

UNIVERSITY OF LOUISIANA SYSTEM
A COMPONENT OF THE
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2016
ISSUED DECEMBER 19, 2016

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 7, 2016

Independent Auditor's Report

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the University of Louisiana System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Black and Gold Facilities, Inc.; Innovative Student Facilities, Inc.; Cowboy Facilities, Inc.; Nicholls State University Facilities Corporation; University Facilities, Inc.; Ragin' Cajun Facilities, Inc.; University of Louisiana at Monroe Facilities, Inc.; and University of New Orleans Research and Technology Foundation, Inc., which are nonprofit corporations included as blended component units in the basic financial statements representing approximately 34.9%, 27.7%, 7.6%, and 6.6% of total assets, liabilities, revenues, and expenses, respectively. We also did not audit the financial statements of the University of Louisiana at Lafayette Foundation, Inc., and the University of New Orleans Foundation, which are discretely presented component units included in the basic financial statements of the System. Those statements were audited by other auditors whose reports have

been furnished to us, and our opinions, insofar as they relate to the amounts reported for these component units, are based solely on the reports 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Black and Gold Facilities, Inc., Nicholls State University Facilities Corporation; and University Facilities, Inc., which were audited by other auditors, were audited in accordance with auditing standards generally accepted in the United States of America but not in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the System as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in note 8, the net pension liability for the System was \$1,082,993,403 at June 30, 2016, as determined by the Louisiana State Employees' Retirement System (LASERS) and Teachers' Retirement System of Louisiana (TRSL). The related actuarial valuation was performed by LASERS's and TRSL's actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2016, could be under or overstated.

Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 13, the Schedule of the System's Proportionate Share of the Net Pension Liability on page 80, the Schedule of System Contributions on page 81, and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplemental information schedules, including the Combining Schedule of Net Position; the Combining Schedule of Revenues, Expenses, and Changes in Net Position; and the Combining Schedule of Cash Flows, on pages 84 through 97, for the fiscal year ended June 30, 2016, are presented for the purposes of additional analysis and are not required parts of the basic financial statements.

These schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the schedules for the fiscal year ended June 30, 2016, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2016.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the University of Louisiana System as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 21, 2015, which contained unmodified opinions on the respective

financial statements of the business-type activities. The Combining Schedule of Net Position; the Combining Schedule of Revenues, Expenses, and Changes in Net Position; and the Combining Schedule of Cash Flows on pages 98 through 111 for the year ended June 30, 2015, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the 2015 financial statements. The combining schedules for the fiscal year ended June 30, 2015, have been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the schedules for the fiscal year ended June 30, 2015, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

BDM:CGEW:BH:EFS:aa

ULS 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This section of the University of Louisiana System's (System) annual financial report presents a discussion and analysis of the System's financial performance during the fiscal year that ended June 30, 2016. Please read this section in conjunction with the System's financial statements, which follow this section. The System is comprised of the following entities:

- Grambling State University
- Louisiana Tech University
- McNeese State University
- Nicholls State University
- Northwestern State University
- Southeastern Louisiana University
- University of Louisiana at Lafayette
- University of Louisiana at Monroe
- University of New Orleans
- Board of Supervisors

FINANCIAL HIGHLIGHTS

The System's net position overall changed from (\$76,710,669), restated, to (\$51,695,005), a 32.7% increase from June 30, 2015, to June 30, 2016. Total revenues exceeded expenses by \$25,015,664, which represents a \$47,958,629 increase from the fiscal year ended June 30, 2015. The System continues cost cutting measures to reduce the impact of the ongoing reductions in revenues from state appropriations. In addition, capital appropriations and capital grants and gifts increased 33.3% and 109.1%, respectively.

The System's operating revenues increased by approximately 4.2% to \$845,495,543 from June 30, 2015, to June 30, 2016, primarily from increases in revenues from tuition and fees offset by decreases in grants and contracts and auxiliary enterprise revenues. Operating expenses increased by 0.5% to \$1,226,131,477 for the year ended June 30, 2016.

Nonoperating revenues (expenses) fluctuate depending upon levels of state operating appropriations, interest earnings/expense, and other nonoperating revenue. The change to

\$345,669,010 in 2016 from \$360,472,794 in 2015 is primarily attributed to investment losses totaling \$2,511,012 in 2016 compared to investment income totaling \$2,429,734 in 2015 and an increase in interest expense totaling \$6,354,570.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and the Notes to the Financial Statements. The basic financial statements present information for the System as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position (pages 14-15) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the System is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (pages 17-18) presents information showing how the System's assets changed as a result of current-year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 21-22) presents information showing how the System's cash changed as a result of current-year operations. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by Governmental Accounting Standards Board (GASB) Statement No. 34.

The System's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the System are included in the Statement of Net Position.

The System has two foundations that are discretely presented in its basic financial statements. The foundations reported are the University of Louisiana at Lafayette Foundation, Inc., and University of New Orleans Foundation. The financial data of each of these foundations are presented separately in the Statement of Financial Position (page 16) and the Statement of Activities (pages 19-20). Additional information about the foundations is contained in the Notes to the Financial Statements.

FINANCIAL ANALYSIS**Net Position**

The System's total net position at June 30, 2016, increased by approximately \$25 million, a 32.5% increase from June 30, 2015 (Table A-1). Total assets increased 1.4% to \$2.39 billion, and total liabilities increased 4.5% to \$2.5 billion.

Table A-1
University of Louisiana System
Comparative Statement of Net Position
As of June 30, 2016, and June 30, 2015
(in millions of dollars)

| | 2016 | 2015 (Restated) | Variance | Percent Variance |
|---------------------------------------|----------------------|----------------------|--------------------|---------------------|
| Current and other assets | \$800 | \$802 | (\$2) | (0.2%) |
| Capital assets | 1,588 | 1,552 | 36 | 2.3% |
| Total assets | <u>2,388</u> | <u>2,354</u> | <u>34</u> | 1.4% |
| Deferred outflows related to pensions | <u>145</u> | <u>140</u> | <u>5</u> | 3.6% |
| Current liabilities | 153 | 150 | 3 | 2.0% |
| Noncurrent liabilities | 2,376 | 2,270 | 106 | 4.7% |
| Total liabilities | <u>2,529</u> | <u>2,420</u> | <u>109</u> | 4.5% |
| Deferred inflows related to pensions | <u>56</u> | <u>151</u> | <u>(95)</u> | (62.9%) |
| Net position: | | | | |
| Net investment in capital assets | 953 | 924 | 29 | 3.1% |
| Restricted | 407 | 406 | 1 | 0.2% |
| Unrestricted | <u>(1,412)</u> | <u>(1,407)</u> | <u>(5)</u> | (0.4%) |
| Total net position | <u><u>(\$52)</u></u> | <u><u>(\$77)</u></u> | <u><u>\$25</u></u> | 32.5% |

This schedule is prepared from the System's Statement of Net Position as shown on pages 14-15, which is presented on an accrual basis of accounting, whereby assets are capitalized and depreciated.

Significant statement of net position changes from 2015 include the following:

- Capital assets increased from current-year additions and improvements offset by current-year depreciation.
- Noncurrent liabilities increased from an increase in other postemployment benefits payable and net pension liability.
- Net investment in capital assets increased from current-year capital asset additions offset by increases in long-term debt associated with the acquisition of capital assets.

Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. Restricted net position represents those assets that are not available for spending as a result of legislative requirements, donor agreements, debt covenants, or grant requirements. Conversely, unrestricted net position represents assets that do not have any limitations on how these amounts may be spent.

Changes in Net Position

The change in net position at June 30, 2016, is approximately \$25 million, or 208.7% higher than at June 30, 2015. The changes in net position are detailed in Table A-2; educational and general expenses are detailed in Table A-3.

The System's total operating revenues increased by 4.2% to approximately \$845 million, and total operating expenses remained relatively unchanged, increasing by 0.5%, or approximately \$6 million. These changes are the result of increases in net tuition and fees and in capital appropriations, capital grants and gifts, and additions to permanent endowments offset by a small increase (0.2%) in total expenses.

