1.1.2 INVESTMENT POLICY GENERAL OPERATING FUND

A. General

The Accounting Services Department of the LSU Health Sciences Center in Shreveport will invest all funds received by the Health Sciences Center.

All funds will be pooled and invested to achieve a maximum return on investments.

B. Distribution of Interest Income

1. Interest received on investments will be distributed each month to all eligible accounts. The monthly distribution will reflect the prior month’s interest except in June. Interest for the month of June will be recorded in June, so that twelve months of interest will be recorded in a fiscal year. Interest will be distributed only to accounts with a positive balance meeting the criteria listed under paragraph 2.

2. An investment base will be established each month. Interest will be distributed to each fund group based on the degree of its participation in the total investment base.

(a) Unrestricted Budget Funds

Interest will be credited to unrestricted funds in direct proportion to the value of invested cash attributable to this source as opposed to total cash investments.

Interest earnings on non-eligible restricted accounts with fund balances of less than $50,000 as described below will be credited to unrestricted funds.

(b) Restricted Funds

These funds are primarily comprised of Medicare, Medicaid, commercial insurance and self-pay income from hospital patients. Interest distributions to these funds will be determined by calculating the average monthly difference between cash receipts and disbursements. The resultant total will be adjusted by the fiscal year cash balance and income attributable to outstanding patient accounts receivable from the previous fiscal year. Earned interest will be deposited in a restricted income account.

Federal Loan Funds

Interest will be distributed on a proportionate basis and will be credited to all accounts with a positive cash balance.

Auxiliary Services

All auxiliary services, including auxiliary renewals and replacement, will participate in interest earnings on the basis of a consolidated cash balance. An initial
interest distribution will be calculated based on the proportionate share of cash investments based on the proportionate share of cash investments attributable to consolidated auxiliary operations as opposed to total institutional cash investments. A final interest allocation will then be made to all auxiliaries, including renewals and replacement, with a positive cash balance on a proportionate basis.

Private Grants, Contracts, and Miscellaneous Restricted Accounts
Included in this category of accounts are gifts, miscellaneous donor accounts, department improvement funds, and non budgeted institutional allocations. Eligibility for interest distributions will be limited to all accounts with an unexpended balance greater than $50,000. Eligibility will be determined on a monthly basis and interest will be distributed on a proportionate basis.

Unexpended Plant Funds
Interest income will be distributed on the basis of the cash balance in unexpended plant funds. Earned interest will be credited to an unallocated plant fund account.

3. Interest on long term investments (certificates of deposits, Treasury Bills, etc.) will be accrued at June 30 each year.

4. The following are the entries which will be made to record interest to the Financial Accounting System.

   (a) FAS ENTRIES TO RECORD INTEREST MONTHLY
   1. Record receipt of interest from investments:
      DR       Cash
      CR       Undistributed Interest Income
   2. Record distribution of interest income on the 25th of each month.
      June interest will be recorded through June 30th.
      DR       Undistributed Interest Income
      CR       Interest Income accounts by fund group
   3. Send copy of distribution of Practice Plan Accounts (Ledger 3) to the Budget Office to make budget entries to department accounts earning interest.

   (b) FAS ENTRIES TO RECORD ACCRUAL OF INTEREST XT FISCAL YEAR END
   1. Interest earned but not received will be accrued at June 30th but will not be distributed to the Practice Plan Accounts
      DR       Accounts Receivable - Accrued Interest
      CR       Interest Income accounts by fund group

   (c) FAS ENTRIES TO RECORD RECEIPT OF INTEREST ACCRUED
   1. DR       Cash
      CR       Accounts Receivable - Accrued Interest
   2. Send copy of distribution of cash received on accrued interest to the Budget Office to make budget entries to Practice Plan accounts.

POLICY REFERENCES:
2. Attorney General’s Opinion Number 82 894.