

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Southeastern Louisiana University
State of Louisiana
Hammond, Louisiana

December 29, 1999



Financial and Compliance Audit Division

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

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SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Hammond, Louisiana

**General Purpose Financial Statements
and Independent Auditor's Reports
As of June 30, 1999, and for the Years
Ended June 30, 1999 and 1998
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 29, 1999

**SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA**

General Purpose Financial Statements
and Independent Auditor's Reports
As of June 30, 1999, and for the Years
Ended June 30, 1999 and 1998
With Supplemental Information Schedule

CONTENTS

	Statement	Page No.
Independent Auditor's Report on the Financial Statements		2
General Purpose Financial Statements:		
Balance Sheet - All Funds, June 30, 1999	A	4
For the Year Ended June 30, 1999:		
Statement of Changes in Fund Balances	B	6
Statement of Revenues, Expenditures, and Other Changes - Current Funds	C	10
For the Year Ended June 30, 1998:		
Statement of Changes in Fund Balances	D	11
Statement of Revenues, Expenditures, and Other Changes - Current Funds	E	15
Notes to the Financial Statements		16
Supplementary Information Required by the Governmental Accounting Standards Board - Year 2000 Issue		41
	Schedule	Page No.
Supplemental Information Schedule - Schedule of Individual Agency Fund Balances	1	44
	Exhibit	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	A	



OFFICE OF
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November 18, 1999

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, 1999, and for the years ended June 30, 1999 and 1998, 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.

As discussed in note 1-B, Southeastern Louisiana University has contracted with University Facilities, Inc., to provide, construct, develop, manage and lease student housing or other facilities on the university's campus. The financial statements of University Facilities, Inc., a separate private nonprofit organization, were not audited by us, but were audited by other auditors whose reports have been furnished to us. As of June 30, 1999, Statement A includes assets of University Facilities, Inc., totaling \$9,214,355 in the Unexpended Plant Fund, which represents approximately 51.2% of Unexpended Plant Fund assets. Statement B includes expenditures of University Facilities, Inc., totaling \$69,766 in the Unexpended Plant Fund, which represents approximately 12.9% of Unexpended Plant Fund expenditures. Our opinion, insofar as it relates to these amounts, is based solely upon the reports of the other auditors.

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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the accompanying general purpose financial statements referred to previously present fairly, in all material respects, the financial position of Southeastern Louisiana University at June 30, 1999; 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.

LEGISLATIVE AUDITOR

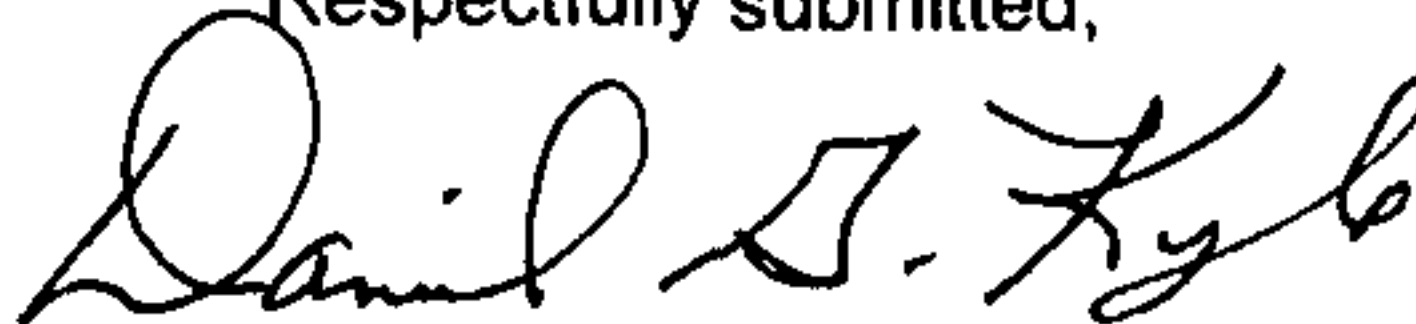
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Audit Report, June 30, 1999

In accordance with *Government Auditing Standards*, we have also issued a report dated November 18, 1999, 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.

The Year 2000 supplementary information on page 41 is not a required part of the basic financial statement but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that Southeastern Louisiana University is or will become Year 2000 compliant, that the university's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the university does business are or will become Year 2000 compliant.

Our audit was made for the purpose of forming an opinion on the 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 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, based on our audit and the reports of the other auditors, 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

ES:JR:RCL:ss

[SLU]

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

Balance Sheet, June 30, 1999

	CURRENT FUNDS			STUDENT LOAN FUNDS	ENDOWMENT FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED		
ASSETS					
Cash and cash equivalents (note 3)	\$2,819,528	\$2,644	\$2,423,768	\$215,202	\$2,395,188
Investments (note 4)					1,159,754
Accounts receivable (note 5)	648,108	581,233	1,255,235		
Notes receivable (note 6)				2,158,377	
Due from state treasurer (note 23)					
Due from private foundations			3,850		
Due from other funds (note 2)			113,501		
Deferred charges and prepaid expenses	1,376,739	9,797	181,729		
Inventories	499,473	41,277	1,628		
Institutional plant (note 18)					
Other assets		1,181,229			
TOTAL ASSETS	\$5,343,848	\$1,816,180	\$3,979,711	\$2,373,579	\$3,554,942
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$539,714	\$155,552	\$133,289		
Accrued liabilities	1,359,525	160,585	230,072		
Due to state treasury	5,009				
Due to other funds (note 2)	65,974	408,147			\$47,527
Deposits held for others	171,194	159,906			
Deferred revenues	2,702,959	140,309	712,015		
Notes payable (note 12)					
Compensated absences (note 1-K)	3,075,356	242,127	132,513		
Bonds payable (note 12)					
Other liabilities		2,952	611	\$8,859	
Total Liabilities	7,919,731	1,269,578	1,208,500	8,859	47,527
Fund Equity:					
Net investment in plant					
Fund balance - reserved (note 14):					
Encumbrances		13,257	280,566		
Inventories	499,473	4,533			
Debt service					
Current operations:					
Restricted			2,490,645	2,364,720	
Unrestricted	(3,075,356)	528,812			
Noncurrent operations:					
Restricted					325,182
Endowment					3,182,233
Total Fund Equity	(2,575,883)	546,602	2,771,211	2,364,720	3,507,415
TOTAL LIABILITIES AND FUND EQUITY	\$5,343,848	\$1,816,180	\$3,979,711	\$2,373,579	\$3,554,942

The accompanying notes are an integral part of this statement.