Table A-2
University of Louisiana System
Comparative Statement of Changes in Revenues, Expenses, and Net Position
For the Fiscal Years Ended June 30, 2016, and June 30, 2015
(in millions of dollars)

| | 2016 | 2015 (Restated) | Variance | Percent Variance |
|-----------------------------------------------------------|---------------|--------------------|-------------|---------------------|
| Operating revenues: | | | | |
| Student tuition and fees, net | \$514 | \$472 | \$42 | 8.9% |
| Auxiliary | 168 | 174 | (6) | (3.4%) |
| Other | 163 | 165 | (2) | (1.2%) |
| Total operating revenues | <u>845</u> | <u>811</u> | <u>34</u> | 4.2% |
| Nonoperating revenues: | | | | |
| State appropriations | 234 | 235 | (1) | (0.4%) |
| Gifts | 18 | 21 | (3) | (14.3%) |
| Other | 129 | 131 | (2) | (1.5%) |
| Total nonoperating revenues | <u>381</u> | <u>387</u> | <u>(6)</u> | (1.6%) |
| Other revenues: | | | | |
| Capital appropriations | 36 | 27 | 9 | 33.3% |
| Capital grants and gifts | 23 | 11 | 12 | 109.1% |
| Additions to permanent endowments | 3 | 1 | 2 | 200.0% |
| Total other revenues | <u>62</u> | <u>39</u> | <u>23</u> | 59.0% |
| Total revenues | <u>1,288</u> | <u>1,237</u> | <u>51</u> | 4.1% |
| Operating expenses: | | | | |
| Educational and general | 1,036 | 1,033 | 3 | 0.3% |
| Other | 190 | 187 | 3 | 1.6% |
| Total operating expenses | <u>1,226</u> | <u>1,220</u> | <u>6</u> | 0.5% |
| Other nonoperating expenses, net | <u>37</u> | <u>40</u> | <u>(3)</u> | (7.5%) |
| Total expenses | <u>1,263</u> | <u>1,260</u> | <u>3</u> | 0.2% |
| Change in net position | <u>25</u> | <u>(23)</u> | <u>48</u> | 208.7% |
| Net position, beginning of the year (restated) | <u>(77)</u> | <u>(54)</u> | <u>(23)</u> | (42.6%) |
| Total net position | <u>(\$52)</u> | <u>(\$77)</u> | <u>\$25</u> | 32.5% |

Table A-3
University of Louisiana System
Comparative Schedule of Educational and General Expenses
For the Fiscal Years Ended June 30, 2016, and June 30, 2015
(in millions of dollars)

| | <u>2016</u> | <u>2015*</u> | <u>Variance</u> | <u>Percent Variance</u> |
|----------------------------------|-------------------|-------------------|-------------------|-----------------------------|
| Instruction | \$393 | \$385 | \$8 | 2.1% |
| Research | 85 | 83 | 2 | 2.4% |
| Public service | 30 | 29 | 1 | 3.4% |
| Academic support | 84 | 85 | (1) | (1.2%) |
| Student services | 69 | 74 | (5) | (6.8%) |
| Institutional support | 123 | 121 | 2 | 1.7% |
| Operations and plant maintenance | 94 | 100 | (6) | (6.0%) |
| Depreciation | 80 | 79 | 1 | 1.3% |
| Scholarships and fellowships | 78 | 77 | 1 | 1.3% |
| | <u> </u> | <u> </u> | <u> </u> | |
| Total | <u>\$1,036</u> | <u>\$1,033</u> | <u>\$3</u> | <u>0.3%</u> |

*The restatements to beginning net position for expenses did not impact expenses for the fiscal year ended June 30, 2015; therefore, no restatements were required for the purposes of this comparison.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, and 2015, the System's cost of capital assets totaled approximately \$3.05 billion and \$2.95 billion, respectively. Net of accumulated depreciation, the System's capital assets at June 30, 2016, total approximately \$1.5 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$36 million, or 2.3%, over June 30, 2015, as restated. The increases were primarily in construction of buildings financed through long-term obligations and purchases of equipment, offset by current-year depreciation.

