

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Southeastern Louisiana University  
State of Louisiana  
Harrwood, Louisiana

December 15, 1997



*Financial and Compliance Audit Division*

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

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**LEGISLATIVE AUDITOR**

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

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

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

**General Purpose Financial Statements  
and Independent Auditor's Reports  
As of June 30, 1997, and for the Years  
Ended June 30, 1997 and 1996  
With Supplemental Information Schedule**

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

December 15, 1997

**SOUTHEASTERN LOUISIANA UNIVERSITY  
STATE OF LOUISIANA**

General Purpose Financial Statements  
and Independent Auditor's Reports  
As of June 30, 1997, and for the Years  
Ended June 30, 1997 and 1996  
With Supplemental Information Schedule

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EMILE S. D'ARNO, JR., CPA, CMA  
LEGISLATIVE AUDITOR

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November 21, 1997

Independent Auditor's Report  
on the Financial Statements

**SOUTHEASTERN LOUISIANA UNIVERSITY**  
**STATE OF LOUISIANA**  
Hammond, Louisiana

We have audited the accompanying general purpose financial statements of Southeastern Louisiana University, a component unit of the State of Louisiana, as of June 30, 1997, and for the years ended June 30, 1997 and 1996, as listed in the foregoing table of contents. These financial statements are the responsibility of management of Southeastern Louisiana University. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *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.

In our opinion, the accompanying general purpose financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Louisiana University at June 30, 1997; the changes in fund balances; and the current funds' revenues, expenditures, and other changes for the two years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 21, 1997, on our consideration of Southeastern Louisiana University's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

LEGISLATIVE AUDITOR

SOUTHEASTERN LOUISIANA UNIVERSITY  
STATE OF LOUISIANA  
Audit Report, June 30, 1997

Our audit was made for the purpose of forming an opinion on the general purpose financial statements. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of Southeastern Louisiana University. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

CS:RQL:8

8/97

**SOUTHEASTERN LOUISIANA UNIVERSITY  
STATE OF LOUISIANA  
ALL FUNDS**

**Balance Sheet, June 30, 1997**

	CURRENT FUNDS			STUDENT LOANS FUNDS	ENDOWMENT FUNDS
	UNRESTRICTED				
	GENERAL	RESTRICTED	RESTRICTED		
<b>ASSETS</b>					
Cash and cash equivalents (note 3)	\$1,114,817	\$6,668	\$81,827	\$433,481	\$1,088,888
Investments (note 4)	484,812		281,188	88,247	30,820
Accounts receivable (note 5)	87,280	284,124	1,023,711		
Notes receivable (note 6)				1,054,678	
Due from state treasurer (note 7)					
Due from private foundations	278				
Due from other funds	448,887		2,288		
Deferred charges and					
printed expenses	1,288,887	17,887	81,887		
insurance	88,884	288,888	2,420		
Institutional plant (note 17)					
Other assets		1,113,444			
<b>TOTAL ASSETS</b>	<b>4,428,124</b>	<b>1,778,288</b>	<b>1,828,145</b>	<b>1,526,417</b>	<b>1,119,708</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Liabilities:					
Accounts payable	\$111,273	\$288,881	\$84,218	\$1,000	
Accrued liabilities	1,811,887	122,278	148,884		
Due to other funds		488,881			\$2,288
Deposits held for others	21,788	184,288			
Deferred revenues	2,288,188	148,227	188,887		
Compensated absences	2,888,888	288,888	1,88,818		
Bonds payable (note 12)					
Other liabilities		8,888	818	4,271	
Total Liabilities	5,888,881	1,488,188	1,188,888	1,012	2,288
Fund Equity					
Not included in plant					
Fund balance - restricted (note 18)					
Incentives		42,448	121,588		
Insurance	688,884	11,728			
Gift services					
Current operations:					
Restricted		21,888	2,128,884	2,288,188	
Unrestricted	(2,881,271)				
Non-current operations:					
Plant/land					
Incentives					1,714,448
Total Fund Equity	2,221,222	217,222	2,228,888	2,288,188	1,714,448
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>4,428,124</b>	<b>1,778,288</b>	<b>1,828,145</b>	<b>1,526,417</b>	<b>1,119,708</b>

The accompanying notes are an integral part of this statement.

PLANT FUNDS					
UNEMPLOYED	REVENUES	RETIREMENT	EMPLOYMENT IN PLANT	BONDS FUNDS	TOTAL (BIBACOMBAND ONLY)
	AND REPLACEMENTS	OF PRODUCTIVITY			
\$1,376,667	\$2,210,700	\$2,205,666		\$21,667	\$16,667,280
291,288	667,666	637,666		66,666	2,462,280
171		66,666		146,664	2,227,790
666,667					1,566,666
					666,667
					276
					462,221
				67,664	1,666,762
					666,667
			\$1,27,66,666		1,67,21,666
					1,7,15,664
<u>\$2,266,661</u>	<u>\$2,616,666</u>	<u>\$2,666,666</u>	<u>\$1,27,66,666</u>	<u>\$66,666</u>	<u>\$1,66,666,666</u>
666,667	66,666			67,666	666,667
					1,266,776
				666,666	662,221
					771,276
					2,771,262
1,666,666			\$1,666,666		2,666,666
		66,666			66,667
<u>1,666,666</u>	<u>6,666</u>	<u>66,666</u>	<u>1,666,666</u>	<u>66,666</u>	<u>1,771,262</u>
			1,266,776,666		1,266,776,666
166,667	76,666				666,771
					666,776
		1,666,667			1,666,667
	1,666,764				1,666,667
					(266,771)
1,666,666	1,671,267	1,766,666			4,666,667
					1,771,262
<u>1,666,666</u>	<u>2,671,666</u>	<u>2,666,666</u>	<u>1,266,776,666</u>	<u>666</u>	<u>1,66,776,666</u>
<u>\$2,266,661</u>	<u>\$2,616,666</u>	<u>\$2,666,666</u>	<u>\$1,27,66,666</u>	<u>\$66,666</u>	<u>\$1,66,666,666</u>



