

**ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
CURRENT FUNDS**

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

	UNRESTRICTED		
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
REVENUES			
Tuition and fees	\$1,247,032		
State appropriations	3,406,754		
Governmental grants and contracts:			
Federal			\$941,965
State			132,923
Local	45,463		
Private gifts, grants, and contracts	2,800		6,800
Sales and services of education departments		\$433,102	
Investment income	204		6,359
Total revenues	<u>4,702,253</u>	<u>433,102</u>	<u>1,088,047</u>
EXPENDITURES AND TRANSFERS			
Educational and general:			
Instruction	2,404,266		56,806
Academic support	569,950		
Student services	351,475		23,211
Institutional support	895,745		73,832
Operations and maintenance of plant	428,080		
Scholarships and fellowships	56,853		959,843
Other	36,136		
Total educational and general expenditures	<u>4,742,505</u>	<u>NONE</u>	<u>1,113,692</u>
Nonmandatory transfers for other	NONE	NONE	226
Total educational and general transfers	<u>4,742,505</u>		<u>1,113,918</u>
Auxiliary enterprises - expenditures		427,274	
Total expenditures and transfers	<u>4,742,505</u>	<u>427,274</u>	<u>1,113,918</u>
Net increase (decrease) in fund balances	<u>(\$40,252)</u>	<u>\$5,828</u>	<u>(\$25,871)</u>

The accompanying notes are an integral part of this statement.

Statement B

ENDOWMENT FUND	PLANT FUNDS		TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	INVESTMENT IN PLANT	
			\$5,017,377
	\$239,450		239,450
			982,600
			158,323
			5,263
			6,338
			534,215
		\$3,759,188	3,759,188
<u>NONE</u>	<u>239,450</u>	<u>3,759,188</u>	<u>10,702,754</u>
			6,295,181
			474,499
	69,579		69,579
		107,151	107,151
<u>NONE</u>	<u>69,579</u>	<u>107,151</u>	<u>6,946,410</u>
<u>\$1,176</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
1,176	169,871	3,652,037	3,756,344
100,226	103,726	6,867,673	7,224,198
<u>\$101,402</u>	<u>\$273,597</u>	<u>\$10,519,710</u>	<u>\$10,980,542</u>

Statement D

ENDOWMENT FUND	PLANT FUNDS		TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	INVESTMENT IN PLANT	
			\$4,702,253
	\$242,734		242,734
			132,923
			941,965
			6,800
	3,589		9,948
			433,102
		\$289,108	289,108
<u>NONE</u>	<u>246,323</u>	<u>289,108</u>	<u>6,758,833</u>
			5,852,177
			427,274
			4,020
	210,319		210,319
		127,175	127,175
<u>NONE</u>	<u>210,319</u>	<u>127,175</u>	<u>6,620,965</u>
<u>\$226</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
226	36,004	161,933	137,868
100,000	67,722	6,705,740	7,086,330
<u>\$100,226</u>	<u>\$103,726</u>	<u>\$6,867,673</u>	<u>\$7,224,198</u>

**ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA**

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

	CURRENT FUNDS		
	UNRESTRICTED		
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues and other additions:			
Unrestricted current fund revenues	\$4,702,253		
Tuition and fees - restricted			
State grants and contracts - restricted			\$132,923
Federal grants and contracts - restricted			941,965
Private gifts, grants, and contracts - restricted			6,800
Investment income - restricted			6,359
Sales and services of education departments		\$433,102	
Additions to plant facilities			
Total revenues and other additions	<u>4,702,253</u>	<u>433,102</u>	<u>1,088,047</u>
Expenditures and other deductions:			
Educational and general	4,742,505		1,109,672
Auxiliary enterprises		427,274	
Indirect cost recovered			4,020
Expended for plant facilities			
Disposal of plant facilities			
Total expenditures and other deductions	<u>4,742,505</u>	<u>427,274</u>	<u>1,113,692</u>
Transfers among funds - additions (deductions) - nonmandatory - other	<u>NONE</u>	<u>NONE</u>	<u>(226)</u>
Net increase (decrease) for the year	(40,252)	5,828	(25,871)
Fund balances at beginning of year	<u>NONE</u>	<u>70,339</u>	<u>142,529</u>
Fund balances (deficit) at end of year	<u>(\$40,252)</u>	<u>\$76,167</u>	<u>\$116,658</u>

The accompanying notes are an integral part of this statement.

**ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
CURRENT FUNDS**

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

	UNRESTRICTED		
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
REVENUES			
Tuition and fees	\$1,369,031		
State appropriations	3,344,417		
Governmental grants and contracts:			
Federal	76,083		\$982,600
State	142,694		158,323
Local	80,065		
Private gifts, grants, and contracts	3,502		5,263
Sales and services of education departments		\$534,215	
Investment income	1,585		6,338
Total revenues	<u>5,017,377</u>	<u>534,215</u>	<u>1,152,524</u>
EXPENDITURES AND TRANSFERS			
Educational and general:			
Instruction	2,566,321		87,904
Research			
Public service	120		
Academic support	449,848		9,428
Student services	438,013		4,565
Institutional support	1,051,533		65,831
Operations and maintenance of plant	454,735		2,061
Scholarships and fellowships	177,976		966,562
Other	16,617		3,667
Total educational and general expenditures	<u>5,155,163</u>	NONE	<u>1,140,018</u>
Nonmandatory transfers for other	NONE	NONE	1,176
Total educational and general transfers	<u>5,155,163</u>		<u>1,141,194</u>
Auxiliary enterprises - expenditures		474,499	
Total expenditures and transfers	<u>5,155,163</u>	<u>474,499</u>	<u>1,141,194</u>
Net increase (decrease) in fund balances	<u>(\$137,786)</u>	<u>\$59,716</u>	<u>\$11,330</u>

The accompanying notes are an integral part of this statement.

Statement A

PLANT FUNDS		AGENCY FUNDS	TOTAL (MEMORANDUM ONLY)
UNEXPENDED	INVESTMENT IN PLANT		
\$206,028		\$139,386	\$679,562
			579,280
106,809			361,150
			82,281
	\$10,519,710		10,519,710
<u>\$312,837</u>	<u>\$10,519,710</u>	<u>\$139,386</u>	<u>\$12,221,983</u>
		\$13	\$275,870
		18	310,812
		117,822	361,150
		21,533	21,533
\$39,240			272,076
<u>39,240</u>	<u>NONE</u>	<u>139,386</u>	<u>1,241,441</u>
	\$10,519,710		10,519,710
			127,988
			(42,155)
273,597			374,999
<u>273,597</u>	<u>10,519,710</u>	<u>NONE</u>	<u>10,980,542</u>
<u>\$312,837</u>	<u>\$10,519,710</u>	<u>\$139,386</u>	<u>\$12,221,983</u>



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

February 3, 1997

Independent Auditor's Report
on the Financial Statements

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Chalmette, Louisiana

We have audited the accompanying general purpose financial statements of Elaine P. Nunez Community College, a component unit of the State of Louisiana, as of June 30, 1996, and for the years ended June 30, 1996 and 1995, as listed in the foregoing table of contents. These financial statements are the responsibility of management of Elaine P. Nunez Community College. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We were unable to obtain evidence supporting accounts receivable balances of the General, Auxiliary Enterprises, and Restricted Funds shown on Statement A at June 30, 1996, totaling \$498,323, \$2,250, and \$78,707, respectively, nor were we able to satisfy ourselves as to the validity of the accounts receivable balances by other auditing procedures.

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

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the accounts receivable balances as discussed in the third paragraph, and except for the effects of not

**ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA**

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

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ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Chalmette, Louisiana

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

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.

April 9, 1997

**ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA**

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

INTRODUCTION

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

Enrollment at the college during the summer, fall, and spring semesters of fiscal years June 30, 1996 and 1995, was 799 and 834; 2,104 and 2,096; and 2066 and 2157; respectively. The college has approximately 56 full-time faculty members.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with the AICPA College Guide model principles, except for the recognition of compensated absences. The college recognizes the liability for unused annual and sick leave when paid because major portions of the liability will be paid from the college's General Fund from future appropriations made by the Louisiana Legislature. 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.

B. REPORTING ENTITY

The GASB, in Code Section 2100, has defined the governmental reporting entity to be the State of Louisiana. The college 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) the majority of the members of the governing boards are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) state appropriations provide the largest percentage of total revenues; (4) the state issues bonds to finance certain construction; and (5) the college primarily serves state residents. The accompanying financial statements present information only as to the transactions of the programs of Elaine P. Nunez Community College, a component unit of the State of Louisiana.

**ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA**

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

	CURRENT FUNDS		
	UNRESTRICTED		
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
REVENUES AND OTHER ADDITIONS:			
Unrestricted current fund revenues	\$5,017,377		
Tuition and fees - restricted			
Governmental grants and contracts:			
Federal			\$982,600
State			158,323
Private gifts, grants, and contracts			5,263
Investment income - restricted			6,338
Sales and services of education departments		\$534,215	
Additions to plant facilities			
Total revenues and other additions	<u>5,017,377</u>	<u>534,215</u>	<u>1,152,524</u>
EXPENDITURES AND OTHER DEDUCTIONS			
Educational and general	5,155,163		1,140,018
Auxiliary enterprises		474,499	
Expended for plant facilities			
Disposal of plant facilities			
Total expenditures and other deductions	<u>5,155,163</u>	<u>474,499</u>	<u>1,140,018</u>
Transfers among funds - additions (deductions) - nonmandatory - other	<u>NONE</u>	<u>NONE</u>	<u>(1,176)</u>
Net increase (decrease) for the year	(137,786)	59,716	11,330
Fund balances (deficit) at beginning of year	<u>(40,252)</u>	<u>76,167</u>	<u>116,658</u>
Fund balances (deficit) at end of year	<u>(\$178,038)</u>	<u>\$135,883</u>	<u>\$127,988</u>

The accompanying notes are an integral part of this statement.

**ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA**
Notes to the Financial Statements (Concluded)

17. DEFERRED COMPENSATION PLAN

Certain employees of Elaine P. Nunez Community College participate in 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.

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ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
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ledger) in a timely manner. Louisiana Revised Statute (LSA-R.S.) 39:321 and Louisiana Administrative Code 34:VII.307 require that acquisitions be tagged, and information be forwarded to the Louisiana Property Assistance Agency (LPAA) within 45 days of receipt of movable property items. In addition, an adequate system of internal controls should include reconciliations between the property control system and the accounting records on a timely basis to reduce the risk that errors and/or irregularities could occur and not be detected in a timely manner. In our tests of fixed assets, the following weaknesses were noted:

- The pertinent information for 18 of the 646 items received by the college was transmitted between 48 and 214 days after receipt of the item.
- The college did not reconcile the property control system with the accounting records for either the year ended June 30, 1995, or the year ended June 30, 1996, until September 1996.
- The college did not reconcile the library collection value report to the accounting records for either year.

The college should update the state property master inventory listing and reconcile that listing to the accounting records in a timely manner. In addition, the college should reconcile the Library Collection Value Report to the additions and balance reported in the accounting records in a timely manner. In a letter dated November 25, 1996, Dr. Carol S. Hopson, President of Elaine P. Nunez Community College, concurred with the finding and noted that the college has taken steps early on in fiscal year 1997 to ensure timely update and reconciliation of the state property master inventory listing to the accounting records and has already done so through October 31, 1996. In addition, the college has implemented procedures to reconcile the Library Collection Value Report to the accounting records, including adding additional account codes to segregate library acquisitions from other movable property purchases.

Deficits and Interfund Transfers

Elaine P. Nunez Community College did not comply with the General Appropriation Act and did not maintain an adequate control system for revenues and interfund transfers. The General Appropriation Acts (Act No. 16 of 1995 and Act No. 15 of 1994) require that "In the event that revenues should be less than the amount appropriated; the appropriation shall be reduced accordingly." In addition, an effective budgetary control system requires that both budgeted revenues and expenditures be continually monitored, and any projected shortfall of actual revenue or overage of actual expenditures be immediately addressed. Actual self-generated revenues were 12.3 and

ELAINE P. NUNEZ COMMUNITY COLLEGE

STATE OF LOUISIANA

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23.3 percent below budget in the General Fund in the years ended June 30, 1996 and 1995, respectively. However, the appropriated expenditures were not reduced by similar amounts, resulting in deficits for both years. The college attempted to address the deficits by transferring monies from other funds to reimburse the General Fund for expenditures made in previous years. However, prior year expenditures reimbursed in a subsequent year usually results in "Income Not Available," which should be returned to the state treasury. Elaine P. Nunez Community College does not record the detailed budget into the accounting system, which makes monitoring expenditures on a timely basis more difficult. In addition, management of the college did not correctly record transfers. As a result, the General Fund reflects a deficit for both 1996 and 1995, in the amounts of \$178,038 and \$40,252, respectively. The college will have to address the deficit for both years by reducing future expenditures or increasing future revenues or appropriations.

Elaine P. Nunez Community College should establish policies and procedures to continuously monitor both budget and actual revenues and expenditures and make any needed budget corrections during the fiscal year. Also, the college should refrain from crossing fiscal years when making interfund transfers. In a letter dated December 16, 1996, Dr. Carol S. Hopson, President of Elaine P. Nunez Community College, responded that the college has established policies and hired additional employees to monitor both budget and actual revenues and expenditures. These policies include internal reporting and budget hearings. In addition, the college has increased controls over interfund transfers that include transfers to be recorded in the appropriate fiscal period and that the appropriate college personnel review and approve the transactions.

Attendance Reports Required

Elaine P. Nunez Community College does not require its adjunct professors to complete monthly attendance reports. The University of Louisiana System Board of Trustees for Colleges and Universities policies and procedures Chapter III, Section XXI C.3., states in part, "Attendance and leave records shall be maintained for all faculty and unclassified employees. These records shall be signed by the employee and the supervisor and reported at least monthly to the appropriate office at the end of each regular pay period." These employees were paid \$265,126 during the period ended June 30, 1996, and were not required by the college to sign monthly attendance records. As a result, the college is not in compliance with the board's policy. Furthermore, without sufficient controls in place to document the time worked by these employees, college assets could be abused and/or misused.