Debt Administration

The System had outstanding bonds totaling \$688,489,000, exclusive of bond discounts and premiums at June 30, 2016, compared to \$682,725,000 at June 30, 2015.

Bond activity during the fiscal year ended June 30, 2016, follows:

- Louisiana Tech University issued refunding bonds totaling \$43,020,000 to refund the Series 2007 student housing and recreational facilities bonds.
- Louisiana Tech University issued \$4,000,000 in revenue bonds for construction of student housing.
- Nicholls State University issued refunding bonds totaling \$1,975,000 and \$4,000,000 to refund the streets and parking bonds and the cafeteria and student union bonds, respectively.
- The University of Louisiana at Lafayette issued \$18,500,000 in revenue bonds for Cajundome projects.
- The University of Louisiana at Monroe issued \$6,000,000 in revenue bonds for the construction of a student center.

CURRENTLY-KNOWN FACTS, DECISIONS, OR CONDITIONS

The following currently-known facts, decisions, or conditions are expected to have a significant effect on financial position or results of operations:

- Changes in current enrollment
- Changes in tuition and fees
- Changes in state appropriations

CONTACTING UNIVERSITY OF LOUISIANA SYSTEM'S FINANCIAL MANAGEMENT

This financial report is designed to provide our legislature, state officials, the Louisiana Legislative Auditor's office, patrons, and other interested parties with a general overview of the System's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Vice President for Business and Finance at (225) 342-6950.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Net Position
June 30, 2016**

ASSETS

Current assets:

| | |
|--------------------------------------|--------------------|
| Cash and cash equivalents (note 2) | \$245,947,637 |
| Investments (note 3) | 16,155,721 |
| Receivables, net (note 4) | 74,161,174 |
| Due from State Treasury | 5,488,867 |
| Due from federal government (note 4) | 11,860,679 |
| Inventories | 5,866,445 |
| Prepaid expenses and advances | 9,552,343 |
| Notes receivable, net | 3,892,231 |
| Other current assets | 1,366,063 |
| Total current assets | <u>374,291,160</u> |

Noncurrent assets:

Restricted:

| | |
|-------------------------------------------|----------------------|
| Cash and cash equivalents (notes 2 and 3) | 118,941,987 |
| Investments (note 3) | 262,120,925 |
| Receivables, net (note 4) | 1,264,640 |
| Notes receivable, net | 25,455,067 |
| Other | 8,133 |
| Investments (note 3) | 36,211 |
| Capital assets (net) (note 5) | 1,588,185,942 |
| Other noncurrent assets | 17,532,737 |
| Total noncurrent assets | <u>2,013,545,642</u> |
| Total assets | <u>2,387,836,802</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|------------------------------------------------|--------------------|
| Deferred outflows related to pensions (note 8) | 145,006,818 |
| Total deferred outflows of resources | <u>145,006,818</u> |

LIABILITIES

Current liabilities:

| | |
|----------------------------------------|------------|
| Accounts payable and accruals (note 6) | 58,427,769 |
|----------------------------------------|------------|

(Continued)

The accompanying notes are an integral part of this statement.

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Net Position, June 2016

LIABILITIES (CONT.)

Current liabilities: (Cont.)

| | |
|-----------------------------------------------|---------------------------|
| Unearned revenues | \$46,151,376 |
| Compensated absences payable (notes 7 and 12) | 3,918,855 |
| Capital lease obligations (notes 11 and 12) | 1,618,266 |
| Amounts held in custody for others | 7,560,301 |
| Notes payable (note 12) | 932,102 |
| Contracts payable | 403,218 |
| Bonds payable (note 12) | 21,428,553 |
| Other current liabilities | 12,257,425 |
| Total current liabilities | <u>152,697,865</u> |