Statement A

PLANT FUNDS					TOTAL
UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	(MEMORANDUM ONLY)
\$1,083,156	\$535,596	\$2,214,368		\$174,912	\$11,864,362
8,646,372		400,408			10,206,534
				230,152	2,714,728
					2,158,377
		51,110			51,110
				3,990	7,840
	408,147	300			521,948
24,443					1,592,708
					542,378
			\$133,938,977		133,938,977
8,250,590					9,431,819
<u>\$18,004,561</u>	<u>\$943,743</u>	<u>\$2,666,186</u>	<u>\$133,938,977</u>	<u>\$409,054</u>	<u>\$173,030,781</u>
\$218,301	\$21,196			\$9,659	\$1,077,711
2,309					1,752,491
					5,009
		\$300			521,948
417,991				399,395	1,148,486
					3,555,283
			\$800,379		800,379
					3,449,996
16,130,000			2,889,000		19,019,000
		130,431			142,853
<u>16,768,601</u>	<u>21,196</u>	<u>130,731</u>	<u>3,689,379</u>	<u>409,054</u>	<u>31,473,156</u>
			130,249,598		130,249,598
4,037	399,136				696,996
					504,006
613,550		1,088,474			1,702,024
57,879					4,913,244
					(2,546,544)
560,494	523,411	1,446,981			2,856,068
					3,182,233
<u>1,235,960</u>	<u>922,547</u>	<u>2,535,455</u>	<u>130,249,598</u>	<u>NONE</u>	<u>141,557,625</u>
<u>\$18,004,561</u>	<u>\$943,743</u>	<u>\$2,666,186</u>	<u>\$133,938,977</u>	<u>\$409,054</u>	<u>\$173,030,781</u>

**SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA**

**Statement of Changes in Fund Balances
For the Year Ended June 30, 1999**

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	\$61,618,319			
Tuition and fees - restricted			\$3,461,691	\$4,342
State grants and contracts - restricted			1,637,231	
Federal grants and contracts - restricted			16,465,366	62,064
Private gifts, grants, and contracts - restricted			490,372	
Investment income - restricted			132,491	15,977
Auxiliary enterprise revenue		\$8,143,283		
Interest on loans receivable				44,209
State funded endowments				
Additions to plant facilities				
Retirement of indebtedness				
Other sources		46,161	207,069	6,993
Total revenues and other additions	<u>61,618,319</u>	<u>8,189,444</u>	<u>22,394,220</u>	<u>133,585</u>
Expenditures and other deductions:				
Educational and general	60,451,151		21,735,386	
Auxiliary enterprises		8,635,264	20,509	
Auxiliary enterprises equipment purchases		41,374		
Loan cancellations and write-offs				26,842
Expended for plant facilities				
Indirect costs recovered			408,012	
Retirement of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Interagency transfers to Office of Facility Planning and Control				
Other				9,634
Total expenditures and other deductions	<u>60,451,151</u>	<u>8,676,638</u>	<u>22,163,907</u>	<u>36,476</u>
Transfers among funds - additions (deductions):				
Mandatory:				
Principal and interest		(511,900)		
Loan fund matching	(11,409)			11,409
Nonmandatory - other	(1,268,733)	1,212,185	473,757	
Total transfers among funds	<u>(1,280,142)</u>	<u>700,285</u>	<u>473,757</u>	<u>11,409</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement B

ENDOWMENT FUNDS	PLANT FUNDS			INVESTMENT IN PLANT	TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS		
					\$61,618,319
\$15,428	\$389,653		\$1,156,766		5,027,880
					1,637,231
					16,527,430
660,000					1,150,372
153,646	369,032	\$80,640	268,685		1,020,471
					8,143,283
					44,209
120,000					120,000
				\$4,527,633	4,527,633
				471,000	471,000
56,834	239,697	371	481	249,621	807,227
<u>1,005,908</u>	<u>998,382</u>	<u>81,011</u>	<u>1,425,932</u>	<u>5,248,254</u>	<u>101,095,055</u>
					82,186,537
					8,655,773
					41,374
					26,842
	540,427	798,889			1,339,316
					408,012
			681,000		681,000
			564,643		564,643
				1,754,899	1,754,899
			1,927,521		1,927,521
			2,140		11,774
<u>NONE</u>	<u>540,427</u>	<u>798,889</u>	<u>3,175,304</u>	<u>1,754,899</u>	<u>97,597,691</u>
	(365,337)		877,237		
(51,689)	19,041		(384,561)		
<u>(51,689)</u>	<u>(346,296)</u>	<u>NONE</u>	<u>492,676</u>	<u>NONE</u>	<u>NONE</u>

**SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Statement of Changes in Fund Balances, 1999**

	<u>CURRENT FUNDS</u>			<u>STUDENT LOAN FUNDS</u>
	<u>GENERAL</u>	<u>AUXILIARY ENTERPRISES</u>	<u>RESTRICTED</u>	
Inventory decrease	<u>(\$23,869)</u>	<u>(\$5,107)</u>	<u>NONE</u>	<u>NONE</u>
Net increase (decrease) for the year	(136,843)	207,984	\$704,070	\$108,518
Fund balances (deficit) at July 1, 1998	<u>(2,439,040)</u>	<u>338,618</u>	<u>2,067,141</u>	<u>2,256,202</u>
Fund balances (deficit) at June 30, 1999	<u><u>(\$2,575,883)</u></u>	<u><u>\$546,602</u></u>	<u><u>\$2,771,211</u></u>	<u><u>\$2,364,720</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement B

ENDOWMENT FUNDS	PLANT FUNDS				TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	
NONE	NONE	NONE	NONE	NONE	(\$28,976)
\$954,219	\$111,659	(\$717,878)	(\$1,256,696)	\$3,493,355	3,468,388
2,553,196	1,124,301	1,640,425	3,792,151	126,756,243	138,089,237
<u>\$3,507,415</u>	<u>\$1,235,960</u>	<u>\$922,547</u>	<u>\$2,535,455</u>	<u>\$130,249,598</u>	<u>\$141,557,625</u>

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

**Statement of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1999**

	<u>GENERAL</u>	<u>AUXILIARY ENTERPRISES</u>	<u>RESTRICTED</u>
Revenues:			
Tuition and fees	\$25,828,938	\$851,980	\$3,935,847
State appropriations	34,110,351		
Federal grants and contracts	12,500		16,465,932
State grants and contracts			1,637,231
Private gifts, grants, and contracts	24,338		614,747
Sales and services of educational departments	216,120		
Sales and services of auxiliary departments		7,273,361	
Investment income	271,530	17,942	136,459
Administrative expense recovery	469,427		
Other sources	685,115		238,214
Total revenues	<u>61,618,319</u>	<u>8,143,283</u>	<u>23,028,430</u>
Expenditures and transfers:			
Educational and general:			
Instruction	32,420,771		3,598,585
Research	581,965		603,632
Public service	553,467		603,907
Academic support	6,890,419		1,946,830
Student services	3,690,249		1,747,511
Institutional support	7,351,374		146,680
Operations and maintenance of plant	7,285,939		49,281
Scholarships and fellowships	1,465,322		13,034,771
Compensated absences	112,974		
Other	98,671		4,189
Total educational and general expenditures	<u>60,451,151</u>	NONE	<u>21,735,386</u>
Mandatory transfers for:			
Principal and interest		511,900	
Loan fund matching	11,409		
Nonmandatory transfers - other	1,268,733	(1,212,185)	(422,068)
Auxiliary enterprises expenditures		8,676,638	20,509
Total expenditures and transfers	<u>61,731,293</u>	<u>7,976,353</u>	<u>21,333,827</u>
Other additions (deductions):			
Excess of restricted receipts over transfers to revenue			(1,051,670)
Inventory decrease	(23,869)	(5,107)	
Other		46,161	61,137
Net increase (decrease) in fund balances	<u>(\$136,843)</u>	<u>\$207,984</u>	<u>\$704,070</u>

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, 1998**

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	\$59,025,960			
Tuition and fees - restricted			\$2,949,638	\$4,352
State grants and contracts - restricted			1,137,995	
Federal grants and contracts - restricted			15,065,238	72,677
Private gifts, grants, and contracts - restricted			359,397	
Investment income - restricted			144,201	21,591
Interest on loans receivable				40,336
State funded endowments				
Additions to plant facilities				
Retirement of indebtedness				
Auxiliary enterprise revenue		\$10,718,944		
Other sources		3,494	163,779	146,035
Total revenues and other additions	59,025,960	10,722,438	19,820,248	284,991
Expenditures and other deductions:				
Educational and general	58,163,428		19,662,768	
Auxiliary enterprises		11,310,765	13,940	
Auxiliary enterprises equipment purchases		40,002		
Loan cancellations and write-offs				58,166
Refunded to grantors				10,452
Expended for plant facilities				
Indirect costs recovered			389,070	
Retirement of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Other				
Total expenditures and other deductions	58,163,428	11,350,767	20,065,778	68,618
Transfers among funds - additions (deductions):				
Mandatory:				
Principal and interest		(386,526)		
Loan fund matching	(13,663)			13,663
Nonmandatory - other	(1,092,666)	1,084,440	70,162	
Total transfers among funds	(1,106,329)	697,914	70,162	13,663

(Continued)

The accompanying notes are an integral part of this statement.

Statement D

ENDOWMENT FUNDS	PLANT FUNDS			INVESTMENT IN PLANT	TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS		
\$15,452					\$59,041,412
	\$389,062		\$1,004,529		4,347,581
					1,137,995
					15,137,915
240,000					599,397
124,985	81,724	\$161,101	150,701		684,303
					40,336
480,000					480,000
				\$16,667,145	16,667,145
				2,762,000	2,762,000
					10,718,944
	400,055	152	256,424		969,939
<u>860,437</u>	<u>870,841</u>	<u>161,253</u>	<u>1,411,654</u>	<u>19,429,145</u>	<u>112,586,967</u>
					77,826,196
					11,324,705
					40,002
					58,166
					10,452
	681,779	1,394,677			2,076,456
					389,070
			560,000		560,000
			145,333		145,333
				12,812,792	12,812,792
	189,254	57	140,178	4,540,000	4,869,489
<u>NONE</u>	<u>871,033</u>	<u>1,394,734</u>	<u>845,511</u>	<u>17,352,792</u>	<u>110,112,661</u>
	(265,805)		652,331		
(21,523)	238,019		(278,432)		
<u>(21,523)</u>	<u>(27,786)</u>	<u>NONE</u>	<u>373,899</u>	<u>NONE</u>	<u>NONE</u>

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

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Inventory decrease	<u>(\$182,476)</u>	<u>(\$2,069)</u>	<u>NONE</u>	<u>NONE</u>
Net increase (decrease) for the year	(426,273)	67,516	(\$175,368)	\$230,036
Fund balances (deficit) at July 1, 1997	<u>(2,012,767)</u>	<u>271,102</u>	<u>2,242,509</u>	<u>2,026,166</u>
Fund balances (deficit) at June 30, 1998	<u><u>(\$2,439,040)</u></u>	<u><u>\$338,618</u></u>	<u><u>\$2,067,141</u></u>	<u><u>\$2,256,202</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

ENDOWMENT FUNDS	PLANT FUNDS				TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	
NONE	NONE	NONE	NONE	NONE	(\$184,545)
\$838,914	(\$27,978)	(\$1,233,481)	\$940,042	\$2,076,353	2,289,761
1,714,282	1,152,279	2,873,906	2,852,109	124,679,890	135,799,476
<u>\$838,914</u>	<u>\$1,124,301</u>	<u>\$1,640,425</u>	<u>\$3,792,151</u>	<u>\$126,756,243</u>	<u>\$138,089,237</u>

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

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

	<u>GENERAL</u>	<u>AUXILIARY ENTERPRISES</u>	<u>RESTRICTED</u>
Revenues:			
Tuition and fees	\$25,381,905	\$856,076	\$2,877,238
State appropriations	32,050,891		
Federal grants and contracts	9,583		15,065,545
State grants and contracts	2,518		1,137,995
Private gifts, grants, and contracts	19,136		367,928
Sales and services of educational departments	291,660		
Sales and services of auxiliary departments		9,837,090	
Administrative expense recovery	428,709		
Investment income	183,645	25,778	149,558
Other sources	657,913		57,062
Total revenues	<u>59,025,960</u>	<u>10,718,944</u>	<u>19,655,326</u>
Expenditures and transfers:			
Educational and general:			
Instruction	30,978,210		3,249,705
Research	540,194		529,046
Public service	560,666		736,359
Academic support	6,259,640		1,504,309
Student services	3,530,652		1,863,328
Institutional support	7,247,712		133,979
Operations and maintenance of plant	7,116,175		70,774
Scholarships and fellowships	1,499,300		11,551,825
Compensated absences	341,526		23,443
Other	89,353		
Total educational and general expenditures	<u>58,163,428</u>	NONE	<u>19,662,768</u>
Mandatory transfers for:			
Principal and interest		386,526	
Loan fund matching	13,663		
Nonmandatory transfers - other	1,092,666	(1,084,440)	(70,162)
Auxiliary enterprises expenditures		11,350,767	13,940
Total expenditures and transfers	<u>59,269,757</u>	<u>10,652,853</u>	<u>19,606,546</u>
Other additions (deductions):			
Excess of transfers to revenues over restricted receipts			(234,362)
Inventory decrease	(182,476)	(2,069)	
Other		3,494	10,214
Net increase in fund balances	<u>(\$426,273)</u>	<u>\$67,516</u>	<u>(\$175,368)</u>

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, 1999, and for the Years
Ended June 30, 1999 and 1998

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 Supervisors; however, the annual budget of the university and changes to the degree programs, departments of instruction, et cetera, require the approval of the Board of Regents for Higher Education. As a state university, operations of the university's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

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 general studies. Student enrollment was 6,076, 15,334, and 14,314 during the summer, fall, and spring semesters, respectively, of the 1998-99 fiscal year. Student enrollment was 5,760, 15,330, and 14,433, during the summer, fall, and spring semesters, respectively, of the 1997-98 fiscal year. The university had approximately 464 faculty and 730 support staff for the 1997-98 fiscal year and 483 faculty and 691 support staff for the 1998-99 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.

A Louisiana non-profit corporation, University Facilities, Inc., (UFI), is considered a component unit of the university and is included in the financial statements. The component unit is included in the reporting entity because UFI is fiscally dependent on Southeastern Louisiana University. The purpose of this organization is to promote, assist, and benefit the mission of Southeastern Louisiana University through the acquisition, construction, development, management, leasing or otherwise assisting in the acquisition, construction, development, management or leasing of student housing or other facilities on the campus of Southeastern Louisiana University. Although UFI is legally separate, it is reported as a part of Southeastern Louisiana University because its revenue comes from the leasing of facilities to the university.

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 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.

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

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 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) summer school tuition and fees and faculty salaries and related benefits for June are not prorated 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.

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

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 lapsing appropriation established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the 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, except that (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; (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 1998-1999 and 1997-1998 include the original approved budget and subsequent amendments approved as follows:

1998-1999	
Original approved budget	\$60,767,148
Amendments:	
General Fund enhancement of current operations	1,829,661
Statutory dedication - enhancement of library and scientific equipment	889,202
Critical carryforward need from 1997-98	<u>72,444</u>
Total	<u><u>\$63,558,455</u></u>
 1997-1998	
Original approved budget	\$57,684,111
Amendments:	
General Fund enhancement of current operations	1,183,238
Increase in self-generated funds	872,000
Increase in federal funds	120,000
Statutory dedication - enhancement of library and scientific equipment	<u>666,567</u>
Total	<u><u>\$60,525,916</u></u>

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

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, 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.) 49:327(C)(3), the university is authorized to invest funds in direct U.S. Treasury obligations. These investments are U.S. Treasury securities and are reported at market value on the balance sheet.

The university implemented the requirements of Statement Number 31 of the Governmental Accounting Standards Board for the year ended June 30, 1998. Investments are reported at fair market value and changes to the fair value of investments are reported as part of investment income in the financial statements.

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 sold or used.

H. DEFERRED REVENUES

Tuition and fees collected at June 30, 1999, but applicable to the 1999 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

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

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, 1999, as provided by R.S. 39:82.

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, 1999, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standard, Section C60.105, is estimated to be \$2,006,633 and \$1,443,363, 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.

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 aggregated by fund and reported on Statement A as due from and due to other funds totaling \$521,948.

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

3. CASH AND CASH EQUIVALENTS

At June 30, 1999, the university has cash and cash equivalents (book balances) totaling \$11,864,362 as follows:

Cash on hand	\$17,301
Interest-bearing demand deposits	(61,094)
Money market accounts	361,155
Time deposits	<u>11,547,000</u>
Total	<u>\$11,864,362</u>

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, 1999, the university has \$15,238,977 in deposits (collected balances). These deposits are secured from risk by \$424,679 of federal deposit insurance (GASB Category 1) and \$14,814,298 of pledged securities held in the name of the university by custodial banks acting as agents of the university (GASB Category 1).

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, 1999, the university has \$361,155 in securities that are registered in the name of the bank through which the securities were purchased (GASB Category 3).

4. INVESTMENTS

At June 30, 1999, the university has investments with a total market value of \$10,206,534 as follows:

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

<u>Type of Investment</u>	<u>Market Value</u>
U.S. government securities	\$9,046,780
Investment held in external pool managed by private foundation	<u>1,159,754</u>
Total Investments	<u><u>\$10,206,534</u></u>

The credit risk of GASB Codification Section 150.164 was applied to the university's investments. U.S. government securities of \$8,130,286 are investments held in the name of the fiscal agent bank by the university counterparty's agent and are considered uninsured and unregistered (GASB Category 3). U.S. government securities of \$916,494 are investments held in the name of the fiscal agent bank for University Facilities, Inc., and are considered uninsured and unregistered (GASB Category 3). Southeastern Louisiana University has contracted with its foundation to invest the university's Eminent Scholars Endowed Chairs Program Funds. These investments managed by the university's foundation are not categorized.