LEGISLATIVE AUDITOR

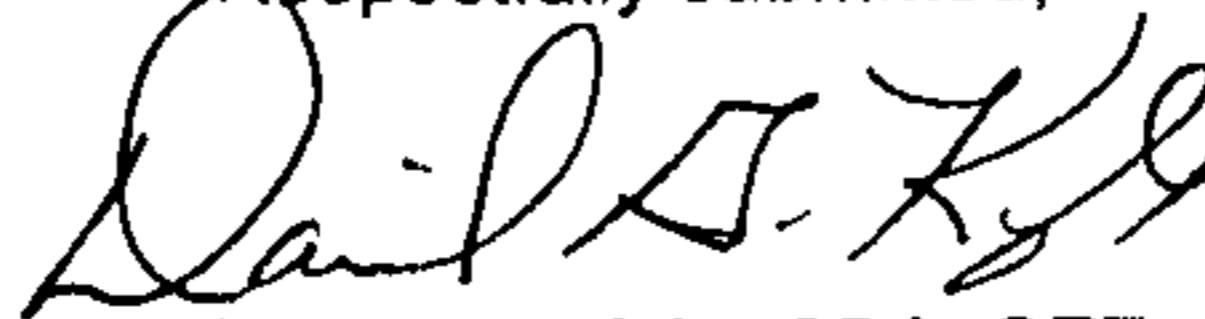
ELAINE P. NUNEZ COMMUNITY COLLEGE
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The college should require all unclassified employees to complete the required attendance reports, to include signatures by the employees and supervisors to support the hours worked. In a letter dated November 12, 1996, Dr. Carol S. Hopson, President of Elaine P. Nunez Community College, concurred with the finding and detailed steps the college has taken to address the recommendation. The night dean monitors and verifies that adjunct faculty sign-in sheets are being maintained. All adjunct faculty must sign a time sheet or other written certification that is approved by a supervisor.

We considered these instances of noncompliance in forming our opinion on whether Elaine P. Nunez Community College's 1996 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated February 3, 1997, on those general purpose financial statements.

This report is intended for the information and use of the college 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

SAZ:LWM:dl

[NUNEZ]

LEGISLATIVE AUDITOR

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Internal Control Report
February 3, 1997
Page 6

This report is intended for the information and use of the college 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,

A handwritten signature in cursive script that reads "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

SAZ:LWM:dl

[NUNEZ]

LEGISLATIVE AUDITOR

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
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management of the college, there was no support or prior history for the determination of the rate.

- Of the 25 students who had outstanding balances as of June 30, 1996, 14 (56 percent) were not billed for their past due accounts.
- Of those same 25 students with balances, 12 (48 percent) did not have promissory notes to support the amounts recorded for the semester enrolled.
- The college's collection efforts were limited to a form letter sent to currently enrolled students and a follow-up telephone call to as many of these students as possible.

An adequate system of internal controls includes procedures to record all tuition receivable transactions, to post these transactions at the time they occur, and to ensure that transactions are processed and reported correctly. Management is responsible for *safeguarding assets and reporting accurate financial data, and failure to provide such a system can result in lost income to the college.*

Elaine P. Nunez Community College should establish procedures to record the receivable and revenue transactions in the accounting records at the time they occur. Such procedures should include periodic reconciliation of the general ledger accounts to the subsidiary records. In addition, management should establish collection and write-off policies and procedures that include a review of each individual account and a determination as to its collectability. In a letter dated November 25, 1996, Dr. Carol S. Hopson, President of Elaine P. Nunez Community College, concurred with the finding and noted that the college is planning the acquisition of a fully integrated comprehensive computing system that should eliminate the present condition. In the interim, the college will continue to improve the system of internal controls over receivables to ensure the accuracy of all amounts reported as due and payable to the college. The college has created and filled an emergency accounting specialist position to manually post all receivable transactions on a daily basis. The college has increased its collection efforts to include *monthly statements sent to all students with open balances, analyzing each account to determine collectability, and evaluating this process periodically to determine its effectiveness.*

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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



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

February 3, 1997

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

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the general purpose financial statements of Elaine P. Nunez Community College, a component unit of the State of Louisiana, as of June 30, 1996, and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated February 3, 1997. The scope of our audit was limited in that we were unable to satisfy ourselves about the accounts receivable balances of the General, Auxiliary Enterprises, and Restricted Funds. This resulted in a qualified opinion to the general purpose financial statements.

