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Program that require students to begin repaying the loans six to nine months after the day the student ceases to be enrolled in an institution of higher learning at least half-time. Our review of the accounts for the 122 students identified as receiving unauthorized loans disclosed that as of June 1996, 49 students had not been enrolled at the Shreveport-Bossier City campus for at least nine months. However, none of the loans for these 49 students were in repayment status. The university has not followed up on the status of these students to determine if any amounts were due from them.

By not reimbursing the auxiliary and restricted funds for the amount used for the loans, this amount is not available for the purposes established for the auxiliary and restricted funds. Also, failure to monitor and bill amounts due on these loans subjects these funds to unnecessary risk should the students default on the loans.

The university should seek alternate funding sources for these loans and repay the various restricted and auxiliary accounts. The university should also establish procedures to monitor and bill students for amounts due on these loans until these loans are repaid. In a letter dated August 23, 1996, Dr. Jerome G. Greene, Jr., Chancellor, Southern University - Shreveport-Bossier City campus, stated that the university has been unsuccessful in seeking alternative funding for these loans, but will continue with its efforts to find a source to repay the loans. The university will forward all of the 122 loans to Educorsys, who will then contact the students and determine if their accounts should be in collection or delinquent status.

Unsecured Bank Accounts

For the second consecutive year, Southern University did not obtain collateral to secure deposits in two bank accounts in the country of Zambia. Also, the university's procedures for monitoring collateral pledged to guarantee bank accounts were not adequate to ensure that deposits in a local bank were secured in a timely manner during the year ended June 30, 1996. Louisiana Revised Statute (LSA-R.S.) 40:301 requires, in part, that federal deposit insurance and the market value of pledged securities equal the amount on deposit at all times. University procedures require management to obtain additional pledged collateral from banks when bank deposits are unsecured. Our tests of collateral pledged to secure the university's bank deposits during the 1996 fiscal year disclosed the following:

- During the 1996 fiscal year, the two bank accounts in the country of Zambia had cash balances ranging from \$21,800 to \$276,063. University officials have been informed that collateral is not available for these accounts. The cooperative agreement with the United States Agency for

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AGENCY FUNDS**

**Schedule of Agency Funds - Deposits
Held for Others
For the Year Ended June 30, 1998**

	BATON ROUGE CAMPUS	NEW ORLEANS CAMPUS	SHREVEPORT, BOSSIER CITY CAMPUS	TOTAL
Room deposits	\$528,115			\$528,115
Ray deposits	25,730			25,730
Student deposits	27,249	881,380		1,108,629
Cover Day			490	490
Coastal Systems	350			350
Protective Insurance	43			43
S. U. N. O. Foundation		76,058		76,058
Total	\$581,477	\$957,438	\$490	\$1,539,405

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

The university should identify the transactions making up the difference in Perkins Loan notes receivable, correct the subsidiary ledger, and periodically review student account balances to ensure that all entries are properly recorded. In a letter dated August 23, 1996, Dr. Jerome G. Greene, Jr., Chancellor, Southern University - Shreveport-Bossier City campus, stated that due to numerous obstacles, the university was unable to correct the subsidiary ledger, identify the difference in notes receivable, and completely review student account balances. He further stated that the university has developed a plan to address these problems and did not issue any new Perkins loans during the 1996 fiscal year.

**Lack of Monitoring and Repayment of
Unauthorized Student Loans**

The Southern University - Shreveport-Bossier City campus has not reimbursed state funds for loans improperly made during the prior fiscal year ended June 30, 1996, nor has the university properly monitored the repayment status of these loans. In our prior audit, we reported that the Southern University - Shreveport-Bossier City campus overawarded federal Perkins loans by \$137,250 and used state funds to cover the overawarded amount. The use of state funds for this purpose results in a violation of Article 7, Section 14(A) of the Louisiana Constitution that states, in part, that funds credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. The overaward occurred because the university incorrectly calculated the amount of federal funds available for student loans that resulted in the university loaning \$137,250 more than was available under the Perkins Loan Program during the year ended June 30, 1996. To cover these loans, the university transferred from various restricted and auxiliary accounts of the university, state funds that were not authorized for the purpose of making loans. The university has been unable to locate alternate funding sources to repay the various auxiliary and restricted funds for the amounts loaned to students.

The university does not have adequate internal control procedures to monitor these unauthorized student loans to ensure that the university is repaid. These unauthorized loans were issued under the same repayment terms as the federal Perkins Loan

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university still has not provided us with a signed copy of the contract. Also, the university did not obtain approval of the contract from the Division of Administration, Office of Contractual Review, within 90 days of the effective date of the agreement of June 11, 1995, as required by the Louisiana Procurement Code V-127(A).

4. **Emergency Purchases** - The university purchased food supplies totaling \$48,812 from one vendor during June 1995 under an emergency condition without obtaining price quotations from other vendors, as required by Louisiana law. Louisiana Revised Statute 38:1505 states that every effort must be made to obtain quotations from three or more vendors when supplies, services, or major repairs are to be purchased under emergency conditions.

Without approved signed contracts and gross sales reports, the university cannot adequately monitor food services and vending contracts to ensure that all commission revenue due to the university is received, accurately computed, recorded and deposited timely. Also, the university does not have adequate assurance that the terms and conditions of the contract comply with state requirements. Without the benefit of price quotations from other vendors, the university may not have received the best price for food supplies.

The university should ensure that contracts are approved and signed before services are rendered by contractors. The university should obtain documentation to verify the accuracy of commissions paid by the companies and should comply with state laws and regulations regarding the emergency procurement of contracts and supplies. In a letter dated October 29, 1996, management of the university generally concurred with the findings and recommendations. However, management stated that the university did receive daily cash reports on sales from the food court contractor. Because of an oversight by the university, the reports were not provided to the auditor at the time of review.

Additional Comment: Subsequent to the completion of our work on the food court revenues, the university provided us with additional information pertaining to the daily cash reports. However, our review of this documentation revealed that the file of daily cash reports and weekly sales reports for the period July 1, 1995, through January 3, 1996, was incomplete.

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New Orleans campus: (1) In our test of 25 movable property items, we could not locate 6 items, one item was not tagged, 12 items had incorrect location codes on the master listing, and one item had an incorrect description. (2) We tested 80 movable property items purchased during the year, totaling \$918,843, and determined that the property control office did not update the master inventory listing for 3 items, totaling \$627,369. (3) The property manager did not reconcile property records to monthly reports generated by the LPAA property control system. (4) In a letter dated November 20, 1986, the LPAA notified the university that because a complete and accurate inventory was not conducted for the years 1983, 1984, 1985, and 1986, it did not approve the 1986 certification of movable property.

The Baton Rouge and New Orleans campuses did not consistently follow their internal control policies and procedures and comply with state laws and regulations regarding their movable property.

As a result, the university does not have reasonable assurance that its movable property control system safeguards assets against loss and unauthorized use, detects and corrects errors or irregularities timely, and reports its movable property completely and accurately in the financial statements.

The university should follow its internal control policies and procedures and comply with state movable property laws and regulations. In letters dated July 10 and September 30, 1988, management of Southern University's New Orleans and Baton Rouge campuses concurred with the finding and recommendations and stated that steps are being taken to correct the deficiencies.

Internal Controls Over Perkins Loan Notes Receivable

For the fourth consecutive year, the Southern University System's Shreveport-Bossier City campus did not maintain adequate internal controls over recording Perkins Loan notes receivable transactions. Good internal controls require that adequate procedures be in place to ensure that loans, loan payments, and loan cancellations are posted timely and accurately to the subsidiary ledger. These procedures should include periodic reviews of account balances to ensure entries are properly recorded, authorized, and agree to supporting loan records. Management has taken little action to identify the approximately \$132,800 difference between the subsidiary ledger and supporting loan records that existed at April 30, 1988, and which was brought to its attention in our prior audit.

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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.

Internal Controls Over Movable Property Not Followed

For the second consecutive year, two campuses of the Southern University System (Baton Rouge and New Orleans) did not comply with its internal control policies and procedures over movable property, as prescribed by the Commissioner of Administration and Louisiana law. A good internal control structure requires the university to have adequate control procedures to (1) safeguard movable property against loss and unauthorized use, (2) accurately report the acquisition and valuation of movable property in the financial statements, (3) monitor and frequently update the location of property, and (4) keep receivable property records to the property control system. Furthermore, Louisiana Revised Statute (LSA-R.S.) 39:324 requires the university to maintain a master inventory listing of movable property and requires the property manager to update the listing on a monthly basis by submitting all property transactions to the commissioner. The university maintains and updates its master inventory listing through the Louisiana Property Assistance Agency's (LPAA) computerized property control system. Louisiana Administrative Code, Title 24, Chapter 3, Section 207A requires the university to tag acquisitions and forward information to LPAA within 45 days after receipt of the property. During our test of movable property, we noted the following deficiencies in the movable property control system:

Baton Rouge campus: (1) Of 358 items tested involving 12 purchase orders, the property control office did not update the master inventory listing for 158 items (\$327,842 of \$685,089). Also, the property control office did not forward inventory information to LPAA within 45 days. (2) Of the 358 items tested, the property control office did not tag 17 items. (3) For 5 of 9 months tested, the assistant property manager did not receive property records to reports from the LPAA property control system. As of June 13, 1988, the assistant property manager had not received the April 1988 report.



DAVID A. EYAL, PRES. OF THE
LEGISLATIVE AUDITOR

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November 26, 1996

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

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Southern University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 26, 1996.

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

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

In planning and performing our audit of the general purpose financial statements of the Southern University System for the year 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

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of the university's procurement practices and system for collecting commission revenue discussed the following:

1. **Baton Rouge Campus Food Court** - For the period July 1, 1995, through January 3, 1996, the university did not receive daily cash reports on sales from the company that managed the food court in the student union as required by the contract. The company paid \$38,739 in commissions to the university on November 20, 1995, without providing support for the amount of sales and without specifying the period covered by the payment. As of July 1996, the university had not received any additional commission payments from this company for the contract that ended on January 3, 1996.

For the period January 4 through June 30, 1996, the university did not have signed contracts with either a company to manage food court operations or with the vendors that operated food outlets in the food court. The company responsible for managing the food court discontinued operations; however, some of the vendors that operated food outlets in the food court continued operations. One of the vendors reported sales of \$124,847 for the period January through April 1996, however, we could not determine if the university received any commissions on these sales. Another vendor reported \$60,029 of sales for the period January through June 1996; however, the university received \$5,375 in commissions on sales of only \$35,485. The university should have received an additional \$2,201 in commissions on the remaining sales of \$15,341.

2. **Vending Machine Contracts** - During the 1996 fiscal year, the Southern University - Shreveport-Bossier City campus received \$5,717 in commissions from two companies providing vending services; however, the companies did not provide documentation to support these commissions. The contracts between the university and the two companies required the companies to account for total sales and the commission paid on each machine.
3. **Food Services Contract** - The university did not have a food services contract for the period May 11, 1995, through June 10, 1995. On June 11, 1995, the university awarded a food services contract for the period June 17, 1995, through June 30, 1995. The university incurred \$22,894 in expenses for food management services during June 1995 without having a signed contract. As of September 30, 1995, the

**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.

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International Development requires that a banking account be established in Zambia so that funds are accessible for the day-to-day operations of the International Development/Zambia project field office. The lack of pledged collateral increases the risk that the deposits could be lost if the bank fails.

Deposits in a local bank were unsecured for 11 days between January 5, 1988, and March 18, 1988, in amounts ranging from \$201,300 to \$226,430. Procedures employed by the university required the monitoring of collateral pledged on a monthly basis rather than on a daily basis, and the university failed to follow its established procedures to take appropriate action when deposit balances were identified as unsecured.

Failure to secure deposits could subject state funds to unnecessary risks or loss of funds in the event of bank failure.

The university should obtain collateral for cash deposits, obtain insurance for the cash deposits or obtain a guarantee from the grantor to replace deposits should the bank fail for the two accounts in Zambia. If cash deposits cannot be secured in accordance with state law, the university should close the accounts. The university should ensure that collateral pledged for all bank accounts is equal to the amount on deposit at all times. In a letter dated September 27, 1988, Dr. Dolores R. Spikes, President, Southern University System, stated that the university will attempt to secure insurance for the cash deposits and/or obtain a guarantee from the grantor to replace deposits should the bank fail. Management concurred that deposits were unsecured but did not concur with the amount unsecured. The university has revised its procedures for monitoring account balances and they are currently in compliance with the law.

Food and Vending Service Contracts

Southern University does not have support for the receipt of commission revenue on food and vending service operations on the Baton Rouge and Shreveport-Bossier City campuses and may not have received all commissions due for the Baton Rouge campus food court. Also, the university did not comply with state laws and regulations when obtaining a food service contract and when purchasing food supplies for its Baton Rouge campus. Good internal controls and business practices require that the university and the company providing the food and vending services agree to terms and conditions and that the university insure that amounts stated in the contract are received, computed accurately, recorded and deposited on a timely basis. Our review

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New Orleans Campus - Lack of Controls Over Cash

The Southern University - New Orleans campus did not adhere to established control procedures relating to depositing and recording of cash, the recording of transactions, and reconciling bank accounts. A good internal control system requires adherence to policies and procedures that provide for the proper recording and reporting of cash receipts, and the timely reconciliation of bank accounts. Furthermore, all cash receipts should be deposited intact and timely, preferably the same day or the first day following receipt of funds. During our examination of bank reconciliations for three of the university's cash accounts, we determined there were numerous instances where university employees did not comply with established control procedures including the following:

- Cash was not deposited daily and was not recorded in the general ledger as collected. Of nine Pay-in-slaushers (PIVs) tested, seven PIVs dated in February 1995, totaling \$77,285, were deposited 3 to 33 working days after the date of receipt. Two of these PIVs, totaling \$35,333, were not recorded in the general ledger until 4 to 14 business days after the deposit was made. As a result, cash in the general ledger was understated by \$35,333 at the end of February 1995. Also, in an audit report dated January 8, 1996, the university's internal auditor reported that four PIVs, totaling \$33,643, were deposited 4 to 12 business days after the cash was received.
- For three cash accounts, bank reconciliations were either not prepared entirely or were done improperly. For one of the cash accounts, bank reconciliations were prepared two to five months after the date of the bank statement, and the general ledger was not adjusted each month for reconciling items identified during the reconciliation process. Reconciling items ranged from \$886,930 in July 1995 to \$7,223,366 in March 1996. For the two other cash accounts, the bank balance was reconciled to bank transactions recorded in the general ledger instead of to the ending bank balance. As a result, the three cash accounts in the general ledger were understated approximately \$10 million at February 29, 1995. Posting errors between the cash accounts and various general ledger accounts were not corrected until June 1996.
- Manual checks were not recorded in the general ledger when they were written. Checks totaling \$89,368, written between July 1995 and February 1996, were not recorded in the general ledger until March 1996, included in this amount were checks totaling \$4,095 that were voided in

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

INTRODUCTION

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

In April 1860, Southern University was chartered by the General Assembly of the State of Louisiana. The first site of the university was in New Orleans on Callege Street and the university opened on March 7, 1861, with 12 students. In 1860, an Agriculture and Mechanical Department was established, and in 1881, Southern University was recognized by the Federal Government as a Land Grant College under the Federal Act of 1890, known as the Second Morrill Act. In 1914, Southern University in New Orleans was closed by legislative authorization, and Southern University was opened in Scottsville, Louisiana. It is now the Southern University System, composed of campuses located in Baton Rouge, New Orleans, and Shreveport-Bossier City and is managed by the Southern University Board of Supervisors. The New Orleans and Shreveport-Bossier City campuses were established in September 1999 and September 1997, respectively.

The university offers numerous bachelor degrees in the areas of agriculture, arts and humanities, business, education, science, engineering, and home economics. In addition, master degrees are offered in the Graduate School and Juris Doctorate degrees are offered through the university's Law Center. During the summer, fall, and spring semesters of the 1995-96 fiscal year, the university conferred 2,036 degrees, and student enrollment was 27,705. Southern University has 873 faculty members.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

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

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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11/26/96

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after June 30, 1996. These adjustments have been included in the accompanying financial statements.

- There were 17 instances where the university did not collect or make payroll deductions for \$7,723 owed by employees whose travel advances exceeded travel expenses. In 13 of these instances, \$8,271 was owed for travel periods that ended 10 to 24 months before June 30, 1996.
- There were 22 instances where employees submitted travel expense claims nine days to seven months after the travel period ended.
- There were five instances where employees received another travel advance without clearing a previous travel advance.

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

The university should ensure that travel advances are processed and recorded properly and are cleared within five days after travel ends as required by existing policies and procedures. In a letter dated November 13, 1996, Dr. Colores R. Spikes, President, Southern University System, stated that steps have been taken to ensure policies and procedures are followed.

Inadequate Controls Over Bayou Classic Revenue

The Southern University - Baton Rouge campus did not maintain adequate internal controls over the distribution of football tickets and the receipt of revenue for the November 22, 1996, Bayou Classic football game. Good internal controls and business practices require maintenance of complete and orderly records to support the distribution of tickets and to ensure that all revenue from ticket sales is received. Annually, Southern University and Grambling State University participate in the Bayou Classic football game held at the Superdome in New Orleans, Louisiana. A management company for the Superdome handles the sale of tickets, prepares a settlement report of tickets sold and cash received, and remits payment to the university designated to distribute game proceeds. During our review of the settlement report, we noted the following exceptions:

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There was no evidence that the university was paid for 321 tickets valued at \$5,701 that were invoiced to the Southern University's director of university relations. Also, there was no evidence that the tickets were given to individuals authorized to receive complimentary tickets. Without this evidence, this amount represents a potential loss in revenue of \$5,701.

The reconciliation of revenue generated from the sale of football tickets was incomplete because the university had not received payment for \$37,050 in tickets that the director of university relations obtained directly from the Superdome. In October 1995, 11 months after the football game was held, the university expensed \$7,200 for complimentary tickets and billed various organizations \$35,000 for the remaining tickets. The university received and deposited \$18,319 of this amount in October 19, 1995.

Because of the deficiencies mentioned above, it appears that the university has not received all its revenue from the November 1995 Bayou Classic football game.

The university should maintain complete and accurate records on tickets and timely verify the accuracy of the settlement of revenue generated from the Bayou Classic football game. In a letter dated November 13, 1995, Dr. Colores R. Spiker, President, Southern University System, stated that internal control procedures have been expanded to address these issues.

Failure to Collect Student Accounts Receivable

The Southern University System is not making sufficient efforts to collect all of its student accounts receivable and is writing off large amounts of accounts receivable each year. Also, the university extended credit to students by allowing them to register without paying off prior outstanding balances. Good business practices and university policies and procedures dictate that management of the university make every effort to collect all monies due. In addition, it appears that by not collecting these accounts receivable, the university may be loaning money to students in violation of Louisiana law. Article 7, Section 14 of the Louisiana Constitution of 1974 provides, in part, that the credit of the state shall not be loaned, pledged, or donated to or for any person. Our review of the student accounts receivable balances and collection of tuition and fees at registration disclosed the following:

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- During the year ended June 30, 1995, the university wrote off \$1,067,293 of uncollectible student accounts established during the fiscal year ended June 30, 1993. During the prior fiscal year ended June 30, 1995, the university wrote off \$195,318 of uncollectible student accounts receivable established during the fiscal year ended June 30, 1992. None of these accounts were turned over to the Attorney General's Office or to a collection agency for collection.
- Management of the New Orleans and Shreveport-Bossier City campuses could provide no evidence that students with outstanding balances were billed at the end of each semester as required by university policy nor was there evidence of any attempts to collect outstanding balances at any time during the year.
- For the Shreveport-Bossier City campus, we tested 58 students with outstanding balances who registered during the Fall 1996 and Spring 1998 semesters and determined that 35 students (60 percent) continued in school without paying off prior balances of \$70,617.
- For the New Orleans campus, we tested 25 students with outstanding balances at June 30, 1996, and determined that 5 students (20 percent) were allowed to register for the 1996 Fall semester and continue in school without paying off prior balances of \$2,315.
- The bursar on the Shreveport-Bossier City campus has incompatible duties. He receives cash, maintains the student accounts receivable subsidiary ledger, and distributes refunds to students. This increases the risk that errors or irregularities could occur and not be detected timely.

The above deficiencies were caused by management's failure to enforce adherence to existing policies and procedures that prohibit students with outstanding debt to the university from registering. As a result, the university is not collecting the monies that are due. In addition, because of the current collection practice, students are less likely to pay tuition and fees timely, if at all, and the university is left with a receivable that is difficult to collect should the student leave school.

The university should make every effort to collect the monies due from students, including referring delinquent accounts to the Attorney General's Office or to a collection agency for collection. In letters dated November 16, 1998, and November 20, 1998, management of the Baton Rouge, New Orleans, and Shreveport-Bossier City campuses

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stated that they concurred with the finding and recommendations and that steps are being taken to collect student accounts receivable in a timely manner.

**New Orleans Campus - General and Subsidiary
Ledgers Not Reconciled Timely**

The Southern University - New Orleans campus did not reconcile its general ledger accounts relating to student accounts receivable on a monthly basis and did not have an accurate accounts receivable subsidiary ledger to support the general ledger control account. The university's policies and procedures require that general ledger accounts be reconciled monthly so that timely, accurate, and reliable financial information is reported at year-end.

During our tests of the New Orleans campus' accounts receivable balances, we determined that seven general ledger suspense accounts, totaling approximately \$18,080,000 as of April 1996, were not reconciled and were not closed to the accounts receivable control account until August 1996. Also, the accounts receivable subsidiary ledger was not reconciled to the general ledger control account until October 11, 1996. Employees on the New Orleans campus did not reconcile the general ledger accounts each month, and closing procedures for the year-end were not completed until approximately early September. This resulted in the late closing of the university's general ledger and caused the financial statements of the Southern University System to be filed September 9, 1996, or six days after the original due date of September 3, 1996.

The Southern University - New Orleans campus should reconcile its general ledger control accounts to the accounts receivable subsidiary each month to ensure that timely, accurate, and reliable financial information is reported monthly and at year-end. In a letter dated November 22, 1996, Dr. Robert B. Gex, Chancellor of Southern University at New Orleans, stated that the university concurred with the finding and recommendation. The university has taken steps to ensure that proper procedures are followed to record and accurately report this information on a monthly and year-end basis.

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.

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Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable conditions relating to receivable property and internal controls over Perkins Loan notes receivable detailed previously are material weaknesses. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Southern University System for the year ended June 30, 1966.

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. Kyles, CPA, CFE
Legislative Auditor

DBA:WMB:cl

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EXHIBIT A



DANIEL G. KYLL, PH.D., CPA, CFF
LEGISLATIVE AUDITOR

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November 28, 1998

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

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Southern University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated November 25, 1998.

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

Compliance with laws and regulations applicable to the Southern University System is the responsibility of management of the University. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we 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 instances of noncompliance that are reported in Exhibit A of this report concerning movable property, unauthorized student loans, food and spending contracts, unsecured bank accounts, and failure to collect student accounts receivable. Although not material to the financial statements, they are required to be reported herein under Government Auditing Standards.

We considered these instances of noncompliance in forming our opinion on whether the Southern University System's 1998 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated November 28, 1998, on those general purpose financial statements.

EXHIBIT B

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
 Internal Control Report
 November 28, 1998
 Page 12

error in October 1996. As a result, cash in the general ledger was understated by \$24,308 at February 28, 1996.

- Logs of prenumbered cash receipt documents maintained by the Bursar's Office were incomplete, and control over voided and unused receipts was inadequate. We reviewed the logs for two days in February 1996 and noted 19 instances where receipts were not logged, and no record was kept of unused or voided receipts.
- Cashiers in the Bursar's Office had unlimited access to the area where unused receipt documents were stored. Cashiers should not have access to the supply of unused receipt documents.

The lack of emphasis by management on enforcement of policies and procedures for controls over cash receipts, along with inadequate supervision and training of employees, resulted in inaccurate record keeping, untimely deposit of state funds, and increased risk that assets could be lost or misused.

The university should deposit cash when it is received, reconcile its bank accounts monthly, and emphasize enforcement of policies and procedures to provide for adequate internal controls over its receipts and assets. In a letter dated October 21, 1996, Dr. Robert B. Geis, Chancellor, Southern University - New Orleans campus, concurred with the finding and recommendations and stated the university has taken steps to correct the matters noted in the finding.

Untimely Recording and Clearing of Travel Advances

The Southern University System did not adequately monitor employee travel advance transactions to ensure the timely and accurate posting of the general ledger and the clearing of travel advances within the time period required by university policy. University policy requires employees receiving a travel advance to submit documentation to clear their advance within five days after travel expires and before receiving another advance; otherwise, the amount of the travel advance may be deducted from their pay. In our tests of travel advances for 13 employees, we noted the following deficiencies:

- The employee responsible for processing travel advance documentation and posting entries to the general ledger did not record travel transactions when employees submitted their travel expense claims. Because these transactions were not posted to the general ledger as they occurred, the university had to make adjustments totaling \$430,000

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1995**

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

<u>Redeemed (Issued)</u>	<u>Outstanding June 30, 1998</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 1998</u>
\$73,000	\$706,000	1999-1999	2.875%	\$3,594
95,000	95,000	1999-1997	5.00%	4,750
75,000	400,000	1999-2000	5 - 7%	80,000
80,000	875,000	1999-2004	6.10 - 6.25%	389,310
28,000	801,000	1999-2013	5 - 8.5%	425,365
30,000	399,000	1999-2021	6.5%	41,680
7,353	89,337	1999-2027		
<u>12,000</u>	<u>80,000</u>	<u>1999-2030</u>		
<u>\$374,353</u>	<u>\$2,386,337</u>			<u>\$748,109</u>

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

The annual requirements to amortize all bonds outstanding at June 30, 1995, including interest of \$749,155, are as follows:

Bonds	1997	1995	1996
Baton Rouge Campus:			
Housing System:			
Series 1987-B	\$77,875	\$25,710	
Series 1987-C	99,750		
Academic Facilities Building Use Fee			
Revenue Bonds - Series 1970-A	109,900	124,626	\$103,400
Expansion of Student Union Building Bonds	107,130	100,090	100,750
A. W. Mumford Track Stadium Resurfacing			
Bonds - Series 1990	66,329	60,917	68,316
New Orleans Campus - Academic Facilities			
Building Use Fee Revenue Bonds -			
Series 1971	48,325	51,050	48,408
Reimbursement contracts - Baton Rouge:			
Resurfacing Cune Hall	7,353	7,353	7,353
Acalex Dormitory Renovation	12,000	12,000	12,000
Total	\$524,082	\$375,636	\$348,308

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

Bonds	Cash Investment Reserve Accounts	Positive Requirements	Excess
Baton Rouge Campus:			
Housing System Revenue Bonds	\$200,000	\$181,547	\$18,453
Academic Facilities Building Use			
Fee Revenue Bonds	273,080	50,750	222,330
Expansion of Student Union Building Bonds	300,000	113,150	186,850
A. W. Mumford Stadium Track Bonds	64,632	64,000	64,632
New Orleans Campus - Academic Facilities			
Building Use Fee Revenue Bonds	870,033	91,000	779,033
Total	\$1,878,745	\$460,447	\$1,418,298

<u>2008</u>	<u>2007</u>	<u>Subsequent Years</u>	<u>Total</u>
			\$100,000
			50,750
\$107,750	\$107,000		500,000
100,000	100,000	\$330,134	880,210
85,833	85,744	684,377	1,000,350
52,313	48,460		248,800
7,500	7,500	51,472	88,207
<u>12,000</u>	<u>12,000</u>		<u>60,000</u>
<u>\$380,112</u>	<u>\$348,247</u>	<u>\$1,000,000</u>	<u>\$3,000,000</u>

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

The bond agreement of the housing system revenue bonds requires that, after all required deposits have been made to the housing system revenue bonds reserve funds, a sum of \$50,000 per annum, or such portion thereof that is available, be deposited in a housing system repair and replacements reserve until that reserve totals \$110,000. At June 30, 1995, the university has satisfied the repair and replacement reserve requirement.

In addition to the bond agreements, the university has entered into two reimbursement contracts with the State of Louisiana for the renovation of Azalea Dormitory and the renovating of Dunn Hall on the Baton Rouge campus. The contracts require that an amount equal to a minimum of one tenth of the average annual debt payment be deposited in a reserve fund with the state treasurer. At June 30, 1995, the balance in the reserve fund is \$9,677.