**SOUTHEASTERN LOUISIANA UNIVERSITY  
STATE OF LOUISIANA**

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

	CURRENT FUNDS			STATEMENT LINES FUND
	RESTRICTED			
	GENERAL	RESTRICTED	RESTRICTED	
<b>Revenues and other additions:</b>				
Unexpended current fund revenues	\$6,046,437			
Tuition and fees - restricted			\$5,071,330	34,335
State grants and contracts - restricted			1,171,844	
Federal grants and contracts - restricted			12,500,000	68,800
Private gifts, grants, and contracts - restricted			304,467	
Investment income - restricted			180,174	25,750
Auxiliary enterprise revenue		\$7,500,000		
Interest on loans receivable				74,800
State funded endowments				
Additions to plant facilities				
Retirement of indebtedness				
Other sources		75,704	143,738	8,800
Total revenues and other additions	<u>\$6,046,437</u>	<u>\$7,575,704</u>	<u>\$15,190,912</u>	<u>178,685</u>
<b>Expenditures and other deductions:</b>				
Educational and general	\$6,020,833		\$6,020,833	
Auxiliary enterprises		11,040,700	6,176	
Auxiliary enterprise equipment purchases		87,907		
Loan cancellations and write-offs				62,914
Federal loan capital contribution returned				10,813
Expended for plant facilities				
Interest state insurance			\$24,400	
Retirement of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Emergency transfers to Office of Faculty Planning and Control				
Other				
Total expenditures and other deductions	<u>\$6,020,833</u>	<u>\$11,128,607</u>	<u>\$6,045,233</u>	<u>\$73,727</u>
Transfers among funds - additions (deductions):				
Minority:				
Principal and interest		(483,200)		
Revolving and replacements		(200,000)		
Loan fund matching	(8,410)			8,410
Other	(63,072)		63,072	
Nonmajority:				
Capital improvements				
Other	(1,300,000)	1,300,000	10,000	
Total transfers among funds	<u>(1,371,882)</u>	<u>\$81,797</u>	<u>\$73,072</u>	<u>\$8,410</u>

(Continued)

The accompanying notes are an integral part of this statement.



**SOUTHEASTERN LOUISIANA UNIVERSITY**  
**STATE OF LOUISIANA**  
**Statement of Changes in Fund Balances, 1997**

	UNRESTRICTED FUNDS			STUDENT LEARN FUNDS
	UNRESTRICTED FUNDS			
	GENERAL	EXPENDABLE	PLANNING	
Inventory increase (decrease)	262,342	(20,117)	4,008	(4,008)
Net increase (decrease) for the year	(788,208)	84,898	(333,800)	\$122,208
Fund balances (deficit) at July 1, 1996	1,843,458	188,158	2,888,262	1,800,858
Fund balances (deficit) at June 30, 1997	\$1,055,250	\$273,056	\$2,554,462	\$1,923,066

(Continued)

The accompanying notes are an integral part of this statement.

ENDOWMENT FUNDS	PLANT FUNDS				TOTAL (MEMORANDUM ONLY)
	DEPRECIATED	REPAIRS AND REPLACEMENTS	DEFERRED MAINTENANCE	INVESTMENT IN PLANT	
(NONE)	(NONE)	(NONE)	(NONE)	(NONE)	\$79,420
\$949,314	\$669,769	\$19,119	\$443,006	\$1,962,109	\$3,043,318
\$85,858	1,719,858	2,869,799	2,624,114	1,162,993,884	121,394,798
\$1,734,172	\$1,982,278	\$2,879,898	\$2,667,120	\$1,164,956,993	\$123,788,116

**SOUTHEASTERN LOUISIANA UNIVERSITY  
STATE OF LOUISIANA  
CURRENT FUNDS**

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

	UNRESTRICTED FUNDS		
	GENERAL	ENTERPRISES	RESTRICTED
<b>Revenues:</b>			
Tuition and fees	\$24,028,813	\$629,134	\$1,967,674
State appropriations	36,258,716		
Federal grants and contracts	7,500		41,957,668
State grants and contracts			1,088,657
Private gifts, grants, and contracts	32,451		282,627
Spins and services of educational departments	187,878		
Spins and services of auxiliary departments		16,027,090	
Investment income	221,724	18,419	148,748
Administrative expense recovery	267,728		
Other sources	727,328		
<b>Total revenues</b>	<b>\$62,078,427</b>	<b>\$16,882,628</b>	<b>\$1,863,696</b>
<b>Expenditures and transfers:</b>			
<b>Educational and general:</b>			
Instruction	26,482,075		3,388,117
Research	688,722		673,998
Public service	373,884		427,218
Academic support	6,481,888		682,682
Student services	3,329,558		1,889,967
Institutional support	8,983,268		82,008
Operations and maintenance of plant	7,283,708		38,738
Scholarships and fellowships	1,387,139		9,289,921
Other	84,528		
<b>Total educational and general expenditures</b>	<b>\$55,061,533</b>	<b>\$2,488</b>	<b>\$12,033,651</b>
<b>Mandatory transfers for:</b>			
Principal and interest		482,563	
Reverends and replacement		285,000	
Loan fund matching	8,478		
Other	83,073		82,873
Nonmandatory transfers - other	1,485,883	(1,483,004)	185,323
Auxiliary enterprises expenditures		71,124,822	8,778
<b>Total expenditures and transfers</b>	<b>\$57,068,671</b>	<b>\$12,789,381</b>	<b>\$13,333,231</b>
<b>Other additions (deductions):</b>			
Receipts of restricted receipts over transfers to reserves			238,278
Inventory increase (decrease)	83,843	(3,107)	
Other		80,784	(88,783)
<b>Net increase (decrease) in fund balances</b>	<b>\$4,926,283</b>	<b>\$34,854</b>	<b>\$233,812</b>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY  
STATE OF LOUISIANA**

