084</u>	<u>\$23,351,022</u>			<u>\$8,744,049</u>

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 1994</u>
Revenue Fund System Bonds:			
Dormitory-Dining Hall	April 1, 1957	\$1,510,000	\$129,000
1962 Dormitory	April 1, 1962	2,014,000	407,000
1963 Dormitory	April 1, 1963	3,200,000	930,000
1965 Student Housing and Dining Hall	April 1, 1965	4,750,000	3,165,000
1966 Student Union and Housing	April 1, 1966	4,200,000	2,100,000
Academic Facilities Extension			
Use Fee Revenue Bonds:			
Series A	July 1, 1969	838,000	264,000
Series B	July 1, 1972	4,750,000	3,920,000
Intramural Complex General			
Obligation Bonds:			
Series C	September 1, 1978	450,000	256,097
Series 1980-C	June 1, 1980	4,550,000	3,010,000
Natorium General Obligation Bonds:			
Series 1981-B	June 15, 1981	200,000	146,915
Series 1983-A	March 3, 1983	1,800,000	1,173,079
Dormitory Renovation General Obligation			
Demand Bonds - Series 1991-A&B	July 31, 1984	6,385,000	5,156,208
Student Center/Bookstore Expansion			
General Obligation Bonds:			
Series 1985-B	May 1, 1985	515,000	381,603
Series 1986-A	May 1, 1986	5,040,000	3,824,204
Revenue Refunding Bonds - 1995 Series	March 30, 1995	5,020,000	
Centennial Plaza Bonds - 1995 Series	March 1, 1995	350,000	
Total		<u>\$45,572,000</u>	<u>\$24,863,106</u>

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

13. LEASE OBLIGATIONS

Capital Leases

The university does not have any material capital leases at June 30, 1996.

Operating Leases

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

<u>Nature of Operating Lease</u>	
Office space	\$1,692
Equipment	4,398
Land	1,272
Other - building	<u>10,861</u>
Total	<u>\$18,223</u>

14. LONG-TERM DEBT

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

Bonds payable at July 1, 1994	\$24,863,106
For the year ended June 30, 1995:	
Bonds retired	(6,882,084)
Bonds issued	5,370,000
For the year ended June 30, 1996:	
Bonds retired	(4,715,013)
Bonds issued	<u>2,510,000</u>
Bonds payable at June 30, 1996	<u>\$21,146,009</u>

A detailed summary of all debt outstanding for the two years ended June 30, 1996, including interest payments of \$7,196,551, is as follows:

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

state's risk management program or by General Fund appropriation. The university is involved in 16 lawsuits at June 30, 1996. All of these lawsuits are insured by the Office of Risk Management.

11. COMPENSATED ABSENCES

At June 30, 1996, employees of the university have accumulated and vested \$4,130,436 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. As previously discussed, the leave payable is not recorded in the accompanying financial statements. If the financial statements were corrected for this departure from generally accepted accounting principles, current funds' liabilities would be increased by \$4,130,436. This adjustment would be made to the appropriate fund within the current funds from which the leave is payable. Also, the net decrease in fund balances would be decreased by \$360,635 for the year ended June 30, 1996, and an adjustment to decrease prior-year fund balances would be made for \$3,768,801.

If the amounts noted were recorded in the accompanying financial statements, \$3,157,305 would be reported in current funds - unrestricted General Fund; \$465,087 would be reported in current funds - restricted auxiliary funds; and \$508,044 would be reported, subject to specific criteria being met, in restricted funds.

12. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

On-behalf payments for fringe benefits and salaries are direct payments made by one entity to a third party recipient for the employees of another legally separate entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends. For example, a nongovernmental fund-raising foundation affiliated with a governmental university may supplement salaries of certain university faculty. Those payments constitute on-behalf payments for purposes of reporting by the university if they are made to the faculty members in their capacity as employees of the university (GASB 24).

The amount of on-behalf payments for fringe benefits and salaries included in the accompanying financial statements for fiscal year 1996 is \$115,628. The following on-behalf payments that are contributions to a pension plan for which the university is not legally responsible are:

<u>Contributor</u>	<u>Pension Plan</u>
Louisiana Tech University Foundation	Bank One Division

8. OPTIONAL RETIREMENT SYSTEM

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

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

Total contributions by the university are 16.2 percent of the covered payroll. The participant's contribution (8 percent), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by an actuarial committee. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system.

Employer contributions to the optional retirement plan total \$1,344,300 for the year ended June 30, 1996.

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

The university provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the university's employees become eligible for these benefits if they reach normal retirement age while working for the university. These benefits for retirees and similar benefits for active employees are provided through a state-operated group insurance program and various insurance companies whose monthly premiums are paid jointly by the employee and the university. The university recognizes the cost of providing these benefits to retirees (university's portion of premiums) as an expenditure when paid during the year. These retiree benefits, for 457 retirees, total \$970,142 for the year ended June 30, 1996.

10. RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the

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

<u>Fund</u>	<u>Notes Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Statement A</u>
Perkins Loans	\$6,595,341	\$463,102	\$6,132,239
Tech Loan Fund	486		486
Total	<u>\$6,595,827</u>	<u>\$463,102</u>	<u>\$6,132,725</u>

7. PENSION PLANS

Plan Description. Substantially all employees of the university are members of two statewide, public employee retirement systems. Academic employees are generally members of the Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, 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) 922-0600.

Funding Policy. The contribution requirements of plan members and the university are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (LSA-R.S.) 11:102. Employees contribute 8 percent (TRS) and 7.5 per cent (LASERS) of covered salaries. The state is required to contribute 16.5 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, 1996, 1995, 1994, were \$2,016,517, \$2,114,902, and \$2,284,261, respectively, and to LASERS for the years ended June 30, 1996, 1995, 1994, were \$1,227,296, \$1,326,542, and \$1,308,629 respectively, equal to the required contributions for each year.

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

4. ACCRUED INTEREST

Accrued interest is shown on Statement A net of an allowance for doubtful accounts as follows:

<u>Fund</u>	<u>Accrued Interest</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Statement A</u>
Student Loan Agency	\$128,687 78,929	\$55,414	\$73,273 78,929
Total	<u>\$207,616</u>	<u>\$55,414</u>	<u>\$152,202</u>

5. ACCOUNTS RECEIVABLE

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

<u>Fund</u>	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Statement A</u>
General	\$25,247		\$25,247
Auxiliary	552,647		552,647
Restricted	1,916,295		1,916,295
Student Loan	894		894
Unexpended Plant Agency	46,963 1,279,475	\$47,236	46,963 1,232,239
Total	<u>\$3,821,521</u>	<u>\$47,236</u>	<u>\$3,774,285</u>

6. NOTES RECEIVABLE

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

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Concluded)

allocated by the Board of Regents for Higher Education. The Endowed Professorship Program endowment funds are established for \$100,000 each, with \$60,000 of private contributions and \$40,000 of state matching portion allocated by the Board of Regents for Higher Education.

The original endowment base totaled \$9,100,000. To protect against inflation, this amount has been increased by a portion of the interest earned, computed in accordance with regulations of the Board of Regents for Higher Education, bringing the endowment base to \$9,274,135 at June 30, 1995. During the year ended June 30, 1996, the foundation earned \$542,183 of interest income on these endowment funds. At June 30, 1996, the foundation held in its custody \$10,205,048 of Endowed Chairs for Eminent Scholars and Endowed Professorship Programs funds. As shown on Statement A, an amount has been established as due from the foundation for the university's 40 percent, totaling \$4,082,019.

21. 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.

22. PRIOR YEAR FUND BALANCE RESTATED

As shown in note 20, the university has contracted with its foundation to invest the university's Endowed Chairs for Eminent Scholars Endowed Professorship Program endowment funds. The state's 40 percent ownership of these funds was not reported for the fiscal year ended June 30, 1994, but has been reported on the university's financial statements beginning with fiscal year ended June 30, 1995. As shown on Statement D, the beginning fund balance has been restated to reflect this change as follows:

Endowment Fund Balance:	
June 30, 1994	\$1,567,377
Add university portion of foundation endowments	<u>3,770,562</u>
Fund Balance, restated July 1, 1994	<u><u>\$5,337,939</u></u>

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

Current-year unexpended appropriation (note 1-E)	\$73,256
Income not available	<u>195</u>
Total due to state treasury	<u><u>\$73,451</u></u>

16. RESERVATIONS OF FUND BALANCES

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

	Reserved for		Bond	Total
	<u>Encumbrances</u>	<u>Inventories</u>	<u>Indentures</u>	
Current Funds:				
General		\$468,500		\$468,500
Auxiliary Enterprises		1,283,187		1,283,187
Restricted	\$166,417	23,102		189,519
Plant Funds:				
Renewals and Replacements			\$150,000	150,000
Retirement of Indebtedness			1,824,459	1,824,459
Total	<u>\$166,417</u>	<u>\$1,774,789</u>	<u>\$1,974,459</u>	<u>\$3,915,665</u>

17. STUDENT LOAN FUNDS

The fund balances of the student loan funds at June 30, 1996, are as follows:

Perkins Loans	\$6,373,765
Vivan Wood Pearson Loan Fund	28,015
Sarah Standifer Gunby Loan Fund	1,026
Tech Loan Fund	<u>5,509</u>
Total	<u><u>\$6,408,315</u></u>

18. PLANT FUNDS

The restricted fund balances of the unexpended plant and renewals and replacements funds at June 30, 1996, are as follows: