

LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 20, 2021

**LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

Louisiana Tech University



December 2021

Audit Control # 80210072

Introduction

As a part of our audit of the University of Louisiana System (System) and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2021, we performed procedures at Louisiana Tech University (La Tech) to provide assurances on financial information that is significant to the System’s financial statements; evaluate the effectiveness of La Tech’s internal controls over financial reporting and compliance; and determine whether La Tech complied with applicable laws and regulations.

Results of Our Procedures

Financial Statements - University of Louisiana System

As a part of our audit of the System’s financial statements for the year ended June 30, 2021, we considered La Tech’s internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

Statement of Net Position

Assets - Cash and Cash Equivalents, Investments, Due from State Treasury, and Capital Assets

Liabilities - Bonds Payable

Net Position - Net Investment in Capital Assets, Restricted-Nonexpendable, Restricted-Expendable, and Unrestricted

Statement of Revenues, Expenses, and Changes in Net Position

Revenues - Student Tuition and Fees net of Scholarship Allowances and State Appropriations

Expenses - Educational and General, and Auxiliary Enterprises

The account balances and classes of transactions tested, as adjusted, are materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2021, we performed procedures as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on information submitted by La Tech to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards (SEFA).

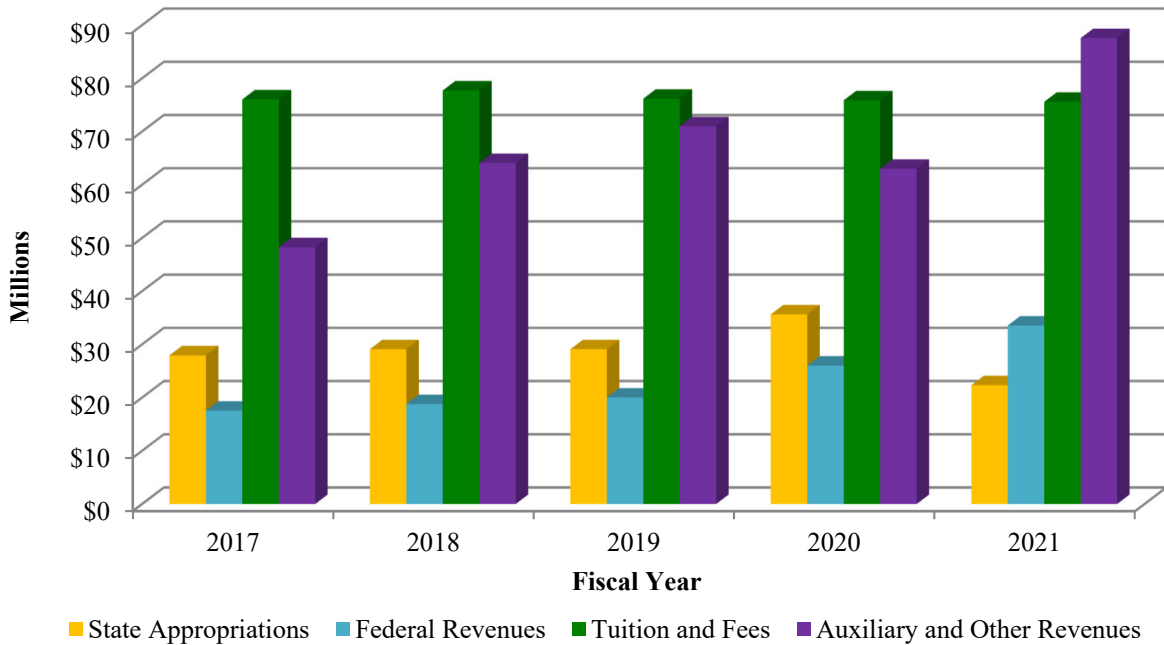
La Tech's information submitted for the preparation of the state's SEFA is materially correct.

Trend Analysis

We compared the most current and prior-year financial activity using La Tech's Annual Fiscal Reports and/or system-generated reports and obtained explanations from La Tech's management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the past five fiscal years, as shown in Exhibits 1 and 2.

