

LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED NOVEMBER 25, 2015

**LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Louisiana Tech University

November 2015



Audit Control # 80150089

Introduction

As a part of our audit of the University of Louisiana System's (System) financial statements and the Single Audit of the state of Louisiana for the year ended June 30, 2015, we performed procedures at Louisiana Tech University (Louisiana Tech) to provide assurances on financial information that is significant to the System's financial statements and to evaluate the effectiveness of Louisiana Tech's internal controls over financial reporting.

Louisiana Tech is a part of the System and reported an enrollment of more than 11,000 students for the fall 2014 semester. Louisiana Tech's mission is to lead the educational, economic, and cultural development of northeast Louisiana.

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, 2015, we considered Louisiana Tech's internal controls 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 - Unearned revenues and bonds payable

Net Position - Net investment in capital assets, restricted-expendable, restricted-nonexpendable, and unrestricted

Statement of Revenues, Expenses, and Changes in Net Position

Revenues - Student tuition and fees and state appropriations

Expenses - Education and general and auxiliary enterprise

Based on the results of our procedures, we did not report any internal control deficiencies or non-compliance with laws or regulations. In addition, 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 of the state of Louisiana for the year ended June 30, 2015, we performed procedures on loan information submitted by Louisiana 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, as required by Office of Management and Budget Circular A-133.

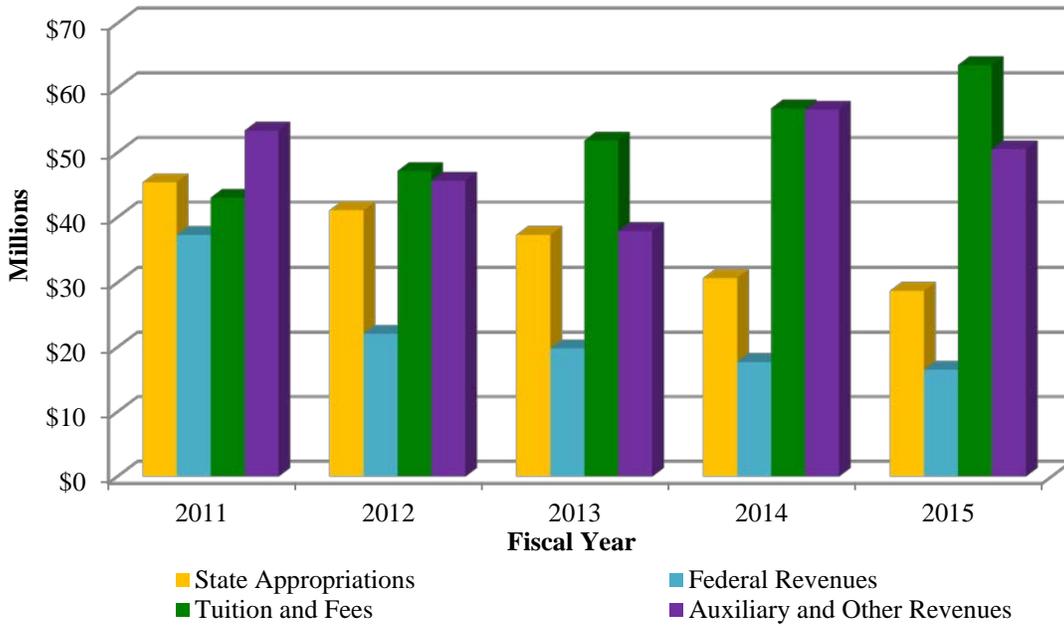
Based on the results of our procedures, we did not report any internal control deficiencies, and the loan information was materially correct, as adjusted.