14. GENERAL FUND - DUE TO STATE TREASURY

As shown on Statement A, the General Fund has \$1,918,318 due to state treasury as shown on the following table:

	<u>Current Year</u>	<u>Prior Year</u>	<u>Total</u>
Board and System Administration	\$82,063		\$82,063
Baton Rouge Campus	685,827	188,758	874,585
New Orleans Campus	597,110	18,871	615,981
Shreveport/Bossier City Campus	568,335	3,007	571,342
Total	<u>\$1,945,335</u>	<u>\$210,636</u>	<u>\$2,155,971</u>

The university has an unexpended General Fund appropriation of \$1,845,584 at June 30, 1995. Certain appropriations that the university could not retain and which must be refunded to the state treasury are as follows:

Board and System	\$82,063
Baton Rouge	395,089
New Orleans	<u>685,779</u>
Total	<u>\$1,162,931</u>

As provided by Act 671 of 1985 (LSA-R.S. 17:3008(A)), the university adopted a building and facility preventative maintenance program, which was approved by the Louisiana Board of Regents. This program allows the university to expend appropriated funds during subsequent fiscal years that were unexpended and unobligated at June 30, 1995. At least 50 percent of these funds must be used solely for preventative maintenance purposes, in accordance with the approved program, subject to approval by the Southern University Board of Supervisors, the Board of Regents, and the Joint Legislative Committee on the Budget. The remaining funds

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

can be spent for nonrecurring items. The university has \$471,157 of its state General Fund appropriation remaining at June 30, 1995, which will be retained for those purposes as follows:

Baton Rouge Campus	\$100,442
New Orleans Campus	1,340
Shreveport-Bossier City Campus	<u>369,375</u>
Total	<u>\$471,157</u>

15. RESERVATIONS OF FUND BALANCES

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

Fund	Reserved for		Bond Indebtedness	Total
	Contingencies	Reserves		
Current Funds				
Unrestricted:				
General		\$104,617		\$104,617
Auxiliary Enterprise		71,362		71,362
Restricted	\$1,284,585			1,284,585
Plant Funds:				
Renewals and Replacements			\$115,160	115,160
Payment of Indebtedness			<u>456,810</u>	<u>456,810</u>
Total	<u>\$1,284,585</u>	<u>\$176,009</u>	<u>\$572,010</u>	<u>\$2,138,404</u>

16. STUDENT LOAN FUNDS

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

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

Parking Loan Fund	\$223,490
Special Scholarship and Loan Contribution Fund	10,904
Southern University Short-Term Loan Contribution Fund	21,612
Kappa Alpha Psi Loan Contribution Fund	500
SOA Student Loan Fund	447,654
Law Center Loan	7,566
Centennial Contributions Loan Fund	1,000
Student Revolving Loans Fund	3,380
	<hr/>
Total	<u>\$995,712</u>

17. ENDOWMENT FUNDS

The fund balances of the endowment funds at June 30, 1985, are as follows:

Endowment	Baton Rouge Campus	New Orleans Campus	Total
Wm. J. Larson Endowed Professorship		\$108,221	\$108,221
Cajun, Incorporated Endowment	\$27,000		27,000
Chancellor's Endowment	1,067,214	550,886	1,618,100
Frank Hayden General Endowment	126,200		126,200
Endowed Professorship Engineering	115,280		115,280
Endowed Professorship Architecture	115,280		115,280
Ford Motor Corporation Endowment	125,200	127,890	253,090
General Miller Company Endowment	250,000		250,000
L. J. Harrell Endowment	18,200		18,200
Louisiana Real Estate Commission Endowment		57,231	57,231
Miscellaneous endowments	24,200		24,200
	<hr/>	<hr/>	<hr/>
Total	<u>\$1,801,298</u>	<u>\$614,234</u>	<u>\$1,915,532</u>

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

18. PLANT FUNDS

The restricted fund balances of the unexpended plant funds at June 30, 1995, are as follows:

General plant and grounds	\$108,062
Academic enhancement	2,400,218
Traffic and parking	412,081
Property damage	72,842
Athletic facilities	808,881
Construction accounts	78,790
	<hr/>
Total	<u>\$3,668,110</u>

In August 1987, the Financial Accounting Standards Board (FASB) issued Statement No. 83, 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. 83. Codification of Governmental Accounting and Financial Reporting Standards Section 604-102 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. 83; 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 investments in plant follows:

	Balance July 1, 1995	Additions	Disposals	Balance June 30, 1995
Land	\$5,913,842	\$5,800		\$5,919,642
Land improvements	1,348,256	850,435		2,198,691
Buildings	154,118,858	8,204,219	\$648,654	162,480,843
Equipment	58,854,808	8,743,515	3,841,700	63,756,623
Library books	55,898,446	2,815,888	954,118	57,760,216
Livestock	142,147		3,204	138,943
	<hr/>		<hr/>	
Total	<u>\$277,831,357</u>	<u>\$16,430,255</u>	<u>\$5,715,486</u>	<u>\$308,546,126</u>

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

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 18, Section 28 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 64123, Baton Rouge, Louisiana 70804-0123, or by calling (504) 525-6446 under the Louisiana State Employees Retirement System, Post Office Box 44719, Baton Rouge, Louisiana 70804, or by calling (504) 523-6800.

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 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, 1999, and 1994, were \$6,125,200, \$6,382,915, and \$4,984,052, respectively, and to LASERS for the years ended June 30, 1998, 1999, and 1994, were \$2,472,467, \$2,450,419, and \$3,405,371, respectively, equal to the required contributions for each year.

B. OPTIONAL RETIREMENT PLAN

LSA-R.S. 11:107 created an optional retirement plan for academic and administrative employees of higher education. This program was designed to aid universities in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan which 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 18.5 percent of the covered payroll. The participant's contribution (8 percent), less any monthly fee required to cover the cost of administration and

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

<u>Name</u>	<u>Number</u>	<u>Amount</u>
Patrick Bell	30	\$1,300
Warren Christian	22	1,100
Edzell Cunningham	28	1,400
Patrick Finkesot	50	2,500
Joe R. Gant	15	750
Mammae Hall	25	1,250
Allen Hamilton	3	150
Lawson Harvey	22	1,100
Andrea Jefferson	30	1,500
Anne S. Keller	22	1,100
Nina Hubert-Marchand	53	2,650
Dorothy Scott	19	950
Wilma T. Senaley	25	1,250
Elin Sterling	5	250
Jesse Stone	19	950
Carlos White	10	500
Frank Williams	22	1,100
Total		<u><u>\$20,600</u></u>

23. DEFERRED COMPENSATION PLAN

Certain employees of Southern University participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 407. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

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

6. 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>
Current funds:			
Unexpended			
General	\$3,863,007	\$421,488	\$3,441,523
Auxiliary Enterprise	1,348,733	267,414	1,103,589
Restricted	\$412,570	31,821	\$380,749
Student Loan Funds	8,444	858	4,540
Fund funds:			
Unexpended Plant Fund	580,889	22,276	558,619
Retirement of Indebtedness	44,704	8,933	35,771
Total	\$54,545,617	\$882,487	\$53,663,130

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

6. NOTES RECEIVABLE

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

	<u>Notes Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Statement A</u>
Parking Loan Fund	\$3,211,000	\$2,864,597	\$346,403
Student Government Association loans	268,389	8,973	259,412
Long-term institutional loans	121,290		121,290
Total	\$3,600,679	\$2,873,570	\$727,109

7. PENSION PLANS

Plan Descriptions. 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

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

Balance Sheet, June 30, 1988

	CURRENT FUNDS		FUND	TOTAL
	UNRESTRICTED - GENERAL	RESTRICTED	FUND - LONG-TERMS	MEMORANDUM TOTAL
ASSETS				
Cash and cash equivalents	118,830	11,348,748	56,678	11,484,256
Accrued interest		48		48
Accounts receivable	144	1,488,880		1,489,024
Due from state treasury				
Options charges and prepaid expenses	1,200	2,700		3,900
TOTAL ASSETS	<u>119,174</u>	<u>12,718,686</u>	<u>56,678</u>	<u>12,894,538</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	271,801	507,841		779,642
Out-of-state liability	42,880			42,880
Total Liabilities	<u>314,681</u>	<u>507,841</u>	<u>NONE</u>	<u>822,521</u>
Fund Equity - fund balances:				
Reserve		180,178		180,178
Current operations - restricted		1,488,188		1,488,188
Non-current operations - restricted			56,678	56,678
Fund Fund Equity	<u>NONE</u>	<u>1,668,366</u>	<u>56,678</u>	<u>1,725,044</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>314,681</u>	<u>12,718,686</u>	<u>56,678</u>	<u>12,894,538</u>

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

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

	CURRENT FUNDS		PLANT	TOTAL
	(000) DOLLARS	(000) DOLLARS	(000) DOLLARS	(000) DOLLARS
	GENERAL	RESTRICTED	UNEXPENDED	CHG. F.
Revenues and other additions:				
Unrestricted current fund revenues	\$1,104,980			\$1,104,980
Federal grants and contracts		\$1,700,000		1,700,000
Private gifts, grants, and contracts - restricted		280,000		280,000
Investment income - restricted		6,364		6,364
Other sources		1,027,250	900	1,028,150
Total revenues and other additions	<u>1,104,980</u>	<u>3,013,614</u>	<u>900</u>	<u>4,119,494</u>
Expenditures and other deductions:				
Educational and general	1,104,980	3,763,070		4,868,050
Interest costs incurred		205,416		205,416
Total expenditures and other deductions	<u>1,104,980</u>	<u>4,028,486</u>	<u>None</u>	<u>5,133,466</u>
Nonreimbursable transfers - other	None	20,488	None	20,488
Net increase for the year	None	116,616	900	117,516
Fund balances at beginning of year	None	2,644,820	84,820	2,730,640
Fund balances at end of year	None	\$2,761,436	\$85,720	\$2,847,156

