

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Southeastern Louisiana University  
University of Louisiana System  
State of Louisiana  
Hammond, Louisiana

January 8, 2002



*Financial and Compliance Audit Division*

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

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**LEGISLATIVE AUDITOR**

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

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**SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**  
Monroe, Louisiana

**General Purpose Financial Statements  
and Independent Auditor's Reports  
As of June 30, 2001, and for the Years  
Ended June 30, 2001 and 2000  
With Supplemental Information Schedules**

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

January 9, 2002

**SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**

General Purpose Financial Statements  
and Independent Auditor's Reports  
As of June 30, 2001, and for the Years  
Ended June 30, 2001 and 2000  
With Supplemental Information Schedule

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OFFICE OF  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA  
BATCHER BUILDING, LOUISIANA 70804-1097

DANIEL G. KYLL, FID., CPA, CFE  
LEGISLATIVE AUDITOR

ADDRESS: 11180-B LAFAYETTE  
POST OFFICE: 70001-9404  
TELEPHONE: (504) 385-3600  
FACSIMILE: (504) 385-3600

December 10, 2001

Independent Auditor's Report  
on the Financial Statements

**SOUTHEASTERN LOUISIANA UNIVERSITY**  
**UNIVERSITY OF LOUISIANA SYSTEM**  
**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, 2001, and for the years ended June 30, 2001 and 2000, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of Southeastern Louisiana University's management. Our responsibility is to express an opinion on these general purpose 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. University Facilities, Inc., represents the following amounts and percentages of total assets, revenues, and expenditures:

Funds	Statement A		Statement B		Statement C	
	Assets	Revenues	Expenditures	Revenues	Expenditures	
<b>Auxiliary:</b>						
Annual	\$294,348	\$1,433,000	\$121,881	\$383,287	\$97,886	
Percentage	0%	14%	7%	2%	7%	
<b>Unexpended Plant:</b>						
Annual	3,188,848	182,228		8,728		
Percentage	33%	28%		2%		
<b>Equipment and Replacements:</b>						
Annual		2,004		4,078		
Percentage		0%		1%		
<b>Expenses of Indirectness:</b>						
Annual	48,950	653,304	740,228	482,551	480,718	
Percentage	6%	9%	38%	15%	24%	
<b>Investment in Plant:</b>						
Annual	14,826,988	777,321		648,683	26,881	
Percentage	8%	10%		2%	7%	

The financial statements of University Facilities, Inc., a separate private nonprofit organization, were not audited by us, but were audited by other auditors whose report has been furnished to us. Our opinion, insofar as it relates to these amounts, is based solely upon the report of the other auditors.

## LEGISLATIVE AUDITOR

**SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA  
Audit Report, June 30, 2001**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 report of other auditors, the accompanying general purpose financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Louisiana University at June 30, 2001; the changes in fund balances; and the current funds' revenues, expenditures, and other changes for the two years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in notes 18 and 24 to the general purpose financial statements, the university changed its threshold for capitalizing fixed assets in the investment in plant fund.

As discussed in note 25 to the general purpose financial statements, Southeastern Louisiana University will implement the provisions of Government Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement Number 35, for the year ending June 30, 2002. The effects of GASB Statement Number 34 are expected to significantly impact the presentation of the financial statements of Southeastern Louisiana University in the year of implementation. The revised minimum reporting requirements include Management's Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of Southeastern Louisiana University's financial activities. In addition, the revised requirements include the presentation of Southeastern Louisiana University's financial statements as a business-type activity using the economic resources measurement focus and the accrual basis of accounting.

In accordance with Government Auditing Standards, we have also issued a report dated December 13, 2001, on our consideration of Southeastern Louisiana University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

LEGISLATIVE AUDITOR

SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA  
Audit Report, June 30, 2001

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

MMES:RCL:ml

6/29/01

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

**Balance Sheet, June 30, 2009**

	CURRENT FUNDING			STUDENT LOAN FUNDS	CUMULATIVE FUNDING
	GENERAL	ENTREPRENEUR	RESTRICTED		
<b>ASSETS</b>					
Cash and cash equivalents (note 1)	\$1,370,197	\$498,775	\$2,287,137	\$44,028	\$4,200,137
Investments (note 2)					4,000,000
Accounts receivable (note 3)	1,490,769	108,881	3,071,808		
Non-accrualable (note 3)				1,744,887	
Due from state (note 4) (note 5)					
Due from private foundations			171,388		
Due from other funds (note 6)		1,679,636	44,868		
Deferred charges and prepaid expenses	401,707	55,191	5,487		
Prepays	164,481	13,804	2,147		
Endowment plant (note 8)					
Other assets		1,885,724		2,434	
<b>TOTAL ASSETS</b>	<b>\$4,423,961</b>	<b>\$4,217,119</b>	<b>\$6,461,580</b>	<b>\$2,196,357</b>	<b>\$10,600,574</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts payable	\$461,497	\$241,179	\$709,449		
Accounts receivable	163,282	13,443	169,775		
Due to state (note 4)	24,091				
Due to other funds (note 6)	44,208				
Expenses billable others	226,894	148,117			
Deferred revenues	2,381,124	663,266	177,044		
Notes payable (note 10)					
Contingent liabilities (note 11)	1,444,888	661,713	163,124		
Notes payable (note 12)					
Other liabilities		2,417	261		
Total liabilities	7,002,173	1,027,107	1,049,796	50,000	4,000,000
<b>Fund Equity</b>					
Net investment capital					
Fund balance - invested (note 14)					
Investments					
Expenses		11,710	76,576		
Inventory	104,491	5,558			
Gift assets					
Current operations					
Prepays					
Unrestricted	(1,494,500)	1,004,789	1,241,916	(1,048,107)	
Restricted operations					
Deposited					\$400,000
Endowment					4,000,000
Total fund equity	2,996,488	2,605,601	3,441,620	1,096,357	6,600,574
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$4,423,961</b>	<b>\$4,217,119</b>	<b>\$6,461,580</b>	<b>\$2,196,357</b>	<b>\$10,600,574</b>

The accompanying notes are an integral part of this statement.