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

	CURRENT FUNDS			STUDENT LOAN FUNDS
	UNRESTRICTED			
	GENERAL	RESTRICTED	NON-FUNDED	
<b>Revenues and other additions:</b>				
Contracted current fund revenues	\$2,798,000			
Tuition and fees - restricted			\$2,825,188	(\$4,141)
State grants and contracts - restricted			876,880	
Federal grants and contracts - restricted			71,668,508	64,349
Private gifts, grants, and contracts - restricted			(588,187)	
Investment income - restricted			126,773	41,524
Interest on fund investments				21,381
State funded endowments				
Additions to plant facilities				
Endowment - (dis)additions				
Auxiliary enterprise revenue		\$10,889,548		
Other sources		3,857	(21,475)	2,054
<b>Total revenues and other additions</b>	<u>21,795,831</u>	<u>10,893,405</u>	<u>11,869,736</u>	<u>103,821</u>
<b>Expenditures and other deductions:</b>				
Educational and general	\$1,241,700		14,338,634	
Auxiliary enterprises		11,674,637	2,877	
Auxiliary enterprise equipment purchases		85,224		
Federal loan capital contribution returned				7,732
Loan repayments and write-offs				87,884
Administrative and auxiliary costs				38,838
Expended for plant facilities				
Interest costs recovered			348,381	
Postpayment of endowments				
Interest on indebtedness				
Deposit of plant facilities				
Other				
<b>Total expenditures and other deductions</b>	<u>2,283,700</u>	<u>11,759,471</u>	<u>14,371,492</u>	<u>108,554</u>
<b>Transfers among funds - economic adjustments:</b>				
Mandatory				
Financial and interest		(841,952)		
Loan fund matching	(2,155)			8,200
Other	(264,523)		194,527	
Non-mandatory				
Cooperatives				
Academic building use fees				
Portion of restricted endowment funds				
Investment gains appropriated			64,888	
Other	(1,189,888)	1,284,723	707,522	
<b>Total transfers among funds</b>	<u>(2,227,471)</u>	<u>442,771</u>	<u>902,129</u>	<u>8,200</u>

[Continued]

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY**  
**STATE OF LOUISIANA**  
**Statement of Changes in Fund Balances, 1998**

	CURRENT FUNDS			STUDENT LOAN FUND
	UNRESERVED			
	GENERAL	AUXILIARY ENTERPRISES	RESERVED	
Inventory increase	\$18,171	\$1,584	None	None
Net increase (decrease) for the year	264,828	18,281	\$194,288	\$29,814
Fund balances (deficit) at July 1, 1997, restated (note 2)	\$2,898,282	179,882	3,898,194	1,387,911
Fund balances (deficit) at June 30, 1998	\$3,163,110	\$198,163	\$4,092,482	\$1,417,725

(Continued)

The accompanying notes are an integral part of this statement.

## Statement D

EMPLOYMENT FUND	PLANT FUND				TOTAL (MEMORANDUM ONLY)
	REMOVALS AND REPLACEMENTS	REPLACEMENTS	DEPRECIATION	INVESTMENT IN PLANT	
1978	1978	1978	1978	1978	\$113,877
\$142,500	(\$18,200)	(\$287,280)	\$772,804	\$4,281,487	4,808,279
1979	1979	1979	1979	1979	128,148,428
721,250	1,200,000	3,200,000	1,000,000	111,000,114	126,121,354
\$863,750	\$1,211,800	\$2,912,780	\$1,000,114	\$115,120,521	\$128,048,198



**SOUTHEASTERN LOUISIANA UNIVERSITY  
STATE OF LOUISIANA  
CURRENT FUNDS**

**Statement of Revenues, Expenditures,  
and Other Changes  
For the Year Ended June 30, 1998**

	UNRESTRICTED FUNDS		
	GENERAL	AUXILIARY ENTREPRENEURIAL	RESTRICTED
<b>Revenues:</b>			
Tuition and fees	\$21,502,419	\$949,954	\$2,434,354
Fees appropriations	27,648,880		
Federal grants and contracts	7,800		11,308,819
State grants and contracts	5,000		698,881
Private gifts, grants, and contracts	11,380		287,712
Sales and services of educational departments	174,700		
Sales and services of auxiliary departments		18,000,000	
Administrative expense recovery	318,000		
Investment income	(24,321)	1,800	179,470
Other sources	664,380		
<b>Total revenues</b>	<b>32,722,331</b>	<b>19,849,754</b>	<b>14,811,705</b>
<b>Expenditures and transfers:</b>			
<b>Educational and general:</b>			
Instruction	20,246,448		2,042,175
Research	722,318		598,442
Public service	485,000		482,840
Academic support	8,152,334		408,474
Student services	3,287,258		1,532,750
Institutional support	8,287,314		152,314
Operations and maintenance of plant	7,028,842		248,450
Scholarships and fellowships	1,188,001		8,828,218
Other	32,000		
<b>Total educational and general expenditures</b>	<b>51,347,755</b>	<b>NONE</b>	<b>14,318,824</b>
<b>Mandatory transfers to:</b>			
Principal and interest		618,262	
Loan fund matching	6,300		
Other	184,020		(124,822)
<b>Nonmandatory transfers - other:</b>			
Auxiliary enterprises expenditures	1,188,000	(1,084,122)	(121,007)
		71,128,117	3,617
<b>Total expenditures and transfers</b>	<b>52,626,075</b>	<b>9,552,147</b>	<b>14,287,148</b>
<b>Other additions (deductions):</b>			
Excess of transfers to revenues over restricted receipts			(318,320)
Inventory increase	170,178	3,004	
Portion of restricted endowment funds			41,688
Investment gains appreciated			180,000
Other		2,981	
<b>Net increase in fund balances</b>	<b>\$294,276</b>	<b>\$10,281</b>	<b>\$310,205</b>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of June 30, 1997, and for the Years  
Ended June 30, 1997 and 1996

**INTRODUCTION**

Southeastern Louisiana University is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana, within the executive branch of government. The university is under the management and supervision of the University of Louisiana System Board of Trustees; however, the annual budget of the university and changes to the degree programs, departments of instruction, et cetera, require the approval of the Board of Regents for Higher Education. As a state university, operations of the university's instructional programs are funded through annual taxing appropriations made by the Louisiana Legislature.

Southeastern Louisiana University is located in Hammond, Louisiana. The university offers baccalaureate degrees in the areas of arts and sciences, business, education, and nursing. In addition, masters degrees are offered in education, arts and sciences, business administration, and nursing. The university offers the two-year associate degree in applied science in industrial technology, criminal justice, office administration, and respiratory therapy. Student enrollment was 5,672, 14,582, and 14,252 during the summer, fall, and spring semesters, respectively, of the 1996-97 fiscal year. Student enrollment was 5,256, 14,344, and 13,803, during the summer, fall, and spring semesters, respectively, of the 1995-96 fiscal year. The university had approximately 764 faculty and 663 support staff for the 1996-97 fiscal year, and 445 faculty and 629 support staff for the 1995-96 fiscal year.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

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

**B. REPORTING ENTITY**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The university is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) a majority of the members of the governing boards are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) state appropriations provide the largest percentage of total revenues; (4) the

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

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 Southeastern Louisiana University, a component unit of the State of Louisiana.