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

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

	<u>UNRESTRICTED - GENERAL</u>	<u>RESTRICTED</u>
Revenues		
Federal appropriations		\$729,840
State appropriations	\$1,108,985	
Federal grants and contracts		4,595,900
Private gifts, grants, and contracts		89,837
Investment income		9,384
Other sources		1,834,345
Total revenues	<u>1,108,985</u>	<u>6,762,179</u>
Expenditures and transfers - educational and general		
Research		110,849
Public service		3,804,184
Academic support		1,349,879
Institutional support	1,108,985	267,856
Operations and maintenance of plant		1,233,345
Scholarships and fellowships		668
Total educational and general expenditures	<u>1,108,985</u>	<u>6,762,179</u>
Other additions - excess of restricted receipts over transfers to revenue	<u>RCMB</u>	<u>\$70,018</u>
Net increase in fund balances	<u>RCMB</u>	<u>\$70,018</u>

SOUTHERN UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 BATON ROUGE CAMPUS
 ALL FUNDS

Balance Sheet, June 30, 1988

	CURRENT FUNDS			STUDENT LOANS FUNDS	ENDOWMENT FUNDS
	UNRESTRICTED				
	GENERAL	ENTERPRISES	RESTRICTED		
ASSETS					
Cash and cash equivalents	\$3,080,470	\$1,968,840	\$58,600	\$28,437	\$1,774,244
Receivables					125,000
Accrued interest			\$4,700	10,440	
Accounts receivable	1,704,200	1,000,508	3,884,700	2,218	
Notes receivable					176,217
Due from other campuses			332,870		
Deferred charges and prepaid expenses	158,710	4,110	8,210		
Investments	81,880	111,887			
Intentional plan					
Other assets		6,837			
TOTAL ASSETS	\$4,885,260	\$3,133,685	\$4,784,487	\$67,102	\$1,975,461
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$1,188,000	\$307,010	\$816,400	\$140,207	
Accrued liabilities	548,300				
Cash/State Treasury	383,323				
Expenses paid for others					
Deferred revenues	1,040,000	816,200			
Bonds payable					
Other liabilities		128,580			
Total Liabilities	3,159,623	1,251,800	897,400	140,207	000
Fund Equity:					
Net investment in plant					
Fund balances:					
Reserved	81,880	71,580	1,000,000		
Current operations - restricted		1,187,507	4,110,543		
Noncurrent operations - restricted				387,895	\$1,891,166
Total Fund Equity	81,880	1,259,087	5,110,543	387,895	1,891,166
TOTAL LIABILITIES AND FUND EQUITY	\$4,885,260	\$3,100,887	\$4,784,487	\$67,102	\$1,975,461

PLANT FUNDS					
UNEXPENDED	REVENUES		SUPPORT	AGENCY	TOTAL
	AND	RETIREMENT			
REPLACEMENTS	OF	PLANT	FUNDS)	(S)	
	REPLACEMENTS	REPLACEMENTS	PLANT	FUNDS)	(S)
\$1,281,894	\$118,714	\$811,688		\$391,288	\$2,143,584
	4,456	438,250			552,403
508,288		2,889			511,177
		18,877			\$1,011,448
					118,871
					713,670
					113,028
					249,988
			\$216,178,888		228,178,888
				39,240	42,111
<u>\$1,891,178</u>	<u>\$124,184</u>	<u>\$1,094,295</u>	<u>\$216,178,888</u>	<u>\$391,284</u>	<u>\$218,744,538</u>
\$11,760				500	\$1,461,888
					148,288
					558,833
				181,477	841,477
					2,148,988
			\$1,078,200		\$278,237
					156,884
<u>\$1,760</u>	<u>NONE</u>	<u>NONE</u>	<u>\$1,078,200</u>	<u>381,881</u>	<u>\$217,121</u>
			216,188,700		228,188,700
	\$113,180	\$418,840			1,881,481
					818,162
1,048,400	71,884	948,254			4,584,702
<u>1,048,400</u>	<u>63,184</u>	<u>1,048,288</u>	<u>216,188,700</u>	<u>NONE</u>	<u>218,171,881</u>
<u>\$1,891,178</u>	<u>\$124,184</u>	<u>\$1,094,295</u>	<u>\$216,178,888</u>	<u>\$391,284</u>	<u>\$218,744,538</u>

EXPENDITURE Fund(s)	PLANT FUNDS				TOTAL (SUM OF)
	EXPENSES	REPAIRS AND REPLACEMENTS	REPAIRS OF IMPROVEMENTS	INSTALLATION IN PLANT	
					676,883,694
	\$616,000		204,670		1,285,340
			64,646		500,000
					27,221,717
					87,188
					2,711,603
	6,800	\$6,544	34,746		100,484
					41,041
\$100,000					100,000
				\$16,871,284	18,071,284
			1,388	344,500	345,888
	710,887				276,210
<u>607,182</u>	<u>1,326,887</u>	<u>6,544</u>	<u>480,316</u>	<u>6,100,007</u>	<u>100,077,504</u>
					80,500,100
					10,294,788
					1,126,776
					4,007
					2,130
	471,217	20,000			500,000
			284,323	800,000	884,323
			100,004		100,004
				1,307,000	8,287,040
1,000			24,441		880,000
<u>1,000</u>	<u>471,217</u>	<u>20,000</u>	<u>504,768</u>	<u>1,307,000</u>	<u>110,771,244</u>
					100,000
					100,000
	277,844				204,488
<u>6000</u>	<u>277,844</u>	<u>6000</u>	<u>750,000</u>	<u>6000</u>	<u>100,000</u>
<u>6000</u>	<u>6000</u>	<u>6000</u>	<u>6000</u>	<u>6000</u>	<u>7,343</u>
671,888	710,276	(24,100)	(121,349)	6,348,887	63,282,280
1,704,817	886,414	148,000	1,100,047	221,762,126	284,200,150
<u>6000</u>	<u>6000</u>	<u>6000</u>	<u>6000</u>	<u>6000</u>	<u>6000</u>
<u>\$1,001,000</u>	<u>\$1,896,691</u>	<u>\$124,100</u>	<u>\$1,278,700</u>	<u>\$204,100,700</u>	<u>\$284,507,380</u>

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

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

	CURRENT FUNDS		
	GENERAL	APPLICATORY EXPENSES	RESTRICTED
Revenues:			
Tuition and fees	\$90,872,907	\$1,650,000	\$148,270
Federal appropriations	2,188,148		
State appropriations	50,881,954		
Federal grants and contracts		37,568	36,074,878
State grants and contracts			140,828
Local grants and contracts			86,788
Private gifts, grants, and contracts			3,008,883
Sales and services of educational departments	8,887		
Sales and services of auxiliary departments		42,505,385	
Investment income	188,182	51,583	23,145
Other income	2,793,348		
Total revenues	\$147,772,801	\$44,157,516	\$87,137,934
Expenditures and transfers:			
Educational and general:			
Instruction	\$8,583,188		\$88,391
Research	3,714,829		6,888,111
Public service	2,818,098		1,384,383
Academic support	6,888,013		4,888,801
Student services	3,877,815		2,888,714
Instructional support	10,208,148		817,382
Operations and maintenance of plant	6,888,083		1,031
Scholarships and fellowships	3,874,181		11,887,237
Other			113,441
Total educational and general expenditures	\$67,388,825	NONE	\$87,137,934
Statutory benefits for principal and interest		108,834	
Nonstatutory benefits for:			
Building use (nonacademic) enhancement fees	(887,000)		
Recovery of administrative costs from other campuses	(188,000)		
Other		288,887	(28,822)
Auxiliary enterprise expenditures		12,214,738	
Total expenditures and transfers	\$67,772,825	\$12,323,572	\$87,137,934
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			881,424
Inventory increase (decrease)	(18,888)	3,884	
Net increase (decrease) in fund balances	\$70,000,000	\$31,834,444	\$8,000,000

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

Balance Sheet, June 30, 1958

	CURRENT FUNDS			FUNDING SOURCES FUNDS
	UNRESTRICTED			
	GENERAL	RESTRICTED	RESTRICTED	
ASSETS				
Cash and cash equivalents	\$1,903,857	\$268,084		\$1,635,773
Investments			\$4,000	
Accounts receivable	964,076	\$1,148	1,271,857	1,037,081
Notes receivable				111,627
Deferred charges and prepaid expenses	55,039	344		
Inventory	11,628			
Institutional plant				
TOTAL ASSETS	<u>\$2,935,600</u>	<u>\$270,576</u>	<u>\$1,275,857</u>	<u>\$2,205,718</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$472,438	\$81,300	\$68,810	\$622,548
Accounts receivable	50,000			
Due to other campuses			175,875	
Due to state treasury	657,800			
Deposits held for others				
Unearned revenues	745,431	31,473		
Bonds payable				
Installment purchase payable				
Total Liabilities	<u>1,875,669</u>	<u>\$112,773</u>	<u>\$144,685</u>	<u>622,548</u>
Fund Equity:				
Net investment in plant				
Fund balances:				
Reserved	11,628			
Current operations - restricted		256,150	1,044,400	
Noncurrent operations - restricted				110,813
Total Fund Equity	<u>11,628</u>	<u>256,150</u>	<u>1,044,400</u>	<u>110,813</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$2,144,900</u>	<u>\$379,696</u>	<u>\$2,205,885</u>	<u>\$733,361</u>

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

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, follows:

	Fund Fees/Use	Student Activities	Student Center	Others	Total
Net income (loss) in					
Fund activities	\$166,880	\$202,348	\$258,497	\$71,875	\$699,599
Net income (loss)	\$20,000	\$38,500	\$74,875	\$1,000	\$134,375
Net assets:	\$42,954	\$68,428	\$2,000	\$27,337	\$138,719
(Accruing principal and interest credit)	\$5,000	\$93,348	\$80,000	\$28,500	\$206,848
Accrued principal and interest credit	1,000	\$14,280	\$5,000	\$5,000	\$25,280