5. ACCOUNTS RECEIVABLE

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

<u>Fund</u>	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Statement A</u>
General	\$650,497	\$2,389	\$648,108
Auxiliary	681,999	100,766	581,233
Restricted	1,259,665	4,430	1,255,235
Agency	<u>230,152</u>		<u>230,152</u>
Total	<u><u>\$2,822,313</u></u>	<u><u>\$107,585</u></u>	<u><u>\$2,714,728</u></u>

6. NOTES RECEIVABLE

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

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

	Notes Receivable	Allowance for Doubtful Accounts	Net Statement A
Perkins Loans	\$2,289,605	\$263,955	\$2,025,650
Nursing Student Loans	33,253	19,074	14,179
Dr. Luther L. Ricks Memorial Loans	65,465	14,155	51,310
Tinsley Memorial Loans	77,766	10,528	67,238
	<u>\$2,466,089</u>	<u>\$307,712</u>	<u>\$2,158,377</u>
Total			

7. PENSION PLANS

Plan Description. Substantially all employees of the university are members of two statewide, public employee retirement systems. Academic employees are generally members of the Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

Funding Policy. The contribution requirements of plan members and the university are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8% (TRS) and 7.5% (LASERS) of covered salaries. The state is required to contribute 16.5% of covered salaries to TRS and 12.4% of covered salaries to LASERS for fiscal year 1999 and 16.4% of covered salaries to TRS and 13% 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, 1999, 1998, and 1997, were \$2,530,777, \$2,407,435, and \$2,253,073, respectively, and to LASERS for the years ended June 30, 1999, 1998, and 1997, were \$1,328,596, \$1,359,509, and \$1,261,412, respectively, equal to the required contributions for each year.

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

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 ten or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

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

Total contributions by the university are 16.5% of the covered payroll (16.4% 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 \$2,108,905 and \$1,978,526 for the years ended June 30, 1999, 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 \$786,072 and \$690,064 for the years ended June 30, 1999, and June 30, 1998, respectively. The total number of retirees as of June 30, 1999, and June 30, 1998, was 317 and 308, respectively.

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

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 nine lawsuits at June 30, 1999, insured by the Office of Risk Management. Any liability resulting from these lawsuits would be paid by the Office of Risk Management.

11. LEASE OBLIGATIONS

Operating Leases

Total operating lease expenditures for fiscal year 1998-99 amounted to \$110,420. The annual rental payments for the next five years are presented as follows:

<u>Nature of Lease</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>Thereafter</u>
Office space	\$42,742	\$42,742	\$42,742	\$42,742	\$42,742	\$213,792
Classroom space	12,000					
Equipment	13,147	13,147				
Trailers	19,656					
Total	<u>\$87,545</u>	<u>\$55,889</u>	<u>\$42,742</u>	<u>\$42,742</u>	<u>\$42,742</u>	<u>\$213,792</u>

12. LONG-TERM DEBT

Notes Payable

The university entered into an installment purchase agreement for the purchase of a software license and services. This agreement required an initial down payment on June 19, 1998, of \$592,013, and quarterly payments at an interest rate of 5.12%. The following is a summary of the installment notes payable for the two years ended June 30, 1999:

Balance at July 1, 1997	NONE
Installment purchase in 1998	\$1,050,000
Installment payments in 1999	<u>(249,621)</u>
Installment note payable at June 30, 1999	<u>\$800,379</u>

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

The following is a summary of future minimum installment payments as of June 30, 1999:

Year Ending June 30:

2000	\$289,508
2001	289,508
2002	289,508
Total minimum installment payments	<u>868,524</u>
Less - amount representing interest	<u>(68,145)</u>
Total	<u><u>\$800,379</u></u>

The installment purchase agreement has a non-appropriation exculpatory clause that allows for lease cancellation if the Louisiana Legislature does not make an appropriation for its continuation during any future fiscal period.

Notes payable of \$800,379 is reflected on Statement A.

Bonds Payable

During the fiscal year ended June 30, 1998, the university entered into three new bond issues. The university issued \$7,690,000 of Student Recreation and Activity Center Revenue Bonds on June 30, 1998, to be used to finance the planning, construction, and equipping of a new student activity center to serve as a comprehensive recreation and intramural sports complex to be located on the main campus. The proceeds of a portion of the fee imposed and collected from students of the university and the membership fees on users of the Recreation Center (other than university students) will be used to pay the principal and interest on the bonds.

As described in note 13, the university also issued \$2,400,000 of Revenue Refunding Bonds, Series 1998, on March 12, 1998, to advance refund the 1961 and 1964 Housing Revenue Bonds.

University Facilities, Inc., a blended component of the university, issued \$8,650,000 of Hammond-Tangipahoa Home Mortgage Authority Revenue Bonds, Series 1998 on May 1, 1998, for the acquisition, construction, development, equipping, management, and leasing of student housing on the campus of Southeastern Louisiana University. The principal and interest are payable from the lease proceeds derived from the leasing of the facilities to the university.

The following is a summary of bond transactions of the university for the two years ended June 30, 1999:

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

Bonds payable at July 1, 1997	\$3,722,000
For the year ended June 30, 1998:	
Bonds retired	(2,762,000)
Bonds issued	18,740,000
For the year ended June 30, 1999 - bonds retired	<u>(681,000)</u>
Bonds payable at June 30, 1999	<u><u>\$19,019,000</u></u>

A detailed summary of all debt outstanding for the two years ended June 30, 1999, is as follows:

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 1997</u>
Southeastern Louisiana University			
Student Housing System			
Revenue Bonds:			
Series B	April 1, 1962	\$1,600,000	\$252,000
Housing Bonds of 1964	April 1, 1964	6,500,000	1,950,000
Academic Facilities Extension			
Use Fee Revenue Bonds - 1970			
Series L	April 1, 1970	689,000	90,000
Parking Revenue Certificates of			
Indebtedness, Series 1993-A	September 1, 1993	550,000	340,000
Parking Revenue Bonds Series 1996	April 26, 1996	1,180,000	1,090,000
Revenue Refunding Bonds, Series 1998	March 12, 1998	2,400,000	
Student Recreation and Activity			
Center Revenue Bonds	June 30, 1998	7,690,000	
University Facilities, Inc. (blended component unit)			
Hammond-Tangipahoa Home Mortgage			
Authority Revenue Bonds, Series 1998	May 1, 1998	<u>8,650,000</u>	
Total		<u><u>\$29,259,000</u></u>	<u><u>\$3,722,000</u></u>