**Statement A**

PLANT EXPENDITURES					
EXPENDITURES	REPLACEMENTS AND IMPROVEMENTS	DEPRECIATION OF PLANT	REPLACEMENTS	ACCUMULATED DEPRECIATION	TOTAL PLANT
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
5,000,000	4,500,000	81,700,000		81,700,000	81,400,000
		26,000		60,700	4,550,000
		407,000			4,750,000
		87,000		87	4,837,000
					480,000
			9,770,000		580,000
3,700,000		88,000			175,000,000
<u>8,700,000</u>	<u>4,500,000</u>	<u>81,788,000</u>	<u>9,770,000</u>	<u>81,700,000</u>	<u>300,000,000</u>
500,000	500,000	170,000		170,000	81,000,000
70,000					1,000,000
40,000	40,000	1,000,000			20,000
				2,000,000	1,000,000
1,700,000			500,000		2,000,000
			24,000,000		24,000,000
<u>3,000,000</u>	<u>540,000</u>	<u>1,170,000</u>	<u>25,500,000</u>	<u>2,000,000</u>	<u>48,000,000</u>
			10,000,000		10,000,000
80,000	100,000				100,000
		60,000			100,000
					2,000,000
					(1,000,000)
1,000,000	400,000	2,000,000			3,000,000
<u>3,000,000</u>	<u>640,000</u>	<u>2,160,000</u>	<u>25,500,000</u>	<u>2,000,000</u>	<u>50,000,000</u>
<u>81,000,000</u>	<u>5,140,000</u>	<u>83,948,000</u>	<u>25,500,000</u>	<u>83,700,000</u>	<u>300,000,000</u>

**SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**

**Statement of Changes in Fund Balances  
For the Year Ended June 30, 2001**

	CURRENT FUNDS			STATE OF LOUISIANA FUNDS
	GENERAL	UNRESTRICTED	RESTRICTED	
<b>Revenues and other additions:</b>				
Unrestricted current fund revenues	100,000,270		8,888,335	
Tuition and fees - restricted			2,488,700	64,887
Governmental grants and contracts:				
Federal			18,853,428	88,110
State			1,408,888	
Local			607,887	
Private gifts, grants, and contracts - restricted			387,580	
Investment income - restricted			273,888	40,100
Auxiliary enterprise revenues		81,088,481		
Interest on loans receivable				45,728
State bonded indebtedness				
Additions to plant facilities				
Other sources		58,241	130,433	78,385
<b>Total revenues and other additions</b>	<b>100,000,270</b>	<b>11,088,702</b>	<b>20,024,531</b>	<b>181,100</b>
<b>Expenditures and other deductions:</b>				
Educational and general	88,862,888		24,111,000	
Auxiliary enterprises		10,118,810	48,884	
Federal loan capital contribution interest				3,478
Loan provisions and write-offs				88,110
Expended for plant facilities				
Interest costs expensed			411,884	
Business and credit charges				
Interest on indebtedness				
Deposit of participations				
Commodated accounts	84,888			
Other				
<b>Total expenditures and other deductions</b>	<b>88,862,888</b>	<b>10,118,810</b>	<b>24,884,788</b>	<b>91,588</b>
Transfers among funds - additions (deductions):				
Majority				
Principal and interest		1,888,778		
Loan fund matching	(15,488)			15,488
Nonmajority - other	(1,488,847)	1,108,888	188,888	
<b>Total transfers among funds</b>	<b>(1,488,847)</b>	<b>1,888,778</b>	<b>188,888</b>	<b>15,488</b>

(Continued)

The accompanying notes are an integral part of this statement.

## Statement 5

EMPLOYMENT FUND	PLANT FUNDS				TOTAL BENEFIT PROGRAM (%)
	REPAIRS AND REPLACEMENTS		RETIREMENT OF INDENTURES		
	1967-1968	1968-1969	1967-1968	1968-1969	
					558,548,580
					4,700,888
					18,142,549
					1,428,808
					420,867
100,000					777,555
247,778	175,768	668,448	343,186		1,285,180
					11,885,481
100,000					25,778
					620,888
				540,788,487	48,788,487
80,000	1,857		555,555	8,838,888	18,237,853
771,741	583,888	68,148	2,217,775	48,877,888	558,888,888
					88,788,488
				18,158	18,188,741
					3,478
	405,888	668,888			10,717
					788,488
					471,881
				700,000	8,888,888
				1,287,888	1,887,188
				14,888,844	14,888,844
					84,488
				178,887	18,888,488
100%	100,000	100,000	2,708,888	21,887,188	11,877,248
					1,278,888
100,000	200,888	88,188	808,877		
88,000	488,188	88,188	1,088,887	100%	100%

**SOUTHEASTERN LOUISIANA UNIVERSITY  
 UNIVERSITY OF LOUISIANA SYSTEM  
 STATE OF LOUISIANA  
 Statement of Changes in Fund Balances, 2001**

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	UNIVERSITY ENTERTAINMENT	RESTRICTED	
Inventory increase	\$7,628	\$1,843	None	None
Net increase (decrease) for the year	\$9,629	\$20,600	\$58,100	\$491,940
Fund balances (deficit) at July 1, 2000	\$289,480	1,156,152	2,000,521	2,471,281
Fund balances (deficit) at June 30, 2001	\$309,109	\$1,176,752	\$2,058,621	\$2,963,221

(Continued)

The accompanying notes are an integral part of this statement.

EMPLOYMENT PLANS	PLANE FLARE				TOTAL MEMORANDUM ONLY
	EXPENDED	REVENUE AND REPLACEMENTS	RETIREMENT OF MEMBERS	INVESTMENT REVENUE	
1996	1996	1996	1996	1996	1996
\$73,011	\$41,285	\$24,466	\$1,076,832	\$5,100,054	\$2,155,651
4,370,388	2,050,000	855,117	3,476,832	1,960,000	13,590,014
<u>\$4,443,399</u>	<u>\$2,491,285</u>	<u>\$979,683</u>	<u>\$4,553,664</u>	<u>\$7,060,054</u>	<u>\$15,745,665</u>

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

**Statement of Revenues, Expenditures,  
and Other Changes  
For the Year Ended June 30, 2001**

	REVENUES	AUXILIARY EXPENDITURES	CHANGES
<b>Revenues:</b>			
Tuition and fees	\$26,366,150	\$1,699,877	\$24,666,273
State appropriations	27,029,450		499,375
Governmental grants and contracts:			
Federal	12,000		16,222,829
State	6,000		1,493,075
Local	2,000		498,091
Private gifts, grants, and contracts	10,000		600,000
State and service of educational departments	248,000		
Investment income	179,700	91,000	88,700
Auxiliary enterprise income		6,040,079	
Administrative expense recovery	978,400		
Other sources	1,340,000		370,504
<b>Total revenues</b>	<u>58,991,700</u>	<u>7,841,956</u>	<u>44,149,744</u>
<b>Expenditures and transfers:</b>			
Educational and general:			
Instruction	\$4,760,004		4,388,040
Research	668,000		754,074
Public service	385,433		1,222,354
Auxiliary support	1,441,000		1,888,000
Student services	3,000,000		3,000,000
Institutional support	5,388,000		275,000
Operations and maintenance of plant	6,092,110		80,000
Scholarships and fellowships	1,700,000		13,000,000
Commodated services	84,400		
Other	44,000		6,000
<b>Total educational and general expenditures</b>	<u>28,132,950</u>	<u>0.000</u>	<u>24,977,900</u>
Mandatory transfers to:			
Principal and interest		1,000,000	
Loan fund matching	15,000		
Mandatory transfers to:			
Capital improvements		80,000	
Other	1,000,000	11,817,200	108,000
Auxiliary enterprise expenditures		16,170,000	46,000
<b>Total expenditures and transfers</b>	<u>30,147,950</u>	<u>18,177,200</u>	<u>24,084,200</u>
<b>Other additions (Deductions):</b>			
Excess of fundings to revenue			198,000
Inventory methods	17,000	2,000	
Other		33,000	47,000
<b>Net increase (Decrease) fund balances</b>	<u>600,000</u>	<u>\$23,000</u>	<u>\$577,000</u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**

**Statement of Changes in Fund Balances  
For the Year Ended June 30, 2009**

	Change in Fund's ACCOUNTY			FUNDARY FUNDS
	GENERAL	STATE/INDEPENDENT	NONSTATE/INDEP.	
<b>Revenues and other additions:</b>				
Divested investment revenues	188,755,000			
Tuition and fees - restricted			11,411,000	94,377
Governmental grants and contracts:				
Federal			11,000,000	81,887
State			1,500,000	
Local			420,750	
Private gifts, grants, and contracts - restricted			240,740	15,404
Investment income - restricted			18,244	44,907
Stipend on loans receivable				
State funded endowments				
Additions to plant facilities				
Repayment of indebtedness				
Auxiliary enterprise revenues		20,000,000		
Other sources		80,700	100,000	10,000
Total revenues and other additions	188,755,000	20,080,700	12,380,740	165,578
<b>Expenditures and other deductions:</b>				
Educational and general	14,262,000		20,185,500	
Auxiliary enterprises		8,091,470	20,700	
Auxiliary enterprises equipment purchases		710,547		
Federal loan capital contribution returned				2,407
Loan cancellations and write-offs				68,155
Expended for plant facilities				
Interest on indebtedness			400,000	
Repayment of indebtedness				
Interest on indebtedness				
Disposal of plant facilities				
Interagency transfers to Office of Facility Planning and Control			10,000	
Compensated absences	204,000	1,000	70,000	
Other			15,540	
Total expenditures and other deductions	14,466,000	9,092,470	20,595,500	73,972
<b>Transfers among funds - additions (deductions):</b>				
Majority				
Principal and interest		(280,000)		
Loan fund building	(5,000)			5,000
Nonmajority - other	(1,204,000)	1,200,000	290,700	
Total transfers among funds	(1,209,000)	(80,000)	290,700	5,000

(Continued)

The accompanying notes are an integral part of this statement.



**SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA  
Statement of Changes in Fund Balances, 2000**

	CURRENT FUNDS			STUDENT SERVICES FUNDS
	GENERAL	ADJUDICAT ED SERVICES	RESTRICTED	
Inventory decrease	<u>(170,818)</u>	<u>(1,173)</u>	<u>5028</u>	<u>5028</u>
Depreciation recorded for the year	<u>(107,888)</u>	<u>688,180</u>	<u>1,048,130</u>	<u>1,048,180</u>
Fund balance (BAC) at July 1, 1999 (restated)	<u>2,579,889</u>	<u>548,622</u>	<u>1,711,214</u>	<u>1,388,738</u>
Fund balance (BAC) at June 30, 2000	<u><u>(2,893,885)</u></u>	<u><u>(1,186,773)</u></u>	<u><u>(1,899,617)</u></u>	<u><u>(1,417,082)</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

EQUIPMENT CLASS	PLANT # (000)				TOTAL (DEPRECIATION CRS. Y)	
	GENERAL		SPECIALTY			
	USE (000000)	EXP (ACQ) MONTHS	EXP OF ACQUISITION	DATE (MONTH) IN PLANT		
NO. 0	NO. 0	NO. 0	NO. 0	NO. 0	(000000)	
0700-000	0000,000	000,000	000,000	000,000	0700,000	0000,000
0,000,000	1,000,000	000,000	0,000,000	000,000,000	000,000,000	000,000,000
04,000,000	04,000,000	000,000	04,000,000	000,000,000	000,000,000	000,000,000

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

**Statement of Revenues, Expenditures,  
and Other Changes  
For the Year Ended June 30, 2000**

	GENERAL	ALLEGEDLY ENTRUSTED	RESTRICTED
<b>Revenues</b>			
Tuition and fees	\$25,395,819	\$443,648	\$1,452,400
State appropriations	28,203,384		
Governmental grants and contracts:			
Federal	12,500		17,879,000
State			1,888,700
Local	3,858		428,528
Private gifts, grants, and contracts	2,500		718,787
State and service (non-educational) departments	228,850		
Investment income	277,879	11,200	594,648
Endowment income			
Auxiliary enterprise revenues		5,144,000	
Administrative expense recovery	483,878		
Other sources	877,897		238,855
Total revenues	\$35,785,600	\$5,204,848	\$24,897,918
<b>Expenditures and benefits</b>			
Educational and general:			
Instruction	24,202,761		4,288,608
Research	778,800		881,500
Public service	948,074		789,478
Academic support	8,143,488		2,221,888
Student services	2,883,837		1,888,000
Institutional support	2,888,748		222,488
Operations and maintenance of plant	2,767,981		48,788
Scholarship and fellowship	1,883,848		12,928,884
Compositional allowances	281,688	8,827	28,800
Other	48,813		4,827
Total educational and general expenditures	\$38,287,874	\$8,827	\$24,248,884
Secondary transfers for:			
Principal and interest		280,888	
Loan/rent holding	8,488		
Necessary transfers - other	1,884,888	(1,244,000)	281,788
Auxiliary enterprise expenditures		8,828,884	28,788
Total expenditures and benefits	\$40,181,274	\$8,827	\$24,897,918
<b>Other additions (deductions):</b>			
Excess of transfers to revenues over restricted receipts			(171,884)
Secondary decreases	(11,488)	(1,244)	
Other		7,200	
Net increase (decrease) in total net worth	\$3,111,000	\$482,150	\$1,855,818

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of June 30, 2005, and for the Years  
Ended June 30, 2001 and 2000

**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 corporate 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, or courses, 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 lump-sum 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, master's 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 6,036, 14,505, and 13,737 during the summer, fall, and spring semesters, respectively, of the 2000-01 fiscal year. Student enrollment was 5,137, 15,487, and 14,723 during the summer, fall, and spring semesters, respectively, as of the 1999-2000 fiscal year. The university had approximately 430 faculty and 688 support staff for the 1999-2000 fiscal year and 521 faculty and 712 support staff for the 2000-01 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 state issues bonds to finance certain construction; and (5) the university primarily serves

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**Notes to the Financial Statements (Continued)**

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 behalf of Southeastern Louisiana University. Although UFI is legally separate, it is reported as a part of Southeastern Louisiana University because the majority of 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 include gifts, grants, or contracts from governmental or private agencies.

#### **Student Loan Funds**

The student loan funds group accounts for resources available for loans to students.

#### **Endowment Funds**

Endowment funds are funds with respect to which donors or other outside agencies have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income that may either be expended or added to principal.

#### **Plant Funds**

The plant funds group contains four self-balancing subgroups. Unexpended plant funds are used for the acquisition of long-lived assets for institutional purposes. Funds for renewals and replacements are set aside from current operating revenues for the renewal and replacement of auxiliary enterprise properties, as distinguished from additions and improvements to plant. Funds for retirement of indebtedness are to service plant indebtedness of the university. Investment in plant includes all long-lived assets of the university. Certain plant assets are provided directly by the state and are funded by general obligation bonds of the state. While the plant assets are included in the financial statements, the general obligation bonds are not since they are funded by the state treasury.

#### **Agency Funds**

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

### **D. BASIS OF ACCOUNTING**

The financial statements of the university have been prepared on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) summer school tuition and fees and faculty salaries and related benefits for June are not provided but are deferred to the succeeding year; and (3) inventories of the General Fund and the Auxiliary Enterprise 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.

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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 noncontractual nature for all other cases.

**E. BUDGET PRACTICES**

The appropriation made for the General Fund of the university is an annual lump-sum 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 provided 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 2000-2001 and 1999-2000 include the original approved budget and subsequent amendments approved as follows:

<b>2000-2001</b>	
Original approved budget	\$60,294,879
Amendments:	
Board of Regents allocation	879,818
Performance-funding allocation	43,718
Tuition increase	<u>3,150,892</u>
Total	<u>\$67,140,895</u>
<b>1999-2000</b>	
Original approved budget	\$67,637,418
Amendments - performance funding allocation	<u>7,852</u>
Total	<u>\$67,645,270</u>

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.) 48:327(C)(3), the university is authorized to invest funds in direct United States Treasury obligations and, in addition, funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture. The majority of these investments are United States Treasury securities, repurchase agreements, stocks, bonds, and investments held by private foundations and are reported at fair value on the balance sheet.

**G. INVENTORIES**

Inventories are valued at the lower of cost or market. The university uses a perpetual inventory system and values its inventory using the first-in, first-out (FIFO) valuation method. Inventories in the General Fund and the Auxiliary Enterprises Housing Fund are recorded as expenditures at the time of purchase. Year-end balances are offset by a fund balance reserve that indicates this portion of the fund balance does not constitute available spendable resources. The other inventories of the auxiliary enterprise funds are reported when sold or used.

**H. DEFERRED REVENUES**

Tuition and fees collected at June 30, 2004, but applicable to the 2004 summer session, are reported as deferred revenues. Expenses relating to this session are reported in the period the tuition and fees are recognized as revenues.

**I. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve fund balances, is employed by the university. Encumbrances outstanding at year-end in all funds, except for the General Fund, are reported as reservations of fund balance since they do not constitute expenditures or liabilities in the year encumbered. Encumbrances of the General Fund are not included in the financial statements because the university does not have the ability to finance the liquidation of encumbrances after June 30, 2004, as provided by R.S. 38:52.

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Notes to the Financial Statements (Continued)

**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 ABSENCE**

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, 2001, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standard, Section 680.105, is estimated to be \$1,543,587 and \$2,379,036, 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 \$1,156,817.

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2001, the university has cash and cash equivalents (book balances) totaling \$14,492,121 as follows:

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Notes to the Financial Statements (Continued)

Cash on hand	\$44,823
Interest-bearing demand deposits	(1,319,873)
Money market accounts	2,707,170
Time deposits	<u>12,886,000</u>
<b>Total</b>	<b><u>\$14,402,120</u></b>

These deposits are stated at cost, which approximates market. Under state law, all deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities (plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2001, the university has \$14,224,779 in deposits (collected balances). These deposits are secured from risk by \$329,879 of federal deposit insurance (GAAP Category 1) and \$13,894,900 of pledged securities held in the name of the university by custodial banks acting as agents of the university (GAAP Category 2).

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, 2001, the university has \$2,707,170 in securities that are registered in the name of the bank through which the securities were purchased (GAAP Category 3).

**4. INVESTMENTS**

At June 30, 2001, the university has investments with a total market value of \$4,555,089 as follows:

Type of Investment	Market Value
United States government securities	\$1,724,820
Repurchase agreements	100,253
Stock	944,164
Bonds	525,849
Investment held in external pool managed by private foundation	1,239,383
Other	<u>28,822</u>
<b>Total Investments</b>	<b><u>\$4,555,089</u></b>

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 Notes to the Financial Statements (Continued)

The credit risk of GASB Codification Section 150.104 was applied to the university's investments. Repurchase agreements of \$100,253, United States government securities of \$1,724,820, stocks of \$944,164, bonds of \$520,048 and other investments totaling \$20,012 are investments either held by the university or by its agent in the university's name (GASB Category 1). Investments held by private foundations in external investment pools totaling \$1,233,253 were 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</u>	<u>Allowance</u>	<u>Net</u>
	<u>Receivable</u>	<u>for Doubtful</u>	<u>Statement A</u>
		<u>Accounts</u>	
General	\$2,981,076	\$50,839	\$2,930,237
Auxiliary	290,010	98,134	191,876
Restricted	2,000,000	4,400	1,995,600
Retirement of Indebtedness	20,001		20,001
Agency	40,700		40,700
Total	<u>\$5,371,787</u>	<u>\$153,373</u>	<u>\$5,218,414</u>

**6. NOTES RECEIVABLE**

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

	<u>Notes</u>	<u>Allowance</u>	<u>Net</u>
	<u>Receivable</u>	<u>for Doubtful</u>	<u>Statement A</u>
		<u>Accounts</u>	
Parking Loans	\$2,467,040	\$260,000	\$2,207,040
Nursing Student Loans	24,311	15,019	9,292
Dr. Luther L. Ricks Memorial Loans	603	603	
Timothy Memorial Loans	603	603	
Total	<u>\$2,496,557</u>	<u>\$286,225</u>	<u>\$2,210,332</u>

**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

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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 15, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislators. 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 94125, Baton Rouge, Louisiana 70804-9125, or by calling (225) 625-6446, and/or the Louisiana State Employees Retirement System, Post Office Box 94213, Baton Rouge, Louisiana 70804, or by calling (225) 622-0900.