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

**G. FUND ACCOUNTING**

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

**Current Funds**

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

Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control provisions included in the annual legislative appropriation act, and include the General Fund and Auxiliary Enterprise Funds. Restricted current funds represent those operating funds on which restrictions have been imposed that limit the purposes for which such funds can be used, and includes 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 renewal and replacement of auxiliary enterprise properties, as distinguished from additions and improvements to plant. Funds for retirement of indebtedness are to service plant indebtedness of the university. Investment in plant includes all long-lived assets of the university. Certain plant assets are provided directly by the state and are funded by general obligation bonds of the state. While the plant assets are included in the financial statements, the general obligation bonds are not since they are funded by the state treasury.

#### Agency Funds

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

### 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) summer school tuition and fees and faculty salaries and related benefits for June are not accrued but are deferred to the succeeding year; and (3) inventories of the General Fund and the Auxiliary Enterprises Housing 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 appropriation made for the General Fund of the university is an annual lapping appropriation established by legislative action and by Title 38 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Louisiana Board of Regents and certain legislative and executive branches of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting,

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except that (1) depreciation is not recognized, (2) lease costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; (4) carry forward of prior-year funds is recognized as revenue in the current year; and (5) inventories in the General Fund are recorded as expenditures at the time of purchase.

The budget amounts for fiscal years 1995-1997 and 1995-1996 include the original approved budget and subsequent amendments approved as follows:

<b>1995-1997</b>	
Original approved budget	\$53,533,405
Amendments:	
Increase in state General Fund	3,011,840
Increase in federal funds	<u>28,690</u>
<b>Total</b>	<b><u>\$56,671,280</u></b>
<b>1995-1996</b>	
Original approved budget	\$54,154,909
Amendments - increase in state General Fund	<u>87,220</u>
<b>Total</b>	<b><u>\$54,242,129</u></b>

The following are the appropriation budgetary comparisons for 1995-1997 and 1995-1996:

	1995-1997		Variance Favorable (Unfavorable)
	Actual	Budget	
<b>Revenues</b>			
Appropriated by legislature			
State General Fund	\$30,268,718	\$30,268,718	
State General Fund by self-generated revenues	25,695,629	25,345,534	(349,095)
Federal funds	281,882	270,080	11,802
Total revenues	<u>\$56,246,229</u>	<u>\$55,884,332</u>	<u>\$361,897</u>
<b>Expenditures</b>	\$5,402,427	\$5,671,280	\$268,853
<b>Unexpended Appropriation - Current Year</b>	<u>NCAR</u>	<u>NCAR</u>	<u>NCAR</u>

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	1995-1996		Variance Favorable (Adverse)
	Actual	Budget	
<b>Revenues</b>			
Appropriated by Legislature - State General Fund	\$27,438,840	\$27,478,584	(\$39,744)
State General Fund by self-generated revenues	25,129,816	26,148,824	(1,019,008)
State General Fund by interagency transfers	150,800	330,000	(179,200)
Federal funds	258,881	280,000	(21,119)
<b>Total revenues</b>	<u>\$27,978,337</u>	<u>\$54,237,408</u>	<u>(\$26,259,071)</u>
<b>Expenditures</b>	<u>\$2,897,808</u>	<u>\$4,273,128</u>	<u>1,375,320</u>
<b>Unexpended Appropriation - Current Year</b>	<u>None</u>	<u>None</u>	<u>None</u>

Statements C and E reflect the full accrual basis of accounting as required by generally accepted accounting principles. A reconciliation between Statements C and E and the revenues and expenditures in the previous schedule follows:

<b>1996-1997</b>	
Statement C - unrestricted General Fund revenues	\$58,518,437
Add: transfers from Revenue Fund	<u>417,000</u>
<b>Note 1-B - unrestricted General Fund revenues</b>	<u>\$58,935,437</u>
Statement C - unrestricted General Fund expenditures	\$55,080,833
Add transfers:	
Federal fund matching	8,410
Other - mandatory	80,870
Other - nonmandatory Revenue Fund	<u>1,138,362</u>
Loss - current-year compensated absences	<u>(282,258)</u>
<b>Note 1-B - unrestricted General Fund expenditures</b>	<u>\$55,925,417</u>

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Notes to the Financial Statements (Continued)

**1998-1999**

Statement E - unrestricted General Fund revenues	\$52,766,021
Add - transfers from Revenue Fund	411,322
Add 991 carry forward	<u>308,044</u>

Note 1-E - unrestricted General Fund revenue \$53,485,387

Statement E - unrestricted General Fund expenditures

Add transfers:	
Federal fund matching	8,333
Other - mandatory	108,822
Other - nonmandatory	1,188,085
Revenue Fund	200,278
Current year compensated absences	<u>144,685</u>

Note 1-E - unrestricted General Fund expenditures \$51,347,786

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

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

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

In accordance with Louisiana Revised Statute (R.S.) 48:327C(5), the university is authorized to invest funds in direct U.S. Treasury obligations. These investments are U.S. Treasury securities and are reported at cost, which approximates market, on the balance sheet.

**G. INVENTORIES**

Inventories are valued at the lower of cost or market. The university uses a perpetual inventory system and values its inventory using the first-in, first-out (FIFO) valuation method. Inventories in the General Fund and the Auxiliary Enterprises Housing 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 other inventories of the auxiliary enterprise funds are expended when used or sold.

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**H. DEFERRED REVENUES**

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

**I. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve fund balances, is employed by the university. Encumbrances outstanding at year-end in all funds, except for the General Fund, are reported as reservations of fund balance since they do not constitute expenditures or liabilities in the year encumbered. Encumbrances of the General Fund are not included in the financial statements because the university does not have the ability to finance the liquidation of encumbrances after June 30, 1997, as provided by R. S. 38:82.

**J. PLANT ASSETS**

Physical plant and equipment are stated at cost at the date of acquisition, estimated cost if actual cost is not known, or fair market value at date of donation in the case of gifts. Construction in progress is capitalized at actual cost as the project is being completed and interim payments are made. Public domain or infrastructures are not capitalized. No depreciation has been provided on plant assets.

**K. COMPENSATED ABSENCES**

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during holiday periods when students are not in classes. Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and non-classified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The liability for unused annual leave and unused sick leave at June 30, 1997, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standard, Section G93.105, is estimated to be \$1,877,967 and \$1,301,092, respectively.