<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding June 30, 1998</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 1998</u>
	\$252,000		2001	3.50%	
	1,950,000		2004	3.8-3.9%	
	35,000	\$55,000	2000	3.0%	\$2,220
	80,000	260,000	2000	6.0%	24,300
	95,000	995,000	2006	6.5%	312,650
\$2,400,000	350,000	2,050,000	2004	4.95-6.75%	452,812
7,690,000		7,690,000	2020	3.75-5.0%	4,994,748
<u>8,650,000</u>		<u>8,650,000</u>	2027	4.2-5.5%	<u>8,897,936</u>
<u>\$18,740,000</u>	<u>\$2,762,000</u>	<u>\$19,700,000</u>			<u>\$14,684,666</u>

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 1998</u>
Southeastern Louisiana University			
Academic Facilities Extension Use			
Fee Revenue Bonds - Series L	April 1, 1970	\$689,000	\$55,000
Parking Revenue Certificates of Indebtedness, Series 1993A	September 1, 1993	550,000	260,000
Parking Revenue Bonds			
Series 1996	April 26, 1996	1,180,000	995,000
Revenue Refunding Bonds, Series 1998	March 12, 1998	2,400,000	2,050,000
Student Recreation and Activity Center Revenue Bonds			
	June 30, 1998	7,690,000	7,690,000
University Facilities, Inc. (blended component unit)			
Hammond-Tangipahoa Home Mortgage Authority Revenue Bonds, Series 1998			
	May 1, 1998	<u>8,650,000</u>	<u>8,650,000</u>
Total		<u><u>\$21,159,000</u></u>	<u><u>\$19,700,000</u></u>

The annual requirements to amortize all bonds outstanding at June 30, 1999, including interest of \$13,797,487, are as follows:

2000	\$1,688,162
2001	1,816,081
2002	1,755,240
2003	1,719,366
Subsequent years	<u>25,837,638</u>
Total	<u><u>\$32,816,487</u></u>

<u>Redeemed</u>	<u>Outstanding June 30, 1999</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 1999</u>
\$36,000	\$19,000	2000	3.00%	\$570
80,000	180,000	2000	6.0%	11,100
100,000	895,000	2006	7%	247,975
255,000	1,795,000	2004	4.95-6.75%	330,817
210,000	7,480,000	2020	3.75-5%	4,631,625
	<u>8,650,000</u>	2027	4.2-5.5%	<u>8,575,400</u>
<u>\$681,000</u>	<u>\$19,019,000</u>			<u>\$13,797,487</u>

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

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 1999:

<u>Bond Issue</u>	<u>Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess</u>
Revenue Refunding Bonds - 1998 Academic Facilities Extension Use	\$240,000	\$240,000	
Fee Revenue Bonds	1,357,614	39,000	\$1,318,614
Parking Bonds - 1993	70,054	70,054	
Parking Bonds - 1996	160,670	160,670	
Student Recreation Center Bonds - 1998	578,750	578,750	
University Facilities, Inc., Revenue Bonds - 1998	613,550	613,550	
Total	\$3,020,638	\$1,702,024	\$1,318,614

13. ADVANCE REFUNDING OF BONDS

On March 12, 1998, the Board of Trustees for State Colleges and Universities, State of Louisiana, issued \$2,400,000 in Refunding Bonds with an average interest rate of 4.95% to advance refund \$1,950,000 of outstanding 1964 Housing System Revenue Bonds with an average interest rate of 3.8%, and \$252,000 of outstanding 1961 Housing System Revenue Bonds, Series B, with an average interest rate of 3.5%. The net proceeds of \$2,404,674 (after \$92,810 in underwriting fees, interest, and other issuance costs) included a \$65,000 university contribution. These proceeds were used to provide \$358,974 beginning cash deposit to the escrow account, \$240,000 debt service reserve fund, and \$1,805,700 purchase of U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the prior bonds. As a result, the 1964 Housing System Revenue Bonds and the 1961 Housing System Revenue Bonds, Series B are considered to be defeased and the liability for those bonds has been removed from the Retirement of Indebtedness Fund.

The advance refunding increased outstanding debt by \$198,000 and resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$86,023 over the next 5 years. Although this created an economic loss, the university completed the advance refunding to remedy a covenant contained in the prior bonds which would prevent the university, under current circumstances, from the construction of new housing facilities.

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

14. RESERVATIONS OF FUND BALANCES

Reservations of fund balances at June 30, 1999, as shown on Statement A, are as follows:

	<u>Reserved for</u>		<u>Bond</u>	
	<u>Encumbrances</u>	<u>Inventories</u>	<u>Indentures</u>	<u>Total</u>
Current Funds:				
General		\$499,473		\$499,473
Auxiliary Enterprises	\$13,257	4,533		17,790
Restricted	280,566			280,566
Plant Funds:				
Unexpended	4,037		\$613,550	617,587
Renewals and Replacements	399,136			399,136
Retirement of Indebtedness			1,088,474	1,088,474
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$696,996</u>	<u>\$504,006</u>	<u>\$1,702,024</u>	<u>\$2,903,026</u>

15. FUND DEFICIT

As shown on Statement A, as of June 30, 1999, the General Fund has a deficit of \$2,575,883 as a result of the liability for compensated absences. The deficit will be funded by future General Fund appropriations and other revenues.