**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 14.5% of covered salaries to TRS and 10% of covered salaries to LASERS for fiscal year 2001 and 15.2% of covered salaries to TRS and 12.3% of covered salaries to LASERS for fiscal year 2000. 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, 2001, 2000, and 1999 were \$2,328,532, \$2,509,912, and \$2,538,377, respectively, and to LASERS for the years ended June 30, 2001, 2000, and 1999 were \$1,437,069, \$1,437,523, and \$1,526,566 respectively, equal to the required contributions for each year.

**8. OPTIONAL RETIREMENT SYSTEM**

R.S. 11:521 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 participation in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

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Total contributions by the university are 14.2% of the covered payroll (15.2% for 2000). 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's contributions to the optional retirement plan totaled \$2,150,739 and \$2,170,202 for the years ended June 30, 2001 and June 30, 2000, 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 \$1,144,383 and \$941,318 for the years ended June 30, 2001 and June 30, 2000, respectively. The total number of retirees as of June 30, 2000 and June 30, 2001, was 343 and 332, respectively.

**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 appropriations. The university is involved in 12 lawsuits at June 30, 2001, insured by the Office of Risk Management. Any liability resulting from these lawsuits would be paid by the Office of Risk Management.

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**11. LEASE OBLIGATIONS**

Operating Leases

Total operating lease expenditures for fiscal year 2000-01 amounted to \$244,115. The annual rental payments for the next five years are presented as follows:

Balance of Lease	2001-2002	2002-2003	2003-2004	2004-2005	Thereafter
Office space	\$40,454	\$40,454	\$40,454	\$40,454	\$40,454
Office space - Baton Rouge	1,000				
Tuition	11,104	4,368			
Classroom space	10,170				
Tuition post payment					
Total	<u>\$62,728</u>	<u>\$44,822</u>	<u>\$40,454</u>	<u>\$40,454</u>	<u>\$40,454</u>

**12. LONG-TERM DEBT**

Notes Payable - Southeastern Louisiana University

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 12, 1999, of \$462,813 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, 2001:

Balance at July 1, 1999	\$800,378
Installment payments in 2000	(252,948)
Installment payments in 2001	<u>(280,584)</u>
Installment note payable at June 30, 2001	<u>\$266,846</u>

The following is a summary of future minimum installment payments as of June 30, 2001:

Total minimum installment payments - 2002	\$260,008
Less - amount representing interest	<u>9,033</u>
Total	<u>\$250,975</u>

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**Notes Payable - University Facilities, Inc.**

University Facilities, Inc. (UFI) and Hibernia National Bank entered into a Construction Loan Agreement on October 18, 1999. The principal amount was a maximum of \$2,280,000 with interest at 1.554% over London Inter-Bank offered rate, due in seven consecutive annual principal and interest payments of \$417,891 each, beginning November 20, 2000, and on the same day of each year thereafter, and one final payment on November 20, 2007. The note is secured by a security interest in all the intangible rights of Atarank Educational Services, Inc. and University Facilities, Inc., as their interests appear, in lease agreements between the university and Atarank for the operation of university food services facilities, and between UFI and Atarank for the construction of residential improvements. As of June 30, 2001, \$2,966,580 had been drawn against the line of credit, leaving a balance to be drawn of \$130,410. UFI's notes payable at June 30, 2001, of \$1,793,986 is reflected on Statement A.

**Bonds Payable**

During the year ended June 30, 2001, the university entered into two new bond issues. University Facilities, Inc., issued two Louisiana Public Facilities Authority Revenue Bonds, Series 2690, dated July 12, 2000, and July 27, 2000. Bonds in the amount of \$8,850,000, dated July 27, 2000, were used to advance refund the Hammond-Tangipahoa Home Mortgage Authority Revenue Bonds, Series 1896, as described in note 13. The bonds were advance refunded to remove an encumbrance on the balance of the fund UFI was leasing from the university and to provide for the issuance of \$7,880,000 in bonds, dated July 12, 2000. The bond proceeds were used to aid an additional phase of acquisition, construction, development, equipping, management, and leasing of student housing on the campus of Southeastern Louisiana University. The principal and interest for these issues 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, 2001:

Bonds payable of July 1, 1999	\$18,040,000
For the year ended June 30, 2000 - (bonds retired)	(704,000)
For the year ended June 30, 2001: Bonds issued	18,850,000
Bonds retired	<u>(8,750,000)</u>
Bonds payable of June 30, 2001	<u>\$24,886,000</u>

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A detailed summary of all debt outstanding for the two years ended June 30, 2001, is as follows:

Issue	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2001</u>
<b>Southeastern Louisiana University</b>			
Revenue Refunding Bonds	March 12, 1998	\$2,480,000	\$1,795,000
Academic Facilities Extension Use Fee Revenue Bonds - 1973 Series L	April 1, 1973	580,000	19,000
Parking Revenue Certificates of Indebtedness, Series 1993-A	September 1, 1993	580,000	160,000
Parking Revenue Bonds Series 1998	April 26, 1998	1,180,000	895,000
Student Recreation and Activity Center Revenue Bonds	June 30, 1999	1,680,000	1,460,000
<b>University Facilities, Inc. (related component unit)</b>			
Hammond-Tangipahoa Home Mortgage Authority Revenue Bonds, Series 1999	May 1, 1999	8,000,000	8,000,000
<b>Total</b>		<u>\$21,380,000</u>	<u>\$19,319,000</u>

<u>Redeemed</u>	<u>Outstanding June 30, 2008</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2008</u>
\$175,000	\$4,520,000	2008	4.80-6.75%	\$276,000
18,000				
80,000	80,000	2008	6.8%	2,800
100,000	790,000	2008	6.8%	188,800
300,000	3,260,000	2020	4.10%-5.0%	4,276,500
	<u>5,850,000</u>	2007	4.3-5.0%	<u>8,887,300</u>
<u>\$764,000</u>	<u>\$78,215,000</u>			<u>\$13,587,800</u>

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<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2001</u>
<b>Southeastern Louisiana University</b>			
Revenue Refunding Bonds, Series 1990	March 12, 1998	\$2,400,000	\$1,500,000
Parking Revenue Certificates of Indebtedness, Series 1995A	September 1, 1995	900,000	90,000
Parking Revenue Bonds Series 1995	April 28, 1995	1,900,000	790,000
Student Recreation and Activity Center Revenue Bonds	June 28, 1998	1,800,000	1,280,000
<b>University Facilities, Inc. (blended component unit)</b>			
Hammond-Tangipahoa Home Mortgage Authority Revenue Bonds, Series 1998	May 5, 1999	6,850,000	6,650,000
Louisiana Public Facilities Authority Revenue Bonds - Series 2000	July 12, 2000	1,880,000	
Louisiana Public Facilities Authority Revenue Bonds - Series 2000	July 27, 2000	8,850,000	
<b>Total</b>		<u>\$24,480,000</u>	<u>\$18,520,000</u>