20. FOUNDATIONS

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

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

Salaries and related benefits	\$133,138
Operating services	4,305
Other charges	<u>3,600</u>
Total	<u>\$141,043</u>

21. PER DIEM PAID BOARD MEMBERS

Members of the Southern University Board of Supervisors receive \$50 per diem for each day of attendance at board meetings, committee meetings, or while on business for the board, as authorized by USA-R.S. 17:2206. A summary of per diem paid board members for the year ended June 30, 1995, is as follows:

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

Schedule of Revenues, Expenditures,
 and Other Changes
 For the Year Ended June 30, 1985

	UNRESTRICTED FUNDS		
	GENERAL	ENTERPRISE	RESTRICTED
Revenues:			
Tuition and fees	\$1,716,121	\$45,576	
Federal appropriations	599		
State appropriations	3,888,020		
Federal grants and contracts			\$1,078,621
State grants and contracts			\$1,981
Private gifts, grants, and contracts			182,000
Fees and services of auxiliary departments		87,828	
Investment income	28,183	115	1,190
Other sources	100,318		
Total revenues	5,712,268	133,520	3,264,112
Expenditures and transfers:			
Educational and general:			
Instruction	2,190,195		186,377
Research			\$1,023
Public service			23,325
Academic support	411,714		182,888
Student services	309,273		1,298,079
Institutional support	1,855,277		488,050
Operation and maintenance of plant	495,533		
Scholarships and fellowships	44,281		1,388,028
Other	40,988		
Total educational and general expenditures	5,822,257	NONE	3,264,112
Administrative transfers - other	50,000	7,000	
Auxiliary enterprise expenditures		81,718	
Total expenditures and transfers	5,712,257	88,718	3,264,112
Other additions - excess of restricted receipts over transfers to revenues	NONE	NONE	140,142
Net increase in fund balances	NONE	\$14,802	\$140,142

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

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 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 removal 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

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Southern University System
State of Louisiana
Baton Rouge, Louisiana

January 22, 1997



Financial and Compliance Audit Division

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

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

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

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

**General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1988
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.

January 22, 1988

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1998
With Supplemental Information Schedules

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SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Contents, June 30, 1999

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BARRETT C. CYRUS, JR., CPA, CFE
LEGISLATIVE AUDITOR

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November 26, 1999

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

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

We have audited the accompanying general purpose financial statements of the Southern University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 1999, as listed in the foregoing title of contents. These financial statements are the responsibility of management of the Southern University System. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

As discussed further in Exhibit A of this report, because of the inadequacy of student loan subsidiary ledgers, we were unable to satisfy ourselves as to the validity of \$177,115 in notes receivable reflected on the balance sheet in the student loan funds.

In our opinion, except for the effects of not recording the liability for compensated absences and except for the effects of such adjustments, if any, as might have been determined to be necessary had the records within the student loan funds group been adequate, the accompanying general purpose financial statements present fairly, in all material respects, the financial position of the Southern University System at June 30, 1999; the changes in fund balances; and the current funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles.

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

year ended June 30, 1988, and an adjustment to decrease prior-year fund balances would be made for \$7,022,002.

12. LEASE OBLIGATIONS

In April 1984, the Southern University - Shreveport-Bossier City campus entered into a three-year operating lease for laboratory, classroom, and office space located at the downtown municipal airport in Shreveport, Louisiana, to be used as an off-campus instruction site. The annual rental payment for the remaining year, 1987, is \$108,468.

13. LONG-TERM DEBT

Installment Purchase Payable

The Southern University, New Orleans campus has entered into two installment purchase agreements with International Business Machine Credit Corporation for the purchase of computer equipment. These agreements require scheduled payments on a monthly basis and have interest rates of 4.99 and 6.13 percent. The following is a summary of installment purchases payable transactions by the university for the year ended June 30, 1988:

Balance at July 1, 1988	MOORE
Installment purchases in 1988	280,000
Installment payments in 1988	<u>(191,824)</u>
Installment purchase payable at June 30, 1988	<u>\$88,176</u>

The following is a summary of future minimum installment payments as of June 30, 1988:

Year Ending June 30:	
1987	\$280,138
1988	280,138
1989	71,528
Total minimum installment payments	<u>631,804</u>
Less - amount representing interest	<u>(20,627)</u>
Total	<u>\$611,176</u>

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

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

Combined Balance Sheet, June 30, 1988

	CURRENT FUNDS			GRAND TOTAL LEADS FUNDS
	UNRESTRICTED		RESTRICTED	
	GENERAL	ENTERPRISES		
ASSETS				
Cash and cash equivalents (note 2)	\$1,708,888	\$1,237,192	\$1,889,687	\$4,835,767
Investments (note 4)			31,785	31,443
Accounts receivable	294,100	1,154,828	2,282,748	4,331,676
Accounts receivable (note 5)				717,131
Notes receivable (note 6)		19,600	20,000	
Due from other funds	194,338	6,689	11,349	
Deferred charges and prepaid expenses	108,621	177,897		
Investments (note 7-8)				
Intentional gifts (note 9)			8,877	
Other assets				
TOTAL ASSETS	\$2,405,947	\$2,623,706	\$4,252,341	\$9,281,881
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$1,824,824	200,000	\$1,181,891	\$3,206,715
Accounts receivable	817,497			
Due to other funds				151,290
Due to state treasury (note 10)	1,888,138			
Deposits held for others	2,479,000	882,877		
Deferred amounts (note 1-3)				
Bonds payable (note 11)				
Intentional purchase payable (note 12)		228,200		
Other liabilities	1,024,420	988,738	1,170,287	3,203,445
Total Liabilities				
Fund Equity				
Net investment in plant				
Fund balances:				
Reserved (note 13)	114,537	71,282	1,254,095	
Current operations - restricted		2,548,024	2,828,000	
Current operations - unrestricted				881,711
Total Fund Equity	114,537	2,619,306	4,082,095	3,763,422
TOTAL LIABILITIES AND FUND EQUITY	\$2,898,798	\$4,827,408	\$4,252,341	\$12,983,576

The accompanying notes are an integral part of this statement.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

Bonds and Contracts Payable

The following is a summary of bonds and reimbursement contracts payable transactions of the University for the year ended June 30, 1998:

Bonds and contracts payable at July 1, 1996	\$2,858,590
Bonds and contracts retired	<u>(174,303)</u>
Bonds and contracts payable at June 30, 1998	<u>\$2,684,287</u>

A detailed summary of all debt outstanding at June 30, 1998, including interest payments of \$149,109, follows:

Bond Issue	Date of Issue	Original Issue	Outstanding June 30, 1998
Baton Rouge Campus:			
Housing System:			
Series 1957-B	April 1, 1957	\$1,519,000	\$175,000
Series 1957-C	April 1, 1957	1,800,000	185,000
Academic Facilities Building Use			
Fee Revenue Bonds - Series			
1970-A	December 1, 1970	1,400,000	535,000
Expansion of Student Union			
Building Bonds	February 15, 1974	1,400,000	735,000
A. Y. Mumford Stadium Track			
Resurfacing Bonds - Series 1983	November 1, 1983	660,000	620,000
New Orleans Campus - Academic			
Facilities Building Use Fee			
Revenue Bonds - Series 1971	May 1, 1971	685,000	335,000
Reimbursement contracts -			
Baton Rouge:			
Renovating Dunn Hall	February 1, 1981	125,082	95,590
Acacia Colliatory Renovation	February 1, 1981	120,080	73,000
		<u>67,680,082</u>	<u>\$2,684,287</u>
Total			

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Combined Statement of Changes in Fund Balances
For the Year Ended June 30, 1988**

	CURRENT FUNDS			STUDENT LOAN FUNDS
	UNRESERVED			
	GENERAL	INDEBTEDNESS	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues:	\$87,287,910	\$11,890,880		
Tuition and fees - restricted			898,850	749,850
Fees-grants and contracts - restricted			698,450	683,268
Federal grants and contracts - restricted			44,279,480	
Local grants and contracts - restricted			487,258	
Private gifts, grants, and contracts - restricted			3,897,280	
Investment income - restricted			85,740	31,880
Interest on loans receivable				93,980
Gift-in-kind income				
Additions to plant facilities				
Restatement of indebtedness				
Other sources			1,027,283	84,281
Total revenues and other additions	\$87,287,910	\$11,890,880	\$8,794,743	\$88,330
Expenditures and other deductions:				
Educational and general	\$7,639,808		47,271,718	
Auxiliary enterprises		10,498,883		
Interest - debt - restricted			1,800,881	
Loan cancellations and write-offs				4,907
Administrative and collection costs				2,134
Expended for plant facilities				
Restatement of indebtedness				
Interest on indebtedness				
Depositor yield benefits				
Other				874,732
Total expenditures and other deductions	\$7,639,808	\$10,598,883	\$8,172,601	\$883,868
Transfers among funds - additions (deductions):				
Majority - principal and interest	(274,004)	(184,834)		
Minority				
Building and reconstruction enhancement fees	487,000		88,387	
Other		(251,884)	88,387	
Total transfers among funds	212,996	(436,718)	136,774	0
Inventory increase (decrease)	(6,113)	1,884	4,000	10,000
Net increase (decrease) for the year	(6,113)	454,883	1,654,917	(211,568)
Fund balances at beginning of year	128,274	2,181,881	3,780,037	1,000,438
Fund balances at end of year	\$122,161	\$2,636,764	\$5,434,954	\$888,870

The accompanying notes are an integral part of this statement.