**L. TOTAL COLUMNS ON STATEMENTS**

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



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**2. DUE FROM/TO OTHER FUNDS**

Substantially all cash received by the university is deposited into a pooled cash account. Each fund with monies deposited into the account has equity in the account. Certain funds included in the pooled cash account have made disbursements in excess of their individual equities. The balances of these amounts have been appropriated by fund and reported on Statement A as due from and due to other funds totaling \$451,321.

**3. CASH AND CASH EQUIVALENTS**

At June 30, 1997, the university has cash and cash equivalents (book balances) totaling \$10,447,235 as follows:

Cash on hand	\$18,820
Demand deposits	34,569
Interest-bearing deposits	3,211,583
Money market accounts	650,863
Time deposits	<u>6,529,400</u>
<b>Total</b>	<b><u>\$10,447,235</u></b>

These deposits are stated at cost, which approximates market. Under state law, all deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the university or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1997, the university has \$12,938,582 in deposits (collected balances). These deposits are secured from risk by \$501,150 of federal deposit insurance (GAAP Category 1), \$10,905,835 of pledged securities held in the name of the university by custodial banks acting as agents of the university (GAAP Category 1), and \$1,469,797 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GAAP Category 3).

Also included in cash and cash equivalents are money market accounts comprised of U.S. Treasury Bills that do not require collateralization because they are not subject to credit risk as deposits. However, the Treasury Bills are subject to the credit risk of financial institutions that serve either as counterparties to their purchase or as custodians in which the securities are registered in the name of the bank through which the university purchased the securities. At June 30, 1997, the university has \$690,063 in securities that are registered in the name of the bank through which the securities were purchased (Category 3).

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**4. INVESTMENTS**

At June 30, 1987, the university has investments with a total carrying value of \$2,493,260 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
U.S. Treasury Bills	<u>\$2,493,260</u>	<u>\$2,493,108</u>

The investments are held in the name of the fiscal agent bank by the university counterparty's agent. Because the U.S. Treasury Bills are held in the name of the fiscal agent bank by its counterparty's agent, the U.S. Treasury Bills are considered uninsured and unregistered, Category 3, in applying the credit risk of GASB Codification Section 50.184.

**5. ACCOUNTS RECEIVABLE**

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

<u>Type</u>	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Statement A</u>
General	\$214,325	\$22,960	\$191,365
Auxiliary	450,808	66,670	384,138
Restricted	5,585,141	4,420	5,580,721
Unexpended Plant	171		171
Reimbursement of Indebtedness Agency	<u>145,524</u>		<u>145,524</u>
Total	<u>\$6,395,969</u>	<u>\$94,050</u>	<u>\$6,301,919</u>

**6. NOTES RECEIVABLE**

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

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 Notes to the Financial Statements (Continued)

	Notes Receivable	Allowance for Doubtful Accounts	Net Statement A
Parking Loans	\$1,842,916	\$183,448	\$1,659,467
Nursing Student Loans	44,122	24,271	19,851
Dr. Luther L. Ricks Memorial Loans	926,376	21,721	904,655
Tinsley Memorial Loans	58,581	24,275	34,306
Total	\$2,872,095	\$253,615	\$2,618,479

**7. PENSION PLANS**

**Plan Description.** Substantially all employees of the university are members of two statewide, public employee retirement systems. Academic employees are generally members of the Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-0123, or by calling (504) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (504) 922-0550.

**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 R.S. 11:122. Employees contribute 8 percent (TRS) and 7.5 percent (LASERS) of covered salaries. The state is required to contribute 18.3 percent of covered salaries to TRS and 12.4 percent of covered salaries to LASERS for fiscal year 1997 and 16.5 percent of covered salaries to TRS and 12 percent of covered salaries to LASERS for fiscal year 1998. The university's employer contribution is funded by the State of Louisiana through the annual appropriation to the university. The university's employer contributions to TRS for the years ended June 30, 1997, 1998, and 1999, were \$2,253,073, \$2,329,088, and \$2,338,302, respectively, and to LASERS for the years ended June 30, 1997, 1998, and 1999, were \$1,281,412, \$1,174,919, and \$1,128,452, respectively, equal to the required contributions for each year.

## 8. OPTIONAL RETIREMENT SYSTEM

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

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

Total contributions by the university are 18.2 percent of the covered payroll (18.5 percent for 1998). The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution 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 obligation of the State of Louisiana or the TRS. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

Employer contributions to the optional retirement plan totaled \$1,751,089 and \$1,482,327 for the years ended June 30, 1997 and June 30, 1998, respectively.

## 9. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The university provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the university's employees become eligible for these benefits if they reach normal retirement age while working for the university. These benefits for retirees and similar benefits for active employees are provided through a state-operated group insurance program and various insurance companies whose monthly premiums are paid jointly by the employee and the university. The university recognizes the cost of providing these benefits to retirees (university's portion of premiums) as an expenditure when paid during the year. These retiree benefits totaled \$848,645 and \$811,620 for the years ended June 30, 1997 and June 30, 1998, respectively. The total number of retirees as of June 30, 1997 and June 30, 1998, was 308 and 298, respectively.

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**10. CONTINGENT LIABILITIES**

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program or by General Fund appropriation. The university is involved in 22 lawsuits at June 30, 1997, insured by the Office of Risk Management. The university is involved in one lawsuit handled by contract attorneys at June 30, 1997. In the opinion of the legal counsel, the portion of possible liability that would result is between \$25,000 and \$400,000 and would be paid by Office of Risk Management.

**11. LEASE OBLIGATIONS**

**Operating Leases**

Total operating lease expenditures for fiscal year 1996-97 amounted to \$30,404. The annual rental payments for the next five years are presented as follows:

Balance at Lease	1997-98	1998-99	1999-2000	2000-01	2001-02	Thereafter
Office space	<u>\$26,084</u>	<u>\$28,484</u>	<u>\$40,342</u>	<u>\$41,743</u>	<u>\$43,144</u>	<u>\$109,319</u>

Rental expense for this operating lease is based on the lease agreement. According to the lease agreement, the monthly rental will be adjusted in the year 1999-2000. The amounts for 1999-99 and beyond are estimated.