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

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

In planning and performing our audit of the general purpose financial statements of Elaine P. Nunez Community College for the years ended June 30, 1996 and 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk to determine our auditing

EXHIBIT A

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ELAINE P. NUNEZ COMMUNITY COLLEGE
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to deficits and interfund transfers as described in the Compliance Report (Exhibit B) involving the internal control structure and its operation that we consider to be material weaknesses as defined previously. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of Elaine P. Nunez Community College for two years ended June 30, 1996.

Inaccurate Receivables

For the second consecutive audit, Elaine P. Nunez Community College has not established adequate internal controls over tuition revenue and receivables to ensure the accuracy of all amounts reported as due and payable to the college and to ensure the proper recording, processing, and reporting of these revenues. During our examination of revenues, we noted the following weaknesses related to tuition revenue:

- The college has not established procedures to simultaneously record the tuition receivable and the related revenue and/or expenditure in the accounting records at the time the transaction occurs. The subsidiary records for the accounts receivables are on a separate software program from the accounting program. These separate software programs do not interface and no procedures were established to simultaneously post the transactions to the accounting program as they occurred.
- There are no procedures to periodically reconcile the general ledger control accounts to the subsidiary receivable records to ensure that account balances are accurate.
- The college did not record tuition receivable on the general ledger for the current year until after June 30, 1996. As a result, there is an unreconciled difference of \$27,572 between the subsidiary receivables and general ledger receivable control account.
- In the subsidiary receivable ledger, 4 (16 percent) of 25 receivable balances were incorrect as of June 30, 1996. This occurred because discounts and waivers available to senior citizens were not reflected in their account balances as of June 30, 1996. Additional testing of another 24 student balances included on a senior citizen waiver list revealed that the waivers were not posted to the individual account balances.
- Accounts receivables of \$31,178 were recorded as an allowance for doubtful accounts. Although a rate of 5 percent was approved by

LEGISLATIVE AUDITOR

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Internal Control Report
February 3, 1997
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procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted the following matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Inadequate Controls Over Non-Payroll Expenditure Transactions

For the second consecutive audit, Elaine P. Nunez Community College does not have adequate controls over non-payroll expenditure transactions, to include controls to ensure that the college complies with the Louisiana Procurement Code. In our test of 50 non-payroll expenditure transactions (disbursements), we found the following:

- One disbursement was for the purchase of supplies at a cost of \$1,187 without soliciting quotations from at least three bonafide bidders.
- Four disbursements totaling \$60,467 did not have supporting documentation.

Good internal controls require that all disbursements be properly supported by invoices before a payment is made and supporting documentation be maintained as evidence of the receipt of goods and services. In addition, the Louisiana Procurement Code prescribes that procedures for purchases greater than \$500 but less than \$2,000 be established by the governor [Executive Order No. MJF 96-14 Section 3A(2)]. Without proper adherence to disbursement controls, the risk is increased that errors and/or irregularities could occur and not be detected by employees in the normal course of their assigned duties. The college needs to strengthen the controls regarding purchases and cash disbursements. Management should monitor cash disbursements to ensure that transactions are adequately documented, supported, and paid only in accordance with established policies and state laws. In a letter dated December 16, 1996, Dr. Carol S. Hopson, President of Elaine P. Nunez Community College, concurred with the finding and stated that the college has taken several steps to improve internal controls over non-payroll expenditures. These include the competitive bidding of all basic

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
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maintenance and custodial supplies and implementing an extensive segregation of duties to ensure that no individual is reviewing his/her own work.

Weak Controls Over Sales Tax Payable

Elaine P. Nunez Community College does not have adequate accounting system controls over the calculation and payment of sales tax. Adequate internal controls over payment of sales taxes should include effective review/approval procedures, including reconciliation to the amount of sales tax collected, to reduce the risk that errors or irregularities may occur and not be detected. All taxable sales should be reported to the taxing bodies in a timely manner to avoid interest and penalties. Elaine P. Nunez Community College reported sales based on incomplete data and no reconciliation was made between the sales tax collected from customers of the cafeteria and the bookstore and the amounts paid. The recalculation of reported sales over the three year period ended June 30, 1996, indicated that \$332,191 of sales and \$28,236 of sales tax were unreported. As a result, estimated accrued interest and penalties through June 30, 1996, amounts to \$20,849, with additional interest and penalties accruing from July 1, 1996, until the date taxes are paid.

Elaine P. Nunez Community College should establish a policy and procedures for payment of sales tax, including a review and reconciliation process to timely detect any errors or omissions. In a letter dated December 16, 1996, Dr. Carol S. Hopson, President of Elaine P. Nunez Community College, responded that the college concurred with the finding and has paid the outstanding sales tax. The college has established a policy and procedure for payment of sales tax, providing for two levels of review and a periodic reconciliation of the affected accounts.