ACCOMPLISHMENT FUNDS	PLANT FUNDS				TOTAL (REVENUES) (EXPENSES)
	UNEMPLOYMENT	REPAIRS AND REPLACEMENTS	RETIREMENT OF DEPRECIATED	WAGE GROWTH	
					\$ 11,751,000
	\$ 233,200		\$ 24,000		1,800,271
			77,804		800,500
					46,107,713
					407,240
					3,807,500
	25,000	\$ 4,500	10,000		205,500
					60,500
					100,000
				\$ 1,100,000	11,070,200
			1,200	500,177	107,400
	277,044				1,500,000
	<u>1,828,900</u>	<u>4,500</u>	<u>870,177</u>	<u>10,701,407</u>	<u>11,205,070</u>
					100,117,070
					11,400,500
					1,800,000
					4,000
					2,100
	400,100	10,000			104,070
			500,177		600,100
			110,070		170,070
				5,770,407	5,770,407
0.000			41,000	500,000	1,031,000
0.000	<u>400,100</u>	<u>10,000</u>	<u>151,177</u>	<u>5,270,407</u>	<u>70,171,700</u>
					411,100
	(500,000)		(200,000)		
	<u>271,070</u>	<u>60,000</u>	<u>151,177</u>	<u>6,000</u>	<u>6,000</u>
	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>7,100</u>
101,000	1,170,000	104,700	(5,000)	11,070,000	14,017,007
2,601,000	2,771,000	140,270	2,100,000	100,011,700	106,017,000
<u>10,010,000</u>	<u>10,000,100</u>	<u>1,104,900</u>	<u>97,100,000</u>	<u>600,000,000</u>	<u>101,100,100</u>

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

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

	UNRESTRICTED FUNDS		
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	\$35,158,733	\$1,254,719	
Federal appropriations	2,195,544		629,121
State appropriations	63,471,877		
Federal grants and contracts			42,188,054
State grants and contracts			1,828,421
Local grants and contracts			388,175
Private gifts, grants, and contracts			2,894,020
Sales and services of education departments	8,821		
Sales and services of auxiliary departments		13,749,275	
Investment income	275,188	24,240	85,748
Other sources	3,183,352		1,855,345
Total revenues	\$1,287,310	\$14,203,230	\$27,538,854
Expenditures and transfers:			
Educational and general:			
Instruction	\$5,147,834		1,741,839
Research	3,122,549		8,243,887
Public service	3,587,417		5,789,422
Academic support	8,524,327		8,782,178
Student services	4,672,839		4,898,058
Institutional support	15,858,883		1,791,549
Operations and maintenance of plant	9,154,761		1,843,127
Scholarships and fellowships	3,647,411		15,873,021
Other	40,843		122,173
Total educational and general expenditures	\$71,538,898	\$0.00	\$47,573,112
Mandatory transfers - principal and interest	\$14,854	188,654	
Nonmandatory transfers to:			
Building use benevolence enhancement fees	(487,800)		
Other		319,554	(81,652)
Auxiliary enterprise expenditures		13,488,522	
Total expenditures and transfers	\$71,287,310	\$14,212,730	\$47,538,854
Other additions (deductions):			
Excess of restricted receipts over transfers to revenues			1,864,817
Inventory increase (decrease)	(4,737)	1,504	
Net increase (decrease) in fund balances	(\$4,737)	\$694,800	\$1,964,817

The accompanying notes are an integral part of this statement.

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

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 accrued annual and sick leave when paid because major portions of the liability will be paid from the university's General Fund from future appropriations made by the Louisiana Legislature.

B. REPORTING ENTITY

The GASS, Code Section 2490, has defined the governmental reporting entity to be the State of Louisiana. The university is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) a majority of the members of the governing boards are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) state appropriations provide the largest percentage of total revenues; (4) the state issues bonds to finance certain construction; and (5) the university primarily serves state residents. The accompanying financial statements present information only as to the transactions of the programs of the Southern University System, a component unit of the State of Louisiana.

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

C. FUND ACCOUNTING

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

Current Funds

Current funds are operating funds that will be expended in the near term. Such funds have two basic 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

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

(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.

E. BUDGET PRACTICES

The appropriations made for the General Fund of the Southern University System are annual lump-sum appropriations 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 agencies of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not provided but are recognized in the succeeding year; and (4) inventories in the General Fund are recorded as expenditures at the time of purchase.

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

	Board and System Administration	State/Parish College	New Orleans College	Shreveport, Bossier City Campus
Original approved budget	\$4,000,000	\$63,070,104	\$10,000,000	\$1,000,000
Amendments - State General Fund	(2,000,000)	1,700,000	1,000,000	
Total budgeted amounts	\$2,000,000	\$64,770,104	\$11,000,000	\$1,000,000

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

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

In accordance with Louisiana Revised Statute (LSA-R.S.) 49:107(C)(3), the university is authorized to invest funds in direct United States Treasury obligations. These investments are United States Treasury securities and are reported at cost, which approximates market on the balance sheet.

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

G. INVENTORIES

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

H. DEFERRED REVENUES

Tuition and fees collected at June 30, 1995, but applicable to the 1995 summer session, are reported as deferred revenues. Expenses relating to this session are reported in the period the tuition and fees are recognized as revenues.

I. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve fund balances, is employed

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

by the university. Encumbrances outstanding at year-end in all funds, except for the General Fund, are reported as reservations of fund balance since they do not constitute expenditures or liabilities in the year encumbered. Encumbrances of the General Fund are not included in the financial statements because the university does not have the ability to finance the liquidation of encumbrances after June 30, 1996, as provided by LSA-R.S. 39:52. There are no encumbrances outstanding for the General Fund at June 30, 1996.

J. PLANT ASSETS

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

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during holiday periods when students are not in classes. Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 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* (overline) to indicate that they are presented only to facilitate financial analysis. Data in those columns do not present financial position or results of operations. Neither is such data comparable to a consolidation.

3. CASH AND CASH EQUIVALENTS

At June 30, 1996, the university has cash and cash equivalents (book balances) totaling \$17,725,767 comprised as follows:

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

Demand deposits	\$13,955,708
Interest-bearing demand deposits	3,755,104
Time deposits	1,000
Petty cash (on hand)	8,120
Cash in trust accounts	<u>10,000</u>
Total	<u>\$17,728,932</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, 1996, the university has \$25,216,139 in deposits (collected bank balances). These deposits are secured from risk by \$736,808 of federal deposit insurance (GASB Category 1) and \$12,858,803 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Deposits of \$2,523,396 are unsecured and uncollateralized (GASB Category 3).

3. DUE TO AND FROM OTHER CAMPUSES

Substantially all cash received by the university is deposited into a pooled cash account. At June 30, 1996, the Restricted Fund at the Southern University - New Orleans campus has made disbursements in excess of the funds equity in the pooled cash account resulting in \$772,872 due from the Southern University - New Orleans campus to the Southern University - Baton Rouge Campus. For presentation purposes, these amounts have been eliminated from Statement A.

4. INVESTMENTS

At June 30, 1996, the university has investments totaling \$1,805,016 as follows:

Baton Rouge Campus	\$555,400
New Orleans Campus	491,704
Shreveport-Bossier City Campus	<u>23,799</u>
Total	<u>\$1,805,016</u>

The investments are in mutual funds invested in United States Treasury securities and are reported at cost, which approximates market, on the balance sheet. These investments are uncategorized in applying the credit risk of GASB Codification Section 150.104.

LEGISLATIVE AUDITOR

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Audit Report, June 30, 1995

We have also issued separate reports dated November 28, 1995, on internal control structure and compliance with laws and regulations as required by Government Auditing Standards, issued by the Comptroller General of the United States.

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

Respectfully submitted,



Daniel G. Kyles, CPA, CFE
Legislative Auditor

LSM 9505 0

LSM 9505 0

ACQUISITION IN 1969	PLANT FUNDS		ACQUISITION IN 1967	TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	DEPRECIATED OR RETIRED		
				27,276,276
	930,000	298,447		1,228,447
		(3,244)		1,225,203
	32,299	28,880		61,179
200,000				200,000
			200,000	400,000
	18,750		201,250	419,750
<u>207,000</u>	<u>1,001,049</u>	<u>141,173</u>	<u>1,202,250</u>	<u>28,127,225</u>
				21,821,829
				1,714,884
	18,750			1,733,634
		227,884		1,961,518
		26,242		1,987,760
			228,880	2,216,640
4,142		4,142		8,284
<u>4,142</u>	<u>18,750</u>	<u>232,026</u>	<u>229,130</u>	<u>2,245,924</u>
		274,866		2,520,790
	200,000			2,720,790
<u>ACQUISITION</u>	<u>1,211,049</u>	<u>274,866</u>	<u>ACQUISITION</u>	<u>2,995,580</u>
<u>ACQUISITION</u>	<u>ACQUISITION</u>	<u>ACQUISITION</u>	<u>ACQUISITION</u>	<u>8,128</u>
28,276	286,423	24,882	805,177	1,144,758
<u>311,280</u>	<u>1,541,471</u>	<u>299,748</u>	<u>21,707,027</u>	<u>24,059,526</u>
<u>349,556</u>	<u>27,281,523</u>	<u>299,630</u>	<u>24,002,204</u>	<u>52,344,924</u>