16. STUDENT LOAN FUNDS

The fund balances of the student loan funds at June 30, 1999, are as follows:

Federal Perkins Loan Fund	\$1,962,100
Federal Nursing Student Loan Fund	18,364
Altrusa Club Loan Fund	550
Tinsley Memorial Loan Fund	183,345
Dr. Luther L. Ricks Memorial Loan Fund	<u>200,361</u>
Total	<u>\$2,364,720</u>

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

17. ENDOWMENT FUNDS

The fund balances of the endowment funds at June 30, 1999, are as follows:

Endowed Professorship - National Endowment for the Humanities	\$448,135
Endowed Professorship - Industrial Technology	109,072
Louis Mayfield Endowed Professorship in Marketing	119,307
Schlieder Endowed Chair	1,160,042
Merritt Family Professorship in Education	113,685
Schlieder Endowed Professorship in Education	113,559
Nursing Endowed Professorship	109,382
Charles Merritt Endowed Professorship in Business	112,676
B. C. Purcell Endowed Professorship in Kinesiology and Health	106,180
Leola R. Purcell Endowed Professorship in English	106,180
Lola Sue Purcell Smith Endowed Professorship in Psychology	106,180
Ford Endowed Chair	620,876
Dr. and Mrs. L. H. Dyson Scholarship	2,519
License Plate Endowment	14,002
Walter Drott Memorial Scholarship	9,369
Student Foundation Scholarship	134,324
Lucius D. McGehee Endowed Professorship in Nursing	60,964
Pennington Endowed Professorship in Special Education	<u>60,964</u>
Total	<u><u>\$3,507,415</u></u>

18. PLANT FUNDS

The restricted fund balances of the unexpended plant fund at June 30, 1999, are as follows:

Land sales proceeds	\$101,075
Motor vehicle fund	399,419
Building use fee	<u>60,000</u>
Total	<u><u>\$560,494</u></u>

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

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

A summary of investment in plant follows:

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998
Land and improvements	\$5,600,292	\$895,809		\$6,496,101
Buildings	72,368,520	9,696,338	\$480,000	81,584,858
Equipment	26,793,604	4,020,371	2,838,497	27,975,478
Library books	12,981,168	892,969	9,528	13,864,609
Construction in progress	9,568,306	1,161,658	9,484,767	1,245,197
Total	<u>\$127,311,890</u>	<u>\$16,667,145</u>	<u>\$12,812,792</u>	<u>\$131,166,243</u>

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Land and improvements	\$6,496,101	\$93,383		\$6,589,484
Buildings	81,584,858	108,491	\$37,200	81,656,149
Equipment	27,975,478	2,832,157	1,700,164	29,107,471
Library books	13,864,609	917,413	17,535	14,764,487
Construction in progress	1,245,197	576,189		1,821,386
Total	<u>\$131,166,243</u>	<u>\$4,527,633</u>	<u>\$1,754,899</u>	<u>\$133,938,977</u>

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

Construction in progress is composed of the following:

	Project Authorization	Expended Through June 30, 1998	Committed	Required Future Financing
Student Activity Center	\$11,150,000	\$163,303	\$10,986,697	
Classroom and Science Laboratory Building	13,000,000	371,687	12,628,313	
Repairs to University Center	750,000	527,606	222,394	
Westside School Renovations	4,563,430	182,601	4,380,829	
Total	<u>\$29,463,430</u>	<u>\$1,245,197</u>	<u>\$28,218,233</u>	<u>NONE</u>

	Project Authorization	Expended Through June 30, 1999	Committed	Required Future Financing
Student Activity Center	\$11,150,000	\$342,849	\$10,807,151	
Classroom and Science Laboratory Building	13,000,000	478,111	12,521,889	
Repairs to University Center	750,000	692,746	57,254	
Westside School Renovations	4,563,430	229,767	4,333,663	
Biology Building Renovation	915,000	58,642	856,358	
Teacher Education Renovation	540,000	19,271	520,729	
Total	<u>\$30,918,430</u>	<u>\$1,821,386</u>	<u>\$29,097,044</u>	<u>NONE</u>

Included in other assets of the unexpended plant fund is construction in progress, totaling \$7,057,701, of University Facilities, Inc., a blended component unit of the university. University Facilities, Inc., has contracted with the university to construct, develop, manage, and lease student housing on the campus of Southeastern Louisiana University. The proceeds from the Hammond-Tangipahoa Home Mortgage Authority Revenue Bonds, Series 1998, will be used to construct these facilities. The university is accounting for construction in progress of University Facilities, Inc., along with bonds payable, in the unexpended plant fund until construction is completed.

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

19. AUXILIARY ENTERPRISES

The university maintains various auxiliary enterprise funds that provide services to the university community. Segment information for the two years ended June 30, 1999, and June 30, 1998, are shown as follows:

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

<u>1999</u>	<u>Food Service</u>	<u>Housing</u>	<u>Bookstore</u>	<u>Student Center</u>
Net increase (decrease) in fund balances	(\$41,618)	(\$297,831)	\$442,717	\$236,482
Net income (loss)	(59,644)	(303,052)	442,421	236,367
Outstanding principal and interest on debt		2,125,817		
Annual principal and interest on debt		386,526		
General Fund subsidy				
Physical plant	1,303,652	7,803,939		4,131,645

<u>1998</u>	<u>Food Service</u>	<u>Housing</u>	<u>Bookstore</u>	<u>Student Center</u>
Net increase (decrease) in fund balances	(\$487,527)	(\$16,040)	\$275,758	\$187,001
Net income (loss)	(501,816)	(19,895)	275,781	192,030
Outstanding principal and interest on debt		2,502,812		
Annual principal and interest on debt		511,900		
General Fund subsidy				
Physical plant	1,303,652	7,803,939	165,000	4,131,645

20. FOUNDATIONS

The accompanying financial statements do not include the accounts of Southeastern Development Foundation, Inc.; 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.