The annual requirements to amortize all bonds outstanding at June 30, 2001, including interest of \$14,830,857, are as follows:

2002	\$1,917,513
2003	2,088,703
2004	2,380,571
2005	1,760,876
2006	1,712,763
Subsequent years	<u>29,679,217</u>
<b>Total</b>	<u>\$39,578,807</u>

Issued	Redeemed	Outstanding June 30, 2007	Maturity	Interest Rates	Interest Outstanding June 30, 2007
	\$295,000	\$1,235,000	2004	4.50-6.75%	\$430,815
	95,000				
	110,000	660,000	2008	6.5%	138,400
	228,000	1,830,000	2009	3.75-5.8%	3,920,831
	8,658,000				
\$7,080,000		1,890,000	2007	4.0%	4,601,760
<u>8,668,000</u>	<u>388,000</u>	<u>8,265,000</u>	<u>2007</u>	<u>4.0%</u>	<u>5,558,515</u>
<u>\$18,200,000</u>	<u>\$9,758,000</u>	<u>\$24,880,000</u>			<u>\$14,688,887</u>

**SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
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, 2001:

Bond Issue	Reserve Available	Reserve Requirement
Revenue Refunding Bonds - 1990	\$240,000	\$240,000
Parking Bonds - 1998	48,948	40,848
Student Recreation Center Bonds - 1998	578,750	578,750
Total	<u>\$867,698</u>	<u>\$859,648</u>

**13. ADVANCE REFUNDING OF BONDS**

In July 2000, University Facilities, Inc. (UFI) issued \$5,650,000 of Louisiana Public Facilities Authority Revenue Bonds, Series 2000, with an interest rate of 4% to advance refund \$5,650,000 of outstanding Hammond-Tangipahoa Home Mortgage Authority Revenue Bonds, Series 1990 with a variable interest rate from 4.2% to 5.0%. In order to refund the bonds, portions of the proceeds of the new issue (\$8,087,125) plus an additional \$631,600 of sinking fund money were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated June 1, 2000, between Hammond-Tangipahoa Mortgage Authority/University Facilities, Inc. and the Bank of New York, who will act as escrow trustee. The escrow fund established with the escrow trustee is a special and irrevocable escrow held to pay the principal and interest when due on the Series 1990 bonds. As a result, the Hammond-Tangipahoa Home Mortgage Authority Revenue Bonds, Series 1990 are considered to be defeased and the liability for these bonds has been removed from the Retirement of Indebtedness Fund.

The advance refunding resulting in a loss of \$782,215 is as follows:

Unamortized cost of issuance	\$498,801
Unamortized bond discount	51,887
Call premium	78,500
Additional amount required to meet future debt service requirements	<u>151,927</u>
Total loss on defeasance	<u>\$782,215</u>

Although this created a loss, UFI advance refunded the 1990 Series bonds to remove an encumbrance on the balance of the land UFI was leasing from the university in order to build the Village Housing complex.

In prior years, the university defeased the 1954 Housing System Revenue Bonds and the 1951 Housing System Revenue Bonds, Series B, by placing the proceeds of the Revenue Refunding Bonds, Series 1995 in an irrevocable trust to provide for all future debt service payments on the

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

old bonds. Accordingly, the trust account assets and the liability of the defeased bonds are not included in the university's financial statements. On June 30, 2001, \$900,000 of Housing System Revenue Bonds remain outstanding, which are considered defeased.

**14. RESERVATIONS OF FUND BALANCES**

Reservations of fund balances at June 30, 2001, as shown on Statement A, are as follows:

	Reserved By		Bond Reserves	Total
	Encumbrances	Reserves		
<b>Current Funds:</b>				
General		\$504,081		\$504,081
Auxiliary Enterprises	\$21,713	0,188		21,901
Restricted	78,848			78,848
<b>Plant Funds:</b>				
Unexpended	\$41,501			\$41,501
Renewals and Replacements	129,111			129,111
Retirement of indebtedness			\$300,000	\$300,000
<b>Total</b>	<u>\$162,862</u>	<u>\$504,269</u>	<u>\$300,000</u>	<u>\$1,873,240</u>

**15. FUND DEFICIT**

As shown on Statement A, as of June 30, 2001, the General Fund has a deficit of \$2,580,015 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, 2001, are as follows:

Federal Perkins Loan Fund	\$2,167,000
Federal Housing Student Loan Fund	18,351
Alpha Club Loan Fund	500
Tinsley Memorial Loan Fund	223,088
Dr. Luther L. Ricks Memorial Loan Fund	<u>230,582</u>
<b>Total</b>	<u>\$2,640,521</u>

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

**17. ENDOWMENT FUNDS**

The fund balances of the endowment funds at June 30, 2001, are as follows:

Endowed Professorship - National Endowment for the Humanities	\$282,217
Endowed Professorship - MEH Mack	85,758
B. C. Marzot Endowed Professorship in Kinesiology and Health	180,898
Louis R. Purcell Endowed Professorship in English	121,690
Karaly-Vasa Endowed Professorship in Math	180,527
C. Howard Hixson Professorship in History/Government	188,827
Lola Sue Purcell Smith Endowed Professorship in Psychology	180,898
Johnny Smith Endowed Professorship in Political Science	180,898
Bill South Endowed Teaching - Industrial Technology	128,450
Louisiana Gas Endowed Professorship - Industrial Technology	80,808
Lois Mayfield Endowed Professorship in Marketing	185,243
Livingston Endowed Professorship - Accounting	80,808
Parvington Endowed Professorship in Special Education	174,871
Ellipse Endowed Professorship in Special Education	180,527
HRB Endowed Professorship in Education	80,808
Martha Family Professorship in Education	128,899
Charles Merrill Endowed Professorship in Business	125,858
Blackwell Endowed Professorship in Economy	84,887
Schleifer Endowed Professorship in Education	128,898
Nursing Endowed Professorship	124,798
Louis D. Middlefield Endowed Professorship in Nursing	172,888
Schleifer Endowed Chair	1,188,830
Ford Endowed Chair	1,175,154
Dr. and Mrs. L. H. Oyster Scholarship	2,219
Licenses Plate Endowment	24,213
Walker Donor Memorial Scholarship	9,388
Student Foundation Scholarship	188,888
Total endowments	<u>4,955,914</u>
Fair market value - gain	<u>79,385</u>
Total fund balances	<u>\$4,855,279</u>

**18. PLANT FUNDS**

The restricted fund balances of the unexpended plant fund at June 30, 2001, are as follows:

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

Land sales proceeds	\$600,360
Motor vehicle fund	308,088
Building use fee	61,321
University Facilities, Inc., Plant Fund	<u>1,445,664</u>
<b>Total</b>	<b><u>\$2,555,563</u></b>