The matter relating to fixed assets as described in the Compliance Report (Exhibit B) is also considered to be a reportable condition.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matter and the matter relating



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

February 3, 1997

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

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying general purpose financial statements of Elaine P. Nunez Community College, a component unit of the State of Louisiana, as of June 30, 1996, and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated February 3, 1997. The scope of our audit was limited in that we were unable to satisfy ourselves about the accounts receivable balances of the General, Auxiliary Enterprises, and Restricted Funds. This resulted in a qualified opinion to the general purpose financial statements.

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

Compliance with laws, regulations, contracts, and grants applicable to Elaine P. Nunez Community College is the responsibility of the college's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the college's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instances of noncompliance that, although not material to the financial statements, are required to be reported under *Government Auditing Standards*.

Fixed Asset Records Not Updated

For the second consecutive audit, Elaine P. Nunez Community College did not update the state property master inventory listing in a timely manner. In addition, the college did not perform reconciliations between either the property control system (physical inventory of movable property) or the library books and the accounting records (general

EXHIBIT B

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

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

Current Funds

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

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

Endowment Fund

The Endowment Fund is a fund 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 two self-balancing subgroups. Unexpended plant funds are used for the acquisition of long-lived assets for institutional purposes. Investment in plant includes all long-lived assets of the college.

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Elaine P. Nunez Community College
State of Louisiana
Chalmette, Louisiana

April 9, 1997



Financial and Compliance Audit Division

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

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

14. AUXILIARY ENTERPRISES

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

	Net Increase (Decrease) in Fund Balances		Net Assets
	1995	1996	June 30, 1996
Bookstore	(\$24,372)	\$47,035	\$89,078
Cafeteria	30,200	12,681	46,805
Total	<u>\$5,828</u>	<u>\$59,716</u>	<u>\$135,883</u>

Operations of the bookstore were privatized during the year ended June 30, 1996, and management of the college has not determined the disposition of the fund balance remaining at June 30, 1996.

15. COMPENSATED ABSENCES

At June 30, 1996, employees of the college have accumulated and vested \$366,236 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.105. As previously discussed, the leave payable is not recorded in the accompanying financial statements. If the financial statements were corrected for this departure from generally accepted accounting principles, current funds' liabilities would be increased by \$366,236. This adjustment would be made to the appropriate fund within the current funds from which the leave is payable. Also, the net decrease in fund balances would be increased by \$49,786 and \$70,460 for the years ended June 30, 1996 and 1995, respectively, and an adjustment to decrease fiscal year ended June 30, 1995, beginning fund balances would be made for \$245,990.

16. FOUNDATION

The accompanying financial statements do not include the accounts of the Elaine P. Nunez Community College Foundation. This foundation is a separate corporation whose financial statements are subject to audit by independent certified public accountants. This organization was audited for the years ended June 30, 1996 and 1995.

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

tangible assets in their financial statements. In January 1988, the GASB issued Statement No. 8, which addresses the implementation of FASB Statement No. 93. Codification of Governmental Accounting and Financial Reporting Standards Section Co5.102 states that "Colleges and universities that follow the AICPA Industry Audit Guide, *Audits of Colleges and Universities*, should not change their accounting and reporting for depreciation of capital assets as a result of FASB Statement No. 93; the GASB has several projects under way that may affect that reporting." As reflected in note 1-D, depreciation is not currently recognized by the college.

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. A summary of investments in plant follows:

	Balance July 1, 1994	Adjustment to Beginning Balance	Additions	Deletions	Balance June 30, 1995
Land	\$250,000				\$250,000
Land improvements	14,877		\$56,685		71,562
Buildings	2,500,832		1,034,428		3,535,260
Equipment	2,045,942		84,174	\$127,175	2,002,941
Library books	53,613	\$860,283	94,014		1,007,910
Construction in progress	980,193		54,235	1,034,428	
Total	\$5,845,457	\$860,283	\$1,323,536	\$1,161,603	\$6,867,673

	Balance July 1, 1995	Additions	Deletions	Balance June 30, 1996
Land	\$250,000	\$1,659,816		\$1,909,816
Land improvements	71,562			71,562
Buildings	3,535,260	1,730,876		5,266,136
Equipment	2,002,941	171,106	\$107,151	2,066,896
Library books	1,007,910	36,558		1,044,468
Construction in progress		160,832		160,832
Total	\$6,867,673	\$3,759,188	\$107,151	\$10,519,710

In accordance with LSA-R.S. 39:321-332, the college has complied with the Louisiana movable property statutes, except that pertinent information was not forwarded to the Louisiana Property Assistance Agency within 45 days of receipt of the movable property items.