21. 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:

Vending	Apartments	Auxiliary Services	Other			Total
			Health Center	Athletics	Others	
\$359,553	\$22,712	(\$742,271)	\$257,721	(\$1,556)	(\$27,925)	\$207,984
362,616	22,721	(743,672)	257,404	(6,208)	(42,012)	166,941
						2,125,817
						386,526
				1,606,046		1,606,046
			200,000	1,603,963	348,149	15,391,348

Vending	Print Shop/ Duplicating	Auxiliary Services	Other			Total	
			ID	Health Center	Athletics		
\$231,354	\$147,264	(\$408,170)	(\$113,091)	\$261,695	(\$2,470)	(\$8,258)	\$67,516
231,354	145,140	(408,174)	(113,380)	261,490	(8,574)	10,535	64,491
							2,502,812
							511,900
					1,532,776		1,532,776
		400,000		200,000	1,603,963	348,150	15,956,349

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

For the year ended June 30, 1999:

<u>Name of Firm or Consultant Who Prepared the Report</u>	<u>Amount</u>
Association of College and University Housing Officers International	\$1,880
Biological Surveys	5,000
Brenda Catalanatto, CPA	480
Peggy Chehardy	625
Terry Deal	8,000
Carol Fernandez	15,000
Stephanie Guillory	3,000
Kaludis	511,450
Lapham Miller	49,950
Thomas Morgan, CPA	6,430
National Computer Systems	3,074
Diane Porche	1,250
Q-Statistics	1,910
Jules Richard	2,765
Evans Roberts & Associates	875
Southeast Spouse Abuse Program	<u>18,818</u>
Total	<u><u>\$630,507</u></u>

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

For the year ended June 30, 1998:

<u>Name of Firm or Consultant Who Prepared the Report</u>	<u>Amount</u>
Applied Technology Research Corporation	\$9,800
Accusses Environmental Peggy Chehardy	1,965
Durnin and James	625
Stephanie Guillory	2,500
Hammond Cultural Foundation	3,000
Susan Lohr, Lohr Associates	100
KPMG Peat Marwick, LLP	6,000
Monika Fischer-Massie	800
National Computer Systems	900
Diane Porche	2,920
Q-Statistic	1,000
Shelly R. Typler	935
Marie A. Zanuk	350
Thomas C. Morgan, CPA	2,000
Christopher A. Sheil	3,660
Gerry Wubben	250
	<u>200</u>
Total	<u><u>\$37,005</u></u>

22. 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.

23. FACILITY PLANNING AND CONTROL PROJECTS

During the year ended June 30, 1999, 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 \$1,927,521 as interagency transfers to the Office of Facility Planning and Control for the construction of the Student Activity Center. Statement A reflects \$51,110 as "due from state treasurer" 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 Student Activity Center.

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

The following page contains supplementary information as required by *Technical Bulletin 98-1*, issued by the Governmental Accounting Standards Board (GASB) in October 1998. The provisions of the GASB technical bulletin, effective for financial statements dated after October 31, 1998, require disclosures in the notes to the financial statements about the governmental entity's readiness in addressing Year 2000 issues for its computer systems and other electronic equipment. In March 1999, GASB issued *Technical Bulletin 99-1*, which allowed the disclosure of Year 2000 issues in required supplementary information.

**SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 1999**

YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and their equipment that may adversely affect Southeastern Louisiana University's operation on or before January 1, 2000.

The university has completed an inventory of critical computer systems and other equipment necessary to operate. The computer systems were analyzed, assessed, remediated as needed, tested and validated to ensure Year 2000 readiness, internally by university staff and with software upgrades purchased from vendors. As of July 1, 1999, programming, testing and validation procedures have been completed on the university's critical legacy systems (hardware and software).

Management believes that Southeastern Louisiana University will be able to process date and/or date-related information correctly before, during, and after January 1, 2000. However, because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determined until the Year 2000 and thereafter. Consequently, management cannot guarantee that Southeastern Louisiana University's remediation efforts will be successful in whole or in part, or that parties with whom Southeastern Louisiana University does business will be Year 2000 ready.

**SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
As of and for the Year Ended June 30, 1999**

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, 1999**

Alumni Association	\$4,235
Region II Service Center	6,312
Student Government Association:	
Capital Outlay	121,042
Projects	68,286
Reserve Account	23,007
Special Needs Loan Fund	525
Cafeteria Plan Surplus	35,701
SLU Concert Choir	213
LA Technology Education Rally	2,001
Xerox Business Services	12,151
Regional Science Fair	4,324
Laboratory School	460
SLU String Orchestra	471
Regional Social Studies Fair	552
Foreign Language Festival	23
Early Literacy Seminar	2,051
NASPA	1,844
LACRAO Clerical Workshop	253
Student Activity Center Contractor	50
Louisiana Literature	1,661
Library Book Donation	5,484
Tri Beta Honor Society	56
Elderhostel, Inc.	62,561
Student Aid	25,961
EFT Loan Transfers	20,171
	<hr/>
Total	<u>\$399,395</u>

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based 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.



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
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DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

November 18, 1999

Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of the General Purpose 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, 1999, and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated November 18, 1999. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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.

EXHIBIT A

LEGISLATIVE AUDITOR

SOUTHEASTERN LOUISIANA UNIVERSITY

STATE OF LOUISIANA

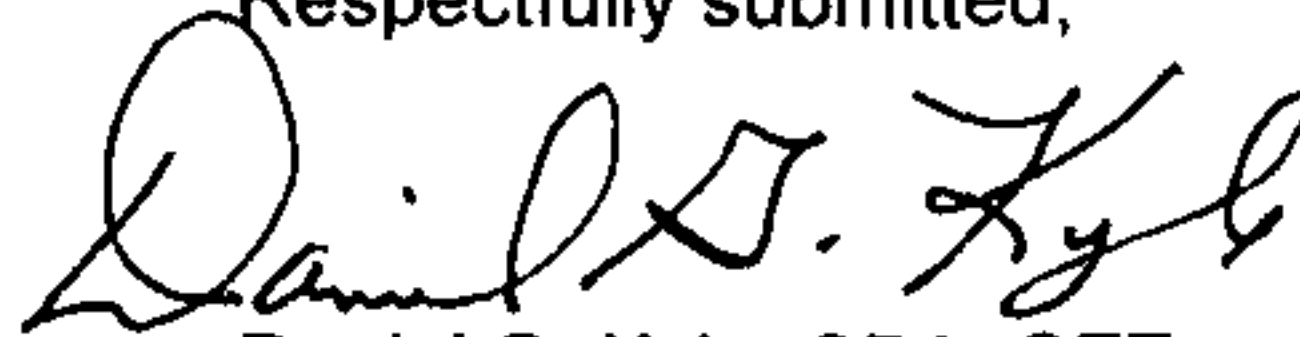
Compliance and Internal Control Report

November 18, 1999

Page 2

This report is intended solely for the information and use of the university and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

ES:JR:RCL:ss

(SLU)

EXHIBIT A