Trend Analysis

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

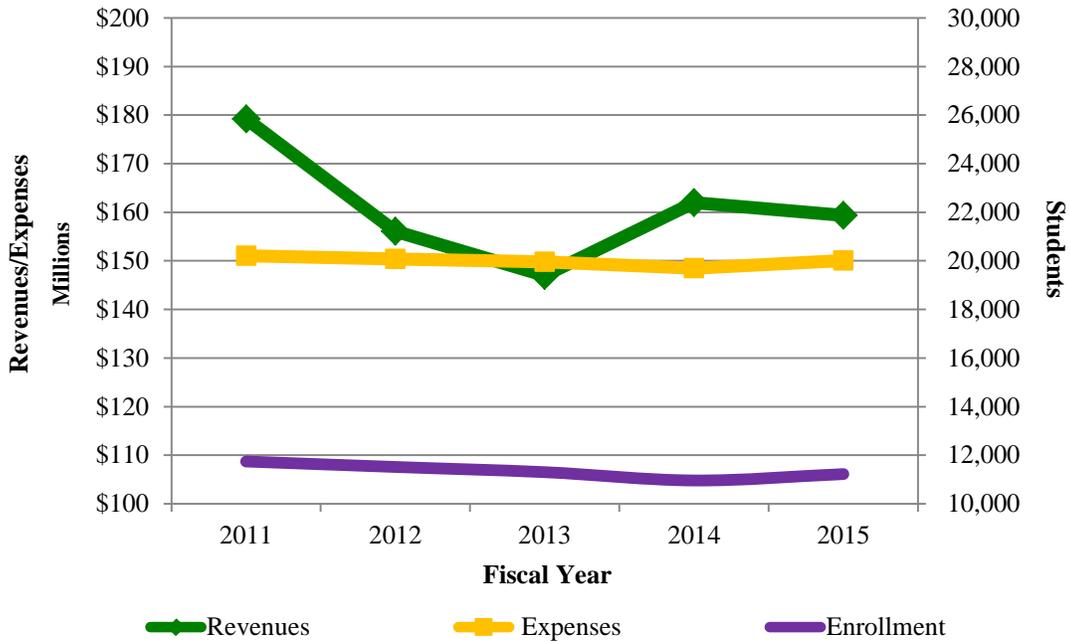
In analyzing financial trends of Louisiana Tech over the past five fiscal years, expenses have remained fairly consistent; however, revenues have fluctuated. The decline in state appropriations has been offset by an increase in tuition and fees, and the spike in federal revenues in fiscal year (FY) 2011 is attributable to one-time American Recovery and Reinvestment Act funding. Changes in other revenues reflect capital appropriations and gifts for construction projects in fiscal years 2011 through 2015, which included fundraising in FY 2014 for the Davison Athletics Complex and less construction activity in FY 2015.

Exhibit 1 Five-Year Revenue Trend



Source: Fiscal year 2011-2015 Louisiana Tech Annual Fiscal Reports, as adjusted

Exhibit 2 Fiscal/Enrollment Trends



Source: Fiscal year 2011-2015 Louisiana Tech Annual Fiscal Reports, as adjusted, and Board of Regents website

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style with a large initial "D".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at Louisiana Tech University (Louisiana Tech) for the period from July 1, 2014, through June 30, 2015, 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. The procedures included inquiry, observation, and review of policies and procedures, and a review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the System's financial statements and the Single Audit of the state of Louisiana for year ended June 30, 2015.

- We evaluated Louisiana 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 Louisiana Tech.
- Based on the documentation of Louisiana Tech's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain Louisiana Tech's account balances and classes of transactions to support the opinion on the System financial statements.
- We performed procedures on loan information submitted by Louisiana 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 to support the 2015 Single Audit of the state of Louisiana.
- We compared the most current and prior-year financial activity using Louisiana Tech's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from Louisiana Tech management for significant variances.

The purpose of this report is solely to describe the scope of our work at Louisiana Tech and not to provide an opinion on the effectiveness of Louisiana 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 Louisiana Tech's Annual Fiscal Report, and, accordingly, we do not express an opinion on that report. Louisiana Tech's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.