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

of providing these retiree benefits totaled \$22,034 and \$9,862 for the years ended June 30, 1996 and 1995, respectively.

9. RISK MANAGEMENT

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

10. LEASES

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

11. ENDOWMENT FUND

The endowment fund consists of an endowed professorship, the Arleane V. Meraux Professorship in Business and Applied Technology, for which private contributions of \$60,000 for the professorship have been matched by state funds of \$40,000. Income from this fund is recorded in a Restricted Fund to be expended for the specified purposes. The endowment base of the professorship is increased each year by the smaller of a Consumer Price Index adjustment or 25 percent of the previous year's earnings.

12. AGENCY FUNDS

A summary of deposits held for others within the agency fund are as follows:

Student Government Association	\$12,461
Student Government Association Publication	6,263
St. Bernard Youth Foundation	<u>2,809</u>
Total	<u>\$21,533</u>

13. PLANT FUNDS

The restricted fund balances of the unexpended plant funds total \$273,597 at June 30, 1996, and results from parking permits and fines, building use, registration service, and enhancement fees. The college has not created sub-funds to track expenditures by revenue source.

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

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

the State of Louisiana through the annual appropriation to the college. The college's employer contributions to TRS for the years ended June 30, 1996, 1995, and 1994, were \$319,281, \$312,720, and \$274,499, respectively, and to LASERS for the years ended June 30, 1996, 1995, and 1994, were \$64,206, \$59,934, and \$40,034, respectively, equal to the required contributions for each year.

7. OPTIONAL RETIREMENT SYSTEM

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

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

For the years ended June 30, 1996 and 1995, contributions by the college were 16.5 and 16.2 percent, respectively, of the covered payroll. The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan totaled \$47,522 and \$53,116 for the years ended June 30, 1996 and 1995, respectively.

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

The college provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the college's employees become eligible for these benefits if they reach normal retirement age while working for the college. 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 college. The college recognizes the cost of providing these benefits to retirees (college's portion of premiums) as an expenditure when paid during the year. The cost

**ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA**

Balance Sheet, All Funds, June 30, 1996

	CURRENT FUNDS			
	UNRESTRICTED			ENDOWMENT FUND
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
ASSETS				
Cash and cash equivalents (note 3)		\$106,896	\$116,908	\$110,344
Accounts receivable (note 4)	\$498,323	2,250	78,707	
Due from other funds (note 5)	162,818	82,581	8,942	
Deferred charges and prepaid expenses	81,331	950		
Institutional plant (note 13)				
TOTAL ASSETS	\$742,472	\$192,677	\$204,557	\$110,344
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$223,554	\$52,303		
Accrued liabilities	307,927	2,863	\$4	
Due to other funds (note 5)	156,193	1,628	76,565	\$8,942
Deposits held for others (note 12)				
Deferred revenues	232,836			
Total Liabilities	920,510	56,794	76,569	8,942
Fund Equity:				
Net investment in plant				
Fund balances (deficit):				
Current operations - restricted			127,988	
Current operations - unrestricted (note 2)	(178,038)	135,883		
Noncurrent operations - restricted				101,402
Total Fund Equity	(178,038)	135,883	127,988	101,402
TOTAL LIABILITIES AND FUND EQUITY	\$742,472	\$192,677	\$204,557	\$110,344

The accompanying notes are an integral part of this statement.

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

5. DUE TO/FROM OTHER FUNDS

The following is a summary of amounts due to/from other funds at June 30, 1996:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current funds:		
General	\$162,818	\$156,193
Auxiliary enterprise	82,581	1,628
Restricted	8,942	76,565
Endowment funds		8,942
Plant Funds - Unexpended	106,809	
Agency funds		<u>117,822</u>
 Total	 <u>\$361,150</u>	 <u>\$361,150</u>

6. PENSION PLANS

Substantially all employees of the college 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 system 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 Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the Systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0608 or (800) 256-3000.

The contribution requirements of plan members and the college are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (LSA-R.S.) 11:102. Employees contribute 8 percent (TRS) and 7.5 percent (LASERS) of covered salaries. The state is required to contribute 16.5 percent of covered salaries to TRS and 12 percent of covered salaries to LASERS. The state was required to contribute 16.2 percent of covered salaries to TRS and 11.9 percent of covered salaries to LASERS for the year ended June 30, 1995. The college's employer contribution is funded by

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

- Requesting \$50,000 from the University of Louisiana System Board of Trustees office that will be classified as self-generated revenues
- Reducing the aggregate cost of personal services through attrition
- Seeking approval of the University of Louisiana System Board of Trustees office to charge certain budgeted fiscal year 97 operating fund expenditures to other designated funds that can legally fund such expenditures