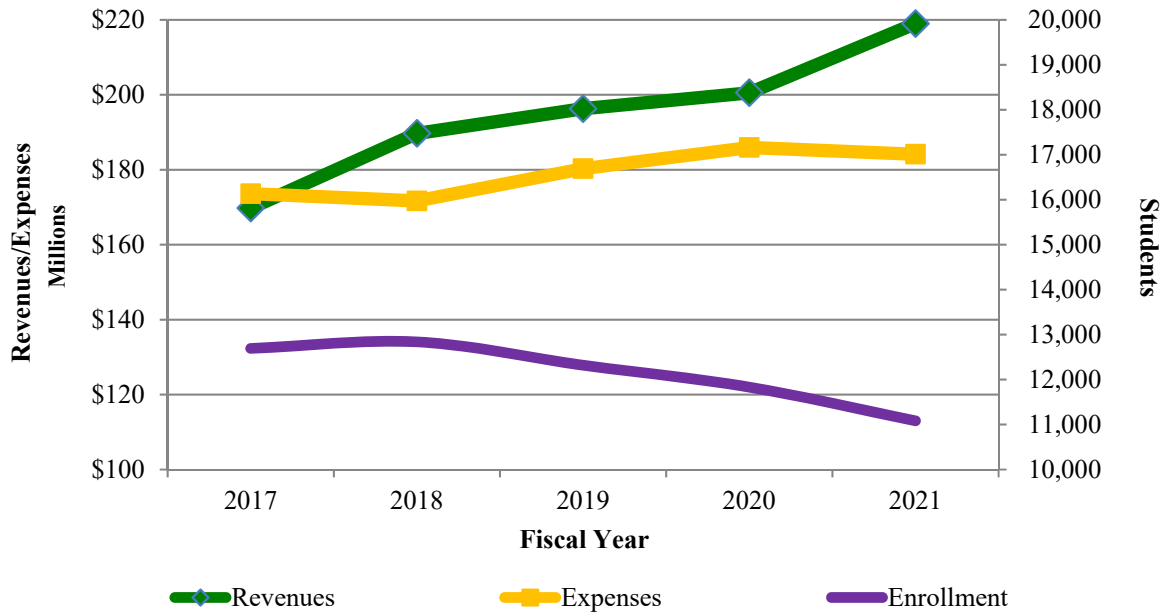
In analyzing financial trends of La Tech over the past five fiscal years, total revenues have exceeded expenses since fiscal year (FY) 2017. In FY 2018, La Tech received approximately \$18 million in capital grants and gifts from the Louisiana Tech Foundation for a new press box at Joe Aillet Stadium. In FY 2019, La Tech received approximately \$22 million in capital appropriation funds for the construction of a new Integrated Engineering and Science Building. In FY 2020, La Tech received Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds of approximately \$6.1 million from the federal government and a one-time amount of \$6.4 million from the state government. In FY 2021, La Tech received CARES Act funds of approximately \$14.6 million from the federal government and approximately \$34 million of capital appropriation funds to build a new Baseball Stadium and Women's Athletic Complex to replace facilities damaged by a tornado during FY 2019. Expenses increased in FY 2019 and FY 2020, mainly due to an approximately \$2.1 million impairment loss related to tornado damages to several sports facilities on campus in FY 2019 and additional costs to demolish these buildings in FY 2020. Expenses decreased in FY 2021 due in part to a \$1.4 million decrease in loan cancellations accepted by United States Department of Education under the Perkins Loan Federal Program, which was liquidated. While tuition and fees have remained fairly stable, Fall enrollment has declined since FY 2018 due in part to a decrease in dual enrollment students resulting from Board of Regents requirements and the impact of COVID-19.

**Exhibit 1
Five-Year Revenue Trend**



Source: Fiscal Years 2017-2020 System Audit Reports, La Tech FY 2021 Annual Fiscal Report

**Exhibit 2
Fiscal/Enrollment Trends**



Source: Fiscal Years 2017-2020 System Audit Reports, La Tech FY 2021 Annual Fiscal Report and Board of Regents Publication Data

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at Louisiana Tech University (La Tech) for the period from July 1, 2020, through June 30, 2021, to provide assurances on financial information significant to the University of Louisiana System (System), and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures, summarized below, are a part of the audit of the System's financial statements and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2021.

- We evaluated La Tech's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to La Tech.
- Based on the documentation of La Tech's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the System's financial statements.
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2021, as a part of the 2021 Single Audit.
- We compared the most current and prior-year financial activity using La Tech's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from La Tech's management for significant variances.

The purpose of this report is solely to describe the scope of our work at La Tech, and not to provide an opinion on the effectiveness of La Tech's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review La Tech's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. La Tech's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.