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

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

	UNRESERVED FUNDS		
	GENERAL	RESTRICTED	RESTRICTED
Revenues:			
Tuition and fees	\$5,458,235	\$190,258	
State appropriations	5,595,439		
Fellowships and contracts			\$8,050,740
State grants and contracts			189,323
Local grants and contracts			275,883
Private gifts, grants, and contracts			558,344
State and private of auxiliary departments		700,000	
Investment income	80,203	21,208	10,281
Other sources	545,000		
Total revenues	11,557,865	912,466	8,934,468
Expenditures and transfers:			
Educational and general:			
Instruction	6,197,644		118,895
Research	8,880		92,897
Public service	63,231		807,784
Academic support	1,508,489		1,797,293
Student services	1,098,811		1,121,870
Institutional support	2,807,595		93,840
Operations and maintenance of plant	3,071,748		5,893
Scholarships and fellowships	257,880		8,352,180
Other			12,288
Total educational and general expenditures	15,989,687	None	8,934,468
Mandatory transfer - principal and interest	214,864		
Nonmandatory transfers for:			
Building use fees/academic enhancement fees	(80,800)		
Recovery of administrative costs from other campuses	150,800		
Other		23,548	
Auxiliary enterprises expenditures		1,181,894	
Total expenditures and transfers	16,290,551	1,205,442	8,934,468
Other additions (deductions):			
Excess of restricted receipts over transfers			(35,985)
Inventory increase (decrease)	5,120		
Net increase (decrease) in fund balances	\$5,120	(\$290,976)	(\$10,985)

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

Balance Sheet, June 30, 1988

	CURRENT FUNDS			5/1,000*
	UNRESERVED			
	GENERAL	EMPLOYEES	RESTRICTED	
ASSETS				
Cash and cash equivalents	\$26,650	\$8,474	\$ 88,808	\$123,932
Receivables				
Accounts receivable	282,568	14,704	712,400	1,009,672
Notes receivable				
Due from other funds		74,800	58,800	138,400
Deferred charges and prepaid expenses	1,247		500	1,747
Investmental plant				
TOTAL ASSETS	\$289,914	\$103,978	\$1,660,508	\$1,954,400
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$52,893	\$2,800	\$88,400	\$144,093
Account receivable	58,117			58,117
Due to other funds				
Due to state treasury	373,460			373,460
Expenses paid for others				
Deferred revenues	184,468	8,147		192,615
Total Liabilities	<u>\$673,938</u>	<u>\$13,747</u>	<u>\$88,400</u>	<u>\$776,085</u>
Fund Equity:				
Net investment in plant				
Fund balances:				
Reserves			18,807	18,807
Current operations - restricted		127,048	483,854	618,900
Noncurrent operations - restricted				
Total Fund Equity	<u>\$606,900</u>	<u>\$117,048</u>	<u>\$472,661</u>	<u>\$1,196,609</u>
TOTAL LIABILITIES AND FUND EQUITY	\$1,280,838	\$131,795	\$1,361,169	\$1,572,694

UNEXPENDED	PLANT FUND		AGENCY FUNDS	TOTAL (INCORPORATED 1964)
	RETIREMENT OF	ACQUISITION IN PLANT		
1346,070	\$ 441,000		000	\$1,887,070
57,899				21,878
10,588	8,877			500,000
				420,000
				111,000
				1,000
		\$12,000,000		\$13,330,000
<u>1424,635</u>	<u>\$450,877</u>	<u>\$12,000,000</u>	<u>000</u>	<u>\$14,875,512</u>
				000,144
				10,117
				131,000
				073,440
			000	400
				\$21,000
<u>None</u>	<u>None</u>	<u>None</u>	<u>000</u>	<u>\$21,000</u>
		\$12,000,000		\$13,330,000
				10,000
				100,000
<u>1424,635</u>	<u>\$450,877</u>	<u>\$12,000,000</u>	<u>None</u>	<u>\$13,840,512</u>
<u>1424,635</u>	<u>\$450,877</u>	<u>\$12,000,000</u>	<u>000</u>	<u>\$14,041,312</u>

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
BRIEFPORT-BOSCHER CITY CAMPUS**

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

	CURRENT FUNDS			GRANT AND LOAN FUNDS
	EXPENDITURE ACCOUNT			
	GENERAL	BY EXPENSE	RESTRICTED	
Revenues and other additions:				
Unexpended saved fund revenues	\$1,173,250	\$705,000		\$1,878
Tuition and fees - restricted				
State grants and contracts - restricted			\$103,810	
Federal grants and contracts - restricted			5,741,814	800
Private gifts, grants, and contracts - restricted			101,000	
Equipment income - restricted			1,000	
Interest on funds investible				\$,480
Additions to plant/facilities				7,875
Other sources				12,837
Total revenues and other additions	<u>\$1,173,250</u>	<u>\$705,000</u>	<u>\$6,053,434</u>	<u>\$12,970</u>
Expenditures and other deductions:				
Educational and general	\$,080,268		\$,884,714	
Auxiliary enterprises		\$1,710		
Interest costs incurred			\$1,887	
Expended to plant facilities				
Equipment of plant/facilities				
Other				\$8,400
Total expenditures and other deductions	<u>\$,080,268</u>	<u>\$1,710</u>	<u>\$,886,601</u>	<u>\$8,400</u>
Transfers among funds - additions (deductions):				
Expenditures:				
Administrative costs				
Self-help programs	\$31,000			
Other		(7,000)	7,000	
Total transfers among funds	<u>\$31,000</u>	<u>(7,000)</u>	<u>7,000</u>	<u>\$0.00</u>
Net increase (decrease) for the year	<u>\$108,982</u>	<u>\$1,293</u>	<u>\$1,166,833</u>	<u>\$4,570</u>
Fund balances at beginning of year	<u>\$0.00</u>	<u>\$12,844</u>	<u>\$1,886,601</u>	<u>\$80,400</u>
Fund balances at end of year	<u>\$108,982</u>	<u>\$14,137</u>	<u>\$2,053,434</u>	<u>\$84,970</u>

PLANT (FUND)	PLANT FUNDS		TOTAL (UNAPPORTIONED)
	BETWEEN CITY OF INDIANAPOLIS	CONTRIBUTION IN PLANT	
			\$1,221,810
\$11,400	\$14,300		\$1,000
			122,000
			2,744,004
			155,000
6,200	1,000		1,000
			6,000
		500,000	500,000
1,200			1,000
<u>10,200</u>	<u>15,300</u>	<u>500,000</u>	<u>1,076,000</u>
			8,000,000
			91,770
			91,000
6,200		100,000	6,200
	1,000		100,000
<u>6,200</u>	<u>1,000</u>	<u>100,000</u>	<u>1,006,200</u>
			(50,000)
<u>10,200</u>	<u>16,300</u>	<u>600,000</u>	<u>10,500</u>
91,000	20,000	570,700	601,700
274,000	152,000	11,700,000	12,126,000
<u>609,200</u>	<u>188,300</u>	<u>12,270,700</u>	<u>12,108,000</u>

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

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

	CURRENT FUNDS			STUDENT LOAN FUNDS
	RESTRICTED		UNRESTRICTED	
	GENERAL	AUXILIARY		
Revenues and other additions				
Imputed current local revenues	\$14,782,645	\$612,471		\$15,395
Tuition and fees - restricted				\$15,395
State grants and contracts - restricted			\$500,700	
Fellowships and contracts - restricted			\$,994,891	
Federal grants and contracts - restricted			\$20,000	
Private gifts, grants, and contracts - restricted			\$95,288	
Investment income - restricted			\$4,891	\$
Interest on debt (restricted)				\$20
Endowment income				
Interest on plant facilities				
Revenues of institutions				
Other revenues				\$40
Total revenues and other additions	<u>\$14,782,645</u>	<u>\$612,471</u>	<u>\$1,515,660</u>	<u>\$15,455</u>
Expenditures and other deductions				
Operational and general	\$5,888,001		\$,854,848	
Auxiliary enterprises		\$,791,000		
Interest costs (restricted)			\$10,000	
Expenditures on plant facilities				
Revenues of institutions				
Interest on indebtedness				
Depreciation of plant facilities				
Other				\$,000
Total expenditures and other deductions	<u>\$5,888,001</u>	<u>\$,791,000</u>	<u>\$,864,848</u>	<u>\$,000</u>
Transfers among funds - additions (deductions)				
Miscellaneous - principal and interest	\$(16,000)			
Miscellaneous:				
Building cost (administrative) enhancement fees	\$0,000			
Recovery of administrative costs from other campuses	\$(70,000)			
Total	\$(86,000)		\$0,000	
Total transfers among funds	<u>\$(86,000)</u>	<u>\$0,000</u>	<u>\$0,000</u>	<u>\$0,000</u>
Inventory decrease	\$,125	\$0,000	\$0,000	\$0,000
Net increase (decrease) for the year	\$1,812,524	\$(188,529)	\$,650,812	\$1,455
Fund balances at beginning of year	\$,489	\$11,001	\$,588,170	\$0,000
Fund balances at end of year	<u>\$2,301,524</u>	<u>\$82,472</u>	<u>\$1,238,982</u>	<u>\$1,455</u>

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by an actuarial committee. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligations of the State of Louisiana or the Teachers Retirement System of Louisiana. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

Employer contributions to the optional retirement plan totaled \$1,585,233 for the year ended June 30, 1996.

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

The university provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the university's employees become eligible for these benefits if they reach normal retirement age while working for the university. These benefits for retirees and similar benefits for active employees are provided through a state-operated group insurance program and various insurance companies whose monthly premiums are paid jointly by the employee and the university. The university recognizes the cost of providing these benefits to retirees (university's portion of premiums) as an expenditure when paid during the year. These retiree benefits total \$1,048,823 for 421 retirees 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 state's risk management program, or by legislative appropriation and are not reflected in the university's financial statements. The university is involved in numerous lawsuits at June 30, 1996, in which the plaintiffs are seeking damages.

11. COMPENSATED ABSENCES

At June 30, 1996, employees of the university have accumulated and vested \$5,527,357 of employee leave benefits, which was computed in accordance with GAAP Codification Section 608. 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 \$5,527,357. 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 \$524,765 for the