In August 1987, the Financial Accounting Standards Board (FASB) issued Statement No. 53, *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. 5, which addresses the implementation of FASB Statement No. 53. Codification of Governmental Accounting and Financial Reporting Standards Section 204.102 states, "Colleges and universities that follow the AICPA Industry Audit Guide, *Audit of Colleges and Universities*, should not change their accounting and reporting for depreciation of capital assets as a result of FASB Statement No. 53. 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, 1990	Adjustments	Additions	Deletions	Balance June 30, 1991
Land and improvements	\$6,589,494			(\$141,644)	\$6,447,850
Buildings	24,055,149	\$6,038,058	\$770,785	(\$38,082)	\$30,826,910
Equipment	20,121,471	(7,848,948)	4,000,829	(2,248,897)	14,024,455
Library books	14,734,487		504,363	(54,988)	15,243,862
Software			1,124,242		1,124,242
Construction in progress	1,621,386		19,075,188		20,696,574
<b>Total</b>	<b><u>\$46,122,977</u></b>	<b><u>\$1,189,110</u></b>	<b><u>\$17,381,265</u></b>	<b><u>(\$4,083,604)</u></b>	<b><u>\$59,609,748</u></b>

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land and improvements	\$6,479,050	\$84,564		\$6,563,614
Buildings	28,324,143	33,763,987	(\$87,676)	\$62,000,454
Equipment	24,151,465	4,180,327	(2,325,513)	\$25,906,279
Library books	15,004,867	1,886,884	(54,738)	\$16,837,013
Software	1,124,242			\$1,124,242
Construction in progress	19,758,840	1,805,605	(11,817,103)	\$9,747,342
<b>Total</b>	<b><u>\$148,841,617</u></b>	<b><u>\$40,740,467</u></b>	<b><u>(\$14,205,044)</u></b>	<b><u>\$175,376,940</u></b>

**SOUTHEASTERN LOUISIANA UNIVERSITY  
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STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

As reflected in note 24, the plant fund balance at June 30, 1999, was adjusted for movable property items with an acquisition cost of less than \$1,000. The university follows Louisiana Property Assistance Agency (LPA) policy for capitalizing and reporting equipment. The LPA changed the dollar threshold for capitalizing equipment from \$500 to \$1,000 in September 2000. Therefore, the reported balances have been adjusted to reflect the impact of the change in capitalization policy. The balance of equipment at June 30, 1999, includes only movable property items with an acquisition cost of \$1,000 or above, and is decreased by \$7,000,949 from that previously reported.

The investment in plant at July 1, 1999, was increased by \$2,250,990 in the Investment in Plant Fund for amounts previously reported as assets of the Unexpended Plant Fund. The university accounts for the construction-in-progress, along with the related bond proceeds and bonds payable in the Unexpended Plant Fund during construction. Upon completion, the buildings and the related debt are transferred to the Investment in Plant Fund.

In accordance with R.S. 38:321-332, the university has complied with the Louisiana movable property statutes.

**Construction in progress - Southeastern Louisiana University**

	Project Authorization	Expended Through June 30, 2000	Committed	Required Future Financing
University Center repairs	\$140,000	\$33,714	\$47,000	None
Renovation of Forensic School	5,675,000	1,800,000	1,000,000	None
Student Activity Center	2,000,000	481,874	2,515,100	None
Classroom and services laboratory	12,170,070	1,065,360	5,000,000	None
Biological building renovation and additions	970,000	200,000	100,000	None
Teacher Education Center renovations	500,000	170,000	407,100	None
<b>Total</b>	<b>\$17,375,070</b>	<b>\$17,049,948</b>	<b>\$7,069,100</b>	<b>None</b>

	Project Authorization	Expended Through June 30, 2001	Committed	Required Future Financing
Teacher Education Center renovations	500,000	\$211,000	\$1,000,000	None
<b>Total</b>	<b>500,000</b>	<b>\$211,000</b>	<b>\$1,000,000</b>	<b>None</b>

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

**Construction in progress - University Facilities, Inc.**

Included in assets of the Unexpended Plant Fund is construction in progress and leasedhold improvements for student union renovations totaling \$3,255,345 of University Facilities, Inc., a blended component unit of the university. The proceeds from a construction loan is being used to construct these facilities. The university is accounting for construction in progress of University Facilities, Inc., along with notes payable, in the Unexpended Plant Fund until construction is completed.

**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, 2001 and June 30, 2000, are shown as follows:

<u>2001</u>	<u>Food Service</u>	<u>Housing</u>	<u>Recreation</u>	<u>Student Center</u>
Net increase (decrease) in fund balances	(\$165,042)	\$207,888	\$484,297	\$240,224
Net income (loss)	(148,808)	207,888	490,820	240,862
Capitalizing principal and interest on debt		1,305,815		
Annual principal and interest on debt		381,222		
General Fund subsidy				
Physical plant	1,305,852	7,803,839		4,121,685
<u>2000</u>	<u>Food Service</u>	<u>Housing</u>	<u>Recreation</u>	<u>Student Center</u>
Net increase (decrease) in fund balances	(\$47,652)	\$305,197	(\$88,994)	\$208,579
Net income (loss)	(66,215)	251,684	588,994	208,158
Capitalizing principal and interest on debt		1,744,835		
Annual principal and interest on debt		379,783		
General Fund subsidy				
Physical plant	1,305,852	7,803,839		4,121,685

**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.

Standing	Apartments	Auxiliary Services	Other				Total
			Health Center	Athletic	LPI	Others	
\$104,750	\$114,214	(\$1,847,714)	\$100,000	\$21,874	\$107,792	\$128,400	\$469,800
204,787	114,214	(1,847,714)	80,000	21,880	107,792	124,000	943,407
					26,425,871		27,000,400
				1,000,041	600,000		1,291,432
			200,000	1,034,801	14,108,831	298,149	20,521,584

Standing	Apartments	Auxiliary Services	Other				Total
			Health Center	Athletic	LPI	Others	
\$204,128	(\$148,880)	(\$1,218,580)	\$218,287	(\$88)	\$487,821	(\$100,210)	\$848,150
204,128	(122,404)	(1,218,580)	218,888	287	107,300	(70,604)	685,498
					6,097,895		10,849,071
				1,028,700	604,882		884,776
			200,000	1,883,605	8,708,643	288,149	20,782,898

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

**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:

For the year ended June 30, 2001:

<u>Name of Firm or Consultant Who Prepared the Report</u>	<u>Amount</u>
Area Health Education Center (AHEC)	\$2,800
Dunnin and James, CPAs	4,800
Louisiana State University - AG Center	4,000
Arizona Drew Manning (Team Nutrition Training Track)	4,942
Change Management Advisors	<u>43,500</u>
<b>Total</b>	<b><u>\$59,042</u></b>

For the year ended June 30, 2000:

<u>Name of Firm or Consultant Who Prepared the Report</u>	<u>Amount</u>
Biological Surveys	\$4,000
Williams Cary III	20,000
Terry Deal	10,000
Dunnin and James	2,500
Dunson Kemp	4,000
Patricia Logo Lewis	3,445
Pat Mire	12,000
Dan Porche	8,000
Sempra Energy Systems	20,000
David Ware	10,000
Mark Zennis	<u>6,750</u>
<b>Total</b>	<b><u>\$103,695</u></b>

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

**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 the plan are included in the separately issued audit report for the plan, available from the Louisiana Legislative Auditor, Post Office Box 94267, Baton Rouge, Louisiana 70804-0267.