**12. LONG-TERM DEBT**

The following is a summary of bond transactions of the university for the two years ended June 30, 1997:

Bonds payable at July 1, 1996	\$3,976,000
For the year ended June 30, 1996:	
Bonds retired	(863,906)
Bonds issued	1,180,000
For the year ended June 30, 1997 -	
bonds retired	<u>(543,000)</u>
Bonds payable at June 30, 1997	<u>\$3,729,000</u>

A detailed summary of all debt outstanding for the two years ended June 30, 1997, is as follows:

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<b>Issue</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Outstanding June 30, 1995</b>
<b>Student Housing System</b>			
<b>Revenue Bonds:</b>			
Series A	April 1, 1991	\$1,544,000	\$134,000
Series B	April 1, 1991	5,080,000	358,000
Housing Bonds of 1994	April 1, 1994	8,580,000	2,428,000
<b>State General Obligation</b>			
<b>Bonds, Series 1983-B</b>			
	April 1, 1983	670,000	387,000
<b>Academic Facilities Extension</b>			
<b>Use Fee Revenue Bonds - 1970</b>			
Series L	April 1, 1979	689,000	157,000
<b>Parking Revenue Certificates of</b>			
<b>Indebtedness, Series 1983-A</b>			
	September 1, 1983	500,000	480,000
<b>Parking Revenue Bonds</b>			
Series 1990	April 26, 1990	1,180,000	
<b>Total</b>		<b>\$12,742,000</b>	<b>\$5,078,000</b>

<b>Issue</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Outstanding June 30, 1995</b>
<b>Student Housing System</b>			
<b>Revenue Bonds:</b>			
Series A	April 1, 1991	\$1,544,000	\$58,000
Series B	April 1, 1991	1,800,000	318,000
Housing Bonds of 1994	April 1, 1994	6,500,000	2,300,000
<b>Academic Facilities Extension</b>			
<b>Use Fee Revenue Bonds - 1970</b>			
Series L	April 1, 1979	689,000	124,000
<b>Parking Revenue Certificates of</b>			
<b>Indebtedness, Series 1983-A</b>			
	September 1, 1983	500,000	415,000
<b>Parking Revenue Bonds</b>			
Series 1990	April 26, 1990	1,180,000	1,180,000
<b>Total</b>		<b>\$12,002,000</b>	<b>\$4,395,000</b>

Issued	Redeemed	Outstanding June 30, 1998	Maturities	Interest Rates	Interest Outstanding June 30, 1998
	\$80,000	\$50,000	1997	2.75%	\$1,875
	82,000	218,000	2001	3.80%	32,418
	225,000	2,200,000	2004	3.8-3.9%	388,738
	587,000		2003	6.5-8.0%	
	23,000	124,000	2000	3.0%	8,848
	70,000	415,000	2008	6%	64,850
<u>\$1,188,000</u>		<u>3,180,000</u>	<u>2008</u>	<u>6.9%</u>	<u>454,879</u>
<u>\$1,188,000</u>	<u>\$962,000</u>	<u>\$4,360,000</u>			<u>\$691,462</u>

Redeemed	Outstanding June 30, 1997	Maturities	Interest Rates	Interest Outstanding June 30, 1997
\$08,000		1997	2.75%	
68,000	\$252,800	2001	3.58%	\$21,280
234,000	1,848,800	2004	3.8-3.9%	313,580
34,000	98,800	2000	3.0%	4,920
75,000	348,800	2000	6%	42,380
<u>60,000</u>	<u>1,898,800</u>	<u>2000</u>	<u>6.5%</u>	<u>383,580</u>
<u>\$503,000</u>	<u>\$3,722,000</u>			<u>\$766,180</u>

**SOUTHEASTERN LOUISIANA UNIVERSITY**  
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 Notes to the Financial Statements (Continued)

During the fiscal year ended June 30, 1999, the university issued \$1,180,000 of Revenue Bonds, Series 1999 for the Southeastern Louisiana University Parking Project. The bonds are secured by and payable solely from a pledge and dedication of revenues derived from the collection of an annual parking permit fee authorized by R.S. 17:1804 to be paid by student, faculty, and staff who park on the campus of the university. The interest to maturity amounts to \$454,874 at a rate of 6.5 percent through April 1, 2009. The bonds are due in future installments of \$451,000 to \$185,075, beginning April 1, 1997, through April 1, 2008.

The annual requirements to amortize all bonds outstanding at June 30, 1997, including interest of \$765,588, are as follows:

1998	\$781,820
1999	583,935
2000	581,470
2001	631,936
Subsequent years	<u>1,788,850</u>
<b>Total</b>	<b><u>\$4,487,591</u></b>

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 1997:

<u>Bond Issue</u>	<u>Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess</u>
Housing System Revenue Bonds	\$906,000	\$906,000	
Academic Facilities Extension Use			
Fee Revenue Bonds	\$60,418	30,000	\$30,418
Parking Bonds - 1993	81,864	81,864	
Parking Bonds - 1995	40,500	40,500	
<b>Total</b>	<b><u>\$2,000,882</u></b>	<b><u>\$2,127,407</u></b>	<b><u>\$186,418</u></b>

The Housing System Revenue bond agreements provide that after all deposits have been made to the Housing System Revenue Bonds Retirement of Indebtedness Fund, a sum of \$60,830 per annum, or such portion thereof that is available, be deposited in a Housing System Renewals and Replacement Fund until that reserve totals \$938,000.



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**13. RESERVATIONS OF FUND BALANCES**

Reservations of fund balances at June 30, 1997, as shown on Statement A, are as follows:

	Reserved by		Fund Incessary	Total
	Expenditures	Reserves		
<b>Current Funds:</b>				
General		\$46,664		\$46,664
Auxiliary Enterprises	\$47,400	11,508		\$4,100
Restricted	129,380			\$1,085
<b>Fund Funds:</b>				
Unexpended	188,027			\$2,021
Materials and Equipment	74,130			\$4,105
Retirement of Installments			\$1,025,487	\$1,025,487
<b>Total</b>	<u>\$289,137</u>	<u>\$68,172</u>	<u>\$1,025,487</u>	<u>\$2,114,905</u>

**14. FUND DEFICIT**

As shown on Statement A, as of June 30, 1997, the General Fund has a deficit of \$2,012,767 as a result of the liability for compensated absences. The deficit will be funded by future General Fund appropriations and other revenues.

