

Auxiliary Enterprise Balances as of June 30, 2012
LSU Health Sciences Center, New Orleans

1) Fund Balances

- a. The estimated June 30, 2012 operating fund balance is \$2.6 million.
- b. Estimated expenses over revenues were approximately \$314,000, an improvement of \$460,000 in comparison to FY 11. Of the total deficit, all but \$8,776 was spent on equipment and other capital improvements. Please see below for corrective actions.
- c. As is the case with previous fiscal years, the revenues of all auxiliary enterprises are pledged to support the retirement of 2000 Series revenue bond indebtedness for the Charity Nursing dorm project. The grand total of remaining principal and interest due through FY 30-31 is \$21.1 million.
- d. We are looking at refinancing those bonds to obtain lower interest costs.
- e. Within annual operating revenues, LSUHSC-NO is continually modernizing and renovating student housing units.

2) Debt Service

- a. Principal and interest due in FY 2012-13 from the Student Housing Auxiliary is \$573,527.
- b. Principal and interest due in FY 2012-13 from the Parking Auxiliary is \$161,635.

3) Variations Between Reported and Actual Uses of Balances

- a. Our parking auxiliary manages parking areas that are utilized by employees at LSU Interim Hospital. Over \$56,000 was invested in repairs and improvements to surface lots used by those employees.

4) Correction Actions to Restore Profitability to Auxiliaries that lost money during FY 11-11.

- a. Expenses exceeded revenues in the Student Housing auxiliary. However the loss was related to efforts to modernize and renovate the Residence Hall dorm building, which was constructed in 1966.
- b. Rent increases of 10% on January 1, 2012 and July 1, 2012 were implemented. The increases were structured in a manner to provide incentives to students to rent dorms rooms in Stanislaus Hall which historically has had lower occupancy than the Residence Hall.
- c. Normal operating expenses were covered by normal recurring revenues.
- d. Corrective actions to limit losses in the Bookstore and Health Sciences Stores auxiliaries include:
 - i. Anticipated increases in Bookstore revenues through the adoption of a textbook rental program and the provision of supply kits for Nursing students.

- ii. Anticipated increases in Health Sciences Center Stores revenues as a result of supply and equipment purchases to outfit labs in the new Louisiana Cancer Research Consortium building.
- iii. Permanent reductions in staffing through attrition.
- iv. Strict controls over operating costs.
- v. Operating performance will continue to be monitored closely. If necessary further consolidation of physical locations and staffing may be warranted.