**23. FACILITY PLANNING AND CONTROL PROJECTS**

During the year ended June 30, 2002, 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 D reflects \$493,000 as interagency transfers to the Office of Facility Planning and Control for the construction of the Student Activity Center. Statement A reflects \$407,243 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.

**24. PRIOR YEAR RESTATEMENT OF FUND BALANCES**

As shown on Statement B, fund balances at the beginning of the year have been restated for prior period adjustments made during the year by the university. The adjustments made to fund balance at the beginning of the year are summarized as follows:

	<u>Investment in Plant Fund</u>
Fund balance at June 30, 1999, as previously reported	\$138,240,598
Adjustments - change in capitalization policy for equipment from \$280 to \$1,080	<u>(7,020,848)</u>
Fund balance at June 30, 1999, as restated	<u>\$131,219,750</u>

**25. GASB 34 IMPLEMENTATION**

The university will implement the provisions of GASB Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement Number 35, for the fiscal year ending June 30, 2002. The effects of GASB Statement Numbers 34 and 35 are expected to significantly impact the presentation of the financial statements of the university in the year of implementation. The revised minimum reporting requirements include Management's Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the university's financial activities. In addition, the revised requirements include the presentation of the university's financial statements on a business-type activity using economic resources measurement focus and the accrual basis of accounting.

**SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULE  
As of and for the Year Ended June 30, 2001**

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  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA  
AGENCY FUNDS**

**Schedule of Individual Agency Fund Balances  
For the Year Ended June 30, 2001**

Student Government Association:	
Capital Outlay	2,042,789
Assistantship	22,227
Reserve Account	18,871
Cap Out-Tree Planting	2,680
Cap Out-Kah Receipt	680
Special Needs Loan Fund	224
Celestria Plan Surplus	45,780
Nineteenth Century Study	2,659
SLU Concert Choir	210
LA Technology Education Rally	1,847
Xerox Business Services	28,119
Laboratory School	1,157
Regional Science Fair	3,242
Gospel Music Summer Workshop	272
SLU String Orchestra	471
Regional Social Studies Fair	1,225
Foreign Language Festival	1,540
Early Literacy Seminar	4,852
Materials	1,841
Louisiana Literature	3,701
LA Literature Press	208
LOEFA 2000	79
Farm Safety Day Camp	551
Library Book Donation	5,848
Tri Beta Honor Society	55
El. Club-Hispanoamericano	285
Student Aid	70
GFT Loan Transfers	<u>1,882,290</u>
<b>Total</b>	<b><u>\$2,244,236</u></b>

**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  
BAYOU BOULE, LOUISIANA 70004-9187

DAVID G. DYER, PRESIDENT  
LEGISLATIVE AUDITOR

FOR MORE INFORMATION CONTACT:  
PHONE: (504) 386-6877  
TELEPHONE: (504) 386-6880  
FACSIMILE: (504) 386-6876

December 13, 2001

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**  
**UNIVERSITY OF LOUISIANA SYSTEM**  
**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, 2001, and for the years ended June 30, 2001 and 2000, and have issued our report thereon dated December 13, 2001. We did not audit a portion of the Auxiliary Fund, Unexpended Plant Fund, General and Replacement Fund, Retirement of Intellectualness Fund, and Net Investment in Plant Fund assets, revenues, and expenditures related to the operations of University Facilities, Inc. These amounts were audited by other auditors whose report has been furnished to us. This report, insofar as it relates to the University Facilities, Inc., is based solely upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

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

**Unallowable Use of University  
Supplies and Equipment**

Southeastern Louisiana University (SLU) reported that a university employee confessed to using university supplies and equipment to complete print jobs for his personal benefit over a three-year period. This resulted from a lack of internal control, to include supervisory review, over the Print Shop supplies and equipment. Louisiana Revised Statute (R.S.) 14:67 defines theft as the misappropriation or taking of anything of value that belongs to another, either without the consent of the other or the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. The employee

## LEGISLATIVE AUDITOR

**SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**

**Compliance and Internal Control Report**

December 13, 2001

Page 2

confessed to using university supplies and equipment with an estimated cost of \$6,400 to perform the print jobs and to accepting funds in payment for the jobs for his personal benefit. The university terminated the employee and reported this matter to the district attorney.

Management of SLU should implement procedures to strengthen internal control over the Print Shop to prevent and/or timely detect unauthorized use of university supplies and equipment. Management of the university concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

### **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 considered to be material weaknesses.

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 those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

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## Appendix A

### Management's Corrective Action Plan and Response to the Finding and Recommendation

November 27, 2001



Dr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

**Re: Unallowable Use of University Supplies and Equipment**

Dear Dr. Kyle:

The University concurs with this audit finding. As mentioned in the finding, the employee responsible for the inappropriate use of University supplies and equipment was terminated. This individual reported directly to the Director of Public Information who has also resigned since the occurrence of this fraudulent act. A new Director of Public Information has been employed. He has taken a more active role in the management and oversight of the University's Print Shop. He has instituted the practice of meeting with the staff of the Print Shop at least once a week to review all jobs in progress and those pending to assure the workload and the workflow of the operation. This Director is also taking a more active role in approving all purchases of paper and supplies for the operation. This provided a segregation of duties of ordering supplies and the receipt of the same supplies. In addition, the University hired, on a temporary basis, an employee with an MBA to review the procedures used within the Print Shop with an effort to improve efficiency and accountability.

With the implementation of these modifications, a new sense of direction and accountability has been installed in the employees within the Print Shop. The individual responsible for developing this corrective action plan was René Abadie, Director of Public Information. Therefore, at this time, the University does not feel further corrective action is required.

I have also requested the Office of Internal Audit review the corrective actions taken to ensure the appropriate internal controls have been implemented and are being followed within the Print Shop.

Please let me know if additional information is required on the above-referenced item.

Sincerely,

A handwritten signature in black ink, appearing to read 'Randy Clifton'.

Randy Clifton  
Interim President

cc: Dr. Sally Clouse