**15. STUDENT LOAN FUNDS**

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

Federal Perkins Loan Fund	\$1,008,793
Federal Nursing Student Loan Fund	22,083
Affairs Club Loan Fund	500
Tinsley Memorial Loan Fund	124,183
Dr. Luther L. Ricks Memorial Loan Fund	<u>178,587</u>
<b>Total</b>	<u>\$1,334,146</u>

**16. ENDOWMENT FUNDS**

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

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Endowed Professorship - National Endowment for the Humanities	\$428,274
Endowed Professorship - Industrial Technology	108,732
Louis Mayfield Endowed Professorship in Marketing	105,709
Schlader Endowed Chair	608,190
Merritt Family Professorship in Education	82,345
Schlader Endowed Professorship in Education	82,224
Nursing Endowed Professorship	107,582
Charles Merritt Endowed Professorship in Business	108,732
Dr. and Mrs. L. H. Dyeon Scholarship	2,519
Licenses Plate Endowment	8,793
Walter Drey Memorial Scholarship	8,389
Student Foundation Scholarship	103,443
	<u>\$1,714,382</u>
<b>Total</b>	<b><u>\$1,714,382</u></b>

**17. PLANT FUNDS**

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

Land sales proceeds	\$650,603
Motor vehicle fund	191,321
Building use fee	<u>152,254</u>
<b>Total</b>	<b><u>\$1,094,258</u></b>

In August 1987, the Financial Accounting Standards Board (FASB) issued Statement No. 50, *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. 50. Codification of Governmental Accounting and Financial Reporting Standards Section Cod 102 states that "Colleges and universities that follow the AICPA Industry Audit Guide, *Audit of Colleges and Universities*, should not change their accounting and reporting for depreciation of capital assets as a result of FASB Statement No. 50; the GASB has several projects under way that may affect that reporting." As reflected in note 1-J, depreciation is not currently recognized by the university.

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

A summary of investment in plant follows:

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 1999
Land and improvements	\$9,283,978	\$128,158		\$9,412,136
Buildings	71,879,378	969,758		72,849,136
Equipment	22,875,888	2,388,958	\$890,139	24,374,707
Library books	11,034,813	1,089,774	22,324	12,092,263
Construction in progress	4,702,881	3,217,487		7,920,368
<b>Total</b>	<b>\$115,677,938</b>	<b>\$6,694,337</b>	<b>\$912,463</b>	<b>\$121,459,812</b>

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1997
Land and improvements	\$9,388,138	\$388,281	\$184,135	\$9,592,284
Buildings	72,582,588	8,424		72,591,012
Equipment	24,576,498	2,282,188	1,248,894	25,609,802
Library books	12,081,483	937,483	17,745	12,991,221
Construction in progress	8,325,888	1,017,838		9,343,726
<b>Total</b>	<b>\$177,954,595</b>	<b>\$5,716,154</b>	<b>\$1,450,874</b>	<b>\$182,219,875</b>

Construction in progress is composed of the following:

	Project Authorized	Expended Through June 30, 1999	Committed	Required Future Financing
Renovations to Purshy Hall	\$9,274,328	\$9,998,468	\$884,870	
Renovations to College of Business	4,895,000	2,021,000	1,271,000	
<b>Total</b>	<b>\$14,169,328</b>	<b>\$12,019,468</b>	<b>\$2,155,870</b>	<b>\$846</b>

	Project Authorized	Expended Through June 30, 1997	Committed	Required Future Financing
Renovations to Purshy Hall	\$9,274,328	\$9,998,547	\$338,701	
Renovations to College of Business	4,895,000	3,471,173	829,237	
University Center Repairs	792,282	88,008	111,968	
Campus Parking Expansion	1,303,280	74,487	940,322	

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

	Project Anticipation	Expended Through June 30, 1997	Committed	Received Future Financing
Worksite School Renovation Classrooms and Science Lab	\$130,000 <u>1,800,000</u>	\$78,178 <u>25,258</u>	\$113,024 <u>1,228,044</u>	
Total	<u>\$13,474,000</u>	<u>\$5,288,000</u>	<u>\$3,000,000</u>	<u>100%</u>

In accordance with R.S. 39:221-232, except for lagging and reporting items within 45 days, the university has complied with the Louisiana receivable property statutes.

**18. AUXILIARY ENTERPRISES**

The university maintains various auxiliary enterprise funds that provide services to the university community. Segment information for the two years ended June 30, 1997 and June 30, 1996, are shown as follows:

1997	Food Service	Housing	Bookstore	Student Center
Net increase (decrease) in fund balances	\$408,000	\$44,004	\$474,000	\$240,000
Net income (loss)	(408,000)	47,151	474,000	240,000
Outstanding principal and interest on debt		2,528,858		
Annual principal and interest on debt		582,343		
General Fund subsidy				
Physical plant	1,303,000	8,283,000	900,000	4,131,843
1996	Food Service	Housing	Bookstore	Student Center
Net increase (decrease) in fund balances	(371,384)	\$781,880	\$278,700	\$283,880
Net income (loss)	(371,384)	784,288	278,700	283,880
Outstanding principal and interest on debt		3,215,910		
Annual principal and interest on debt		1,828,880		
General Fund subsidy				
Physical plant	1,303,000	8,283,000	900,000	4,131,843

**19. FOUNDATIONS**

The accompanying financial statements do not include the accounts of Southeastern Development Foundation, Incorporated; the Southeastern Louisiana Booster Club; and the Southeastern Louisiana University Alumni Association. These organizations are separate corporations whose financial statements are subject to audit by independent certified public accountants.

Yearling	Computer Share	Print Shop/ Duplating	Other				Total
			Auxiliary Services	IT	Health Center	Others	
\$452,760	\$503,167	\$141,519	(\$912,580)	\$8,504	\$233,800	\$26,488	\$84,644
182,748	(20,497)	141,519	(812,580)	8,504	233,800	24,112	77,327
							2,558,888
							482,355
			482,000		200,000	1,822,382	1,822,382
						1,822,112	18,428,349

Yearling	Computer Share	Print Shop/ Duplating	Other				Total
			Auxiliary Services	IT	Health Center	Others	
\$504,473	\$110,411	\$82,387	(\$882,082)	\$24,820	\$295,194	(\$1,424)	\$15,191
(204,473)	(110,411)	82,387	(882,082)	24,820	295,194	(8,275)	2,898
							2,018,818
							1,029,588
			400,000		282,000	1,485,854	1,485,854
						1,940,880	18,427,825

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

20. CONSULTANT FEES FOR FEASIBILITY  
STUDIES AND OTHER SPECIAL REPORTS

A summary of professional services payments made for consultant fees for feasibility studies and other special reports, in compliance with Senate Concurrent Resolution No. 35 of the Extraordinary Session of 1974, is as follows:

For the year ended June 30, 1997:

<u>Name of Firm or Consultant Who Prepared the Report</u>	<u>Amount</u>
American Pollution Control, Inc.	\$1,437
Applied Technology Resources Corporation	\$3,000
Robert Bauman	800
Cargill Associates	10,000
Delta Testing and Inspection	1,799
Domin and James	2,500
Ora L. Firm	1,950
Dr. Lois Gibson	1,000
Lee Gray, CPA	5,000
Brian P. Jakes	1,950
Jeanne Denise Keiser	1,750
Richard W. Masters	1,000
Jessie B. Stewart	1,000
Southeast Spouse Abuse	<u>14,171</u>
Total	<u>\$56,236</u>

For the year ended June 30, 1996:

<u>Name of Firm or Consultant Who Prepared the Report</u>	<u>Amount</u>
Affirmative Court Reporting Services	\$600
ArkLaTex Environmental Consultants, Inc.	2,000
Dr. J. Mark Bauman	800
Bredley Bond	400
Coastal Air Balance	4,300
Richard Collins, Consultant	2,537
Jeremiah Sean Doody	876
Domin and James	2,500
EduTech International	14,900
Kerry Everett & Associates	6,900
Ricardo A. Florio	3,250

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

For the year ended June 30, 1999: (Cont.)

<u>Name of Firm or Consultant Who Prepared the Report</u>	<u>Amount</u>
Lee Gray, CPA	\$12,000
Stephen J. Grenville	1,500
Johanna T. Guenther	1,800
Brian C. Horne	1,300
Brian P. Jones	1,650
Dr. Gary Lloyd	850
Sally McMiller	400
Bill Malone	400
Richard W. Malone	1,050
William Martin	400
Gary Mills	400
Southeast Spouse Abuse Program	17,916
Anne B. Summers, LGSW	900
William C. Taylor	1,100
Total	<u>\$60,907</u>

**21. DEFERRED COMPENSATION PLAN**

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

**22. PRIOR YEAR FUND BALANCE RESTATED**

During the year ended June 30, 1999, an adjustment was made for transfers from the Retirement of Indebtedness Fund that had been reported in the year ended June 30, 1998, but were not owed to the Renewals and Replacement Fund.

	<u>Fund</u>	
	<u>Renewals and Replacements</u>	<u>Retirement of Indebtedness</u>
Fund balance, June 30, 1998	\$3,273,976	\$1,073,348
Transfers	<u>(81,804)</u>	<u>51,564</u>
Fund balance, July 1, 1999	<u>\$3,222,074</u>	<u>\$1,023,230</u>

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

23. FACILITY PLANNING AND CONTROL PROJECTS

During the year ended June 30, 1997, amounts were transferred to the Division of Administration, Office of Facility Planning and Control for renovation or construction projects being handled on behalf of Southeastern Louisiana University. Statement B reflects \$526,014 as interagency transfers to the Office of Facility Planning and Control for the planning and design of the Student Activity Center. Statement A reflects \$666,827 as "due from state treasury" for proceeds of bonds deposited in the State Treasury to be used by the Office of Facility Planning and Control in the construction of the Cafalu Parking Lot Overlay/Expansion Project.



SOUTHEASTERN LOUISIANA UNIVERSITY  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULE  
*As of and for the Year Ended June 30, 1997*

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

**SOUTHEASTERN LOUISIANA UNIVERSITY  
STATE OF LOUISIANA  
AGENCY FUNDS**

**Schedule of Individual Agency Fund Balances  
For the Year Ended June 30, 1997**

Student Government	8700
Student Government Association:	
Capital Outlay	132,664
Assistantship	52,701
Reserve Account	22,136
Special Needs Loan Fund	524
Delegate Anthitech-Joint Venture	674
Athletic Booster	360
Cafeteria Plan Surplus	20,452
SLU Concert Choir	213
LA Technology Education Rally	2,172
Lab School	366
Development Foundation	1,258
Regional Science Fair	7,760
SLU String Orchestra	471
Regional Social Studies Fair	1,727
Louisiana Association of College University Auditors	67
Louisiana Literature	343
Library Book Donation	5,485
Student Aid	6,088
Mexico Study Trip	66,589
Italy Student Program	15,225
Quebec Study Trip	36,617
Elderhostel, Incorporated	62,561
Newly Student - Athletic Fund	138
Elderhostel 96-97	22,043
EFT Loan Transfer	923,261
	<hr/>
<b>Total</b>	<b>8660,283</b>
	<hr/>

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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



BARRETT S. BYRD, III, CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA  
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November 21, 1997

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

**SOUTHEASTERN LOUISIANA UNIVERSITY  
STATE OF LOUISIANA  
Hammond, Louisiana**

We have audited the general purpose financial statements of Southeastern Louisiana University, a component unit of the State of Louisiana, as of June 30, 1997, and for the years ended June 30, 1997 and 1996, and have issued our report thereon dated November 21, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Southeastern Louisiana University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that, although not material to the financial statements, is required to be reported under Government Auditing Standards.

**Untimely Tagging and Reporting of  
Moveable Property Acquisitions**

Southeastern Louisiana University did not tag moveable property timely and did not forward information timely to the Louisiana Property Assistance Agency (LPAA) as required by Louisiana law. Louisiana Administrative Code 34:VI.307A, requires that acquisitions of qualified property be tagged and all pertinent inventory information be forwarded to LPAA within 45 days after receipt of these items. Of 1,106 items purchased by the university during the period July 1, 1996, through February 13, 1997, information was not forwarded to LPAA and the property was not tagged within 45 days for 1,142 items (98 percent). The submission of inventory information to LPAA ranged from 46 to 232 days after receipt.

LEGISLATIVE AUDITOR

SOUTHEASTERN LOUISIANA UNIVERSITY  
STATE OF LOUISIANA  
Compliance and Internal Control Report  
November 21, 1997  
Page 2

The university does not have adequate procedures to ensure movable property acquisitions are tagged and reported to LPAA within 45 days of receipt. Failure to report acquisitions timely increases the risk of errors and subjects the university to noncompliance with state laws and regulations.

The university should establish procedures that ensure movable property items are tagged and reported to LPAA within 45 days after receipt of the items. In a letter dated November 7, 1997, Dr. Sally Clausen, President of Southeastern Louisiana University, concurred with the finding and recommendation. Dr. Clausen stated that although the university has adequate procedures in place to ensure equipment is accounted for properly until an inventory tag is placed on it, current procedures will be modified to tag and report movable property at the time it is received.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Southeastern Louisiana University's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

ES-RCL:jt

11/21