3. CASH

At June 30, 1996, the college has cash totaling \$679,562 as follows:

Petty cash	\$1,870
Demand deposits	498,157
Interest-bearing demand deposits	<u>179,535</u>
 Total	 <u><u>\$679,562</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1996, the college has \$933,308 in deposits (collected bank balances). These deposits are secured from risk by \$331,903 of federal deposit insurance and \$601,405 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

4. ACCOUNTS RECEIVABLE

Accounts receivable are shown on Statement A as follows:

Fund	Tuition and fees	State Appropriations	Federal Grants and Contracts	Other	Total
General	\$363,041	\$100,000		\$35,282	\$498,323
Auxiliary Enterprises	1,576			674	2,250
Restricted			\$78,707		78,707
 Total	 <u><u>\$364,617</u></u>	 <u><u>\$100,000</u></u>	 <u><u>\$78,707</u></u>	 <u><u>\$35,956</u></u>	 <u><u>\$579,280</u></u>

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

June 30, 1995 and 1996, all outstanding encumbrances are canceled and are reissued during the subsequent fiscal year. Encumbrances are not included in the financial statements because the college does not have the ability to finance the liquidation of encumbrances after June 30, 1996, as provided by Louisiana Revised Statute 39:82. There are no encumbrances outstanding at June 30, 1996.

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

J. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine month faculty members do not accrue annual leave, but are granted faculty leave during holiday periods when students are not in classes. Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The liability for unused annual leave and unused sick leave, as discussed in note 1-D, is not recorded in the accompanying financial statements.

K. 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. GENERAL FUND DEFICIT

The Unrestricted General Fund has a deficit of \$178,038 at June 30, 1996. Management of the college will address the deficit caused by errors made in its accounting entries concerning the interfund transactions and instructional expenditures which transcended fiscal years by proposing the following actions:

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

	June 30, 1995		Variance Favorable (Unfavorable)
	Actual	Budget	
Revenues			
Appropriated by legislature:			
State General Fund (direct)	\$3,286,754	\$3,286,754	
State General Fund by self-generated revenues	1,291,479	1,592,355	(\$300,876)
State General Fund by interagency transfers	120,000	120,000	
Federal funds	4,020	4,200	(180)
Total revenues	<u>4,702,253</u>	<u>5,003,309</u>	<u>(301,056)</u>
Expenditures			
Program expenditures	<u>4,742,505</u>	<u>5,003,309</u>	<u>260,804</u>
Overexpended appropriation - current year	<u>(\$40,252)</u>	<u>NONE</u>	<u>(\$40,252)</u>

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

F. CASH AND CASH EQUIVALENTS

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits. Under state law, Elaine P. Nunez Community College 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 college may invest in certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

G. DEFERRED REVENUES

Tuition and fees collected at June 30, 1996, but applicable to the 1996 summer session, are reported as deferred revenues. Expenses relating to this session are reported in the period the tuition and fees are recognized as revenues.

H. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve fund balances, is employed by the college during the year. However, for the years ended

**ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

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

	Fiscal Years	
	1996	1995
Original approved budget	\$5,702,940	\$4,697,881
Amendments:		
State General Fund increase	100,000	100,000
Decrease to remove unrecognized operating budget enhancements	(500,000)	
Increase in interagency transfers for expanded nursing student enrollment		120,000
Increase to purchase equipment and software for ISIS Budget Development System		1,480
Statutory deductions - salary supplement		83,948
	<u>\$5,302,940</u>	<u>\$5,003,309</u>
Total budgeted amounts	<u>\$5,302,940</u>	<u>\$5,003,309</u>

The General Fund appropriation budgetary comparison for the fiscal years ending June 30, 1996 and 1995, follows:

	June 30, 1996		
	Actual	Budget	Variance Favorable (Unfavorable)
Revenues			
Appropriated by legislature:			
State General Fund (direct)	\$3,344,417	\$3,344,417	
State General Fund by self-generated revenues	1,546,394	1,838,323	(\$291,929)
State General Fund by interagency transfers	125,657	120,000	5,657
Federal funds	909	200	709
Total revenues	<u>5,017,377</u>	<u>5,302,940</u>	<u>(285,563)</u>
Expenditures			
Program expenditures	<u>5,155,163</u>	<u>5,302,940</u>	<u>147,777</u>
Overexpended appropriation - current year	<u>(\$137,786)</u>	<u>NONE</u>	<u>(\$137,786)</u>

ELAINE P. NUNEZ COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

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 college acts as custodian or fiscal agent on behalf of others, such as student or faculty organizations and workshops. Activity relating to federal loans handled by the college are also reflected in the agency funds.

D. BASIS OF ACCOUNTING

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

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 college 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.

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