Noncurrent liabilities:

| | |
|---------------------------------------------------------|-----------------------------|
| Unearned revenues | 3,828,665 |
| Compensated absences payable (notes 7 and 12) | 42,960,338 |
| Capital lease obligations (notes 11 and 12) | 4,330,674 |
| Notes payable (note 12) | 6,688,705 |
| Net pension liability (notes 8 and 12) | 1,082,993,403 |
| Other postemployment benefits payable (notes 10 and 12) | 561,777,735 |
| Bonds payable (note 12) | 673,315,838 |
| Other noncurrent liabilities | 379,443 |
| Total noncurrent liabilities | <u>2,376,274,801</u> |
| Total liabilities | <u>2,528,972,666</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|-----------------------------------------------|--------------------------|
| Deferred inflows related to pensions (note 8) | 55,565,959 |
| Total deferred inflows of resources | <u>55,565,959</u> |

NET POSITION

| | |
|----------------------------------|------------------------------|
| Net investment in capital assets | 953,532,013 |
| Restricted: | |
| Nonexpendable (note 17) | 187,723,710 |
| Expendable (note 17) | 219,287,373 |
| Unrestricted | <u>(1,412,238,101)</u> |
| Total net position | <u>(\$51,695,005)</u> |

(Concluded)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

COMPONENT UNITS

Statement of Financial Position, June 30, 2016

| | University of Louisiana at Lafayette Foundation, Inc. | University of New Orleans Foundation* | Total Foundations |
|-----------------------------------------|----------------------------------------------------------------|---------------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents (note 2) | \$3,600,234 | \$3,028,342 | \$6,628,576 |
| Investments (note 3) | 150,819,716 | 71,004,246 | 221,823,962 |
| Receivables | 654,748 | 662,308 | 1,317,056 |
| Pledges receivable | 7,320,715 | 528,982 | 7,849,697 |
| Fixed assets, net (note 5) | 11,846,435 | 9,296,105 | 21,142,540 |
| Other assets | 4,101,993 | 203,213 | 4,305,206 |
| Total assets | \$178,343,841 | \$84,723,196 | \$263,067,037 |
| LIABILITIES | | | |
| Accounts payable | \$1,943,871 | \$1,697,484 | \$3,641,355 |
| Amounts held in custody for others | 34,364,234 | 19,690,633 | 54,054,867 |
| Bonds payable (note 12) | 800,000 | 188,000 | 988,000 |
| Notes payable (note 12) | 417,535 | | 417,535 |
| Other liabilities | 203,281 | 390,044 | 593,325 |
| Total liabilities | 37,728,921 | 21,966,161 | 59,695,082 |
| NET ASSETS | | | |
| Unrestricted | 4,166,109 | 9,756,523 | 13,922,632 |
| Temporarily restricted (note 17) | 43,811,715 | 22,331,309 | 66,143,024 |
| Permanently restricted (note 17) | 92,637,096 | 30,669,203 | 123,306,299 |
| Total net assets | 140,614,920 | 62,757,035 | 203,371,955 |
| Total liabilities and net assets | \$178,343,841 | \$84,723,196 | \$263,067,037 |

* As of December 31, 2015

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2016**

OPERATING REVENUES

| | |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Student tuition and fees (net of scholarship allowances of \$182,190,785) | \$513,949,146 |
| Federal grants and contracts | 55,595,884 |
| State and local grants and contracts | 42,407,062 |
| Nongovernmental grants and contracts | 27,164,655 |
| Sales and services of educational departments | 6,541,563 |
| Auxiliary enterprise revenues (net of scholarship allowances of \$20,716,809 including revenues used as security for revenue bonds) | 168,378,041 |
| Other operating revenues | 31,459,192 |
| Total operating revenues | <u>845,495,543</u> |

OPERATING EXPENSES

| | |
|-------------------------------------|----------------------|
| Educational and general: | |
| Instruction | 392,639,639 |
| Research | 84,984,544 |
| Public service | 29,688,757 |
| Academic support | 83,746,296 |
| Student services | 69,170,022 |
| Institutional support | 123,137,532 |
| Operations and maintenance of plant | 94,536,559 |
| Depreciation | 80,403,395 |
| Scholarships and fellowships | 77,840,104 |
| Auxiliary enterprises | 181,828,099 |
| Other operating expenses | 8,156,530 |
| Total operating expenses | <u>1,226,131,477</u> |

OPERATING LOSS (380,635,934)

(Continued)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Position, June 2016**

| | |
|-------------------------------------------------------------|------------------------------|
| NONOPERATING REVENUES (Expenses) | |
| State appropriations | \$234,118,808 |
| Gifts | 18,468,882 |
| Federal nonoperating revenue | 122,960,112 |
| Investment loss, net | (2,511,012) |
| Interest expense | (33,009,621) |
| Payments to or on behalf of the university | 122,559 |
| Other nonoperating revenues, net | 5,519,282 |
| Net nonoperating revenues | <u>345,669,010</u> |
| LOSS BEFORE OTHER REVENUES AND EXPENSES | (34,966,924) |
| Capital appropriations | 36,250,579 |
| Capital grants and gifts | 22,768,576 |
| Additions to permanent endowments | 3,080,400 |
| Other expenses, net | <u>(2,116,967)</u> |
| CHANGE IN NET POSITION | 25,015,664 |
| NET POSITION - BEGINNING OF YEAR, Restated (note 16) | <u>(76,710,669)</u> |
| NET POSITION - END OF YEAR | <u><u>(\$51,695,005)</u></u> |

(Concluded)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

COMPONENT UNITS

Statement of Activities

For the Year Ended June 30, 2016

| | University of Louisiana at Lafayette Foundation, Inc. | University of New Orleans Foundation* | Total Foundations |
|-----------------------------------------------|----------------------------------------------------------------|---------------------------------------------|----------------------|
| Changes in unrestricted net assets: | | | |
| Contributions and contributed services | \$96,202 | \$442,810 | \$539,012 |
| Grants | 1,500 | 272,132 | 273,632 |
| Interest and dividends | 1,070 | | 1,070 |
| Service fees | | 871,005 | 871,005 |
| Net realized loss on investments | (1,222) | (326,265) | (327,487) |
| Net unrealized gain on investments | 2,166 | | 2,166 |
| Other income | 366,803 | 1,751,180 | 2,117,983 |
| Net loss on disposal of property and artwork | (125,332) | | (125,332) |
| Net assets released from restrictions: | | | |
| Satisfaction of purpose restrictions | 16,835,617 | 4,404,772 | 21,240,389 |
| Transfers between net asset classifications | 27,602 | | 27,602 |
| Total unrestricted revenues and other support | <u>17,204,406</u> | <u>7,415,634</u> | <u>24,620,040</u> |
| Expenses - amounts paid to benefit | | | |
| University of Louisiana System for: | | | |
| Projects specified by donors | 15,087,608 | | 15,087,608 |
| Fundraising | 659,360 | | 659,360 |
| Program operations/services | | 8,461,340 | 8,461,340 |
| Property operations | | 566,662 | 566,662 |
| Total program expenses | <u>15,746,968</u> | <u>9,028,002</u> | <u>24,774,970</u> |
| Supporting services: | | | |
| Salaries and benefits | 390,783 | | 390,783 |
| Insurance | 83,800 | | 83,800 |
| Office operations | 183,848 | 92,573 | 276,421 |
| Travel | 19,555 | 3,205 | 22,760 |
| Professional services | 650,430 | 442,128 | 1,092,558 |
| Dues and subscriptions | 32,955 | 34,887 | 67,842 |
| Meetings and development | 12,162 | 5,245 | 17,407 |
| Investment management fee | 200,555 | | 200,555 |
| Interest | 45,638 | | 45,638 |
| Depreciation and amortization | 339,399 | 327,185 | 666,584 |

(Continued)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
COMPONENT UNITS
Statement of Activities, June 30, 2016**

| | University of Louisiana at Lafayette Foundation, Inc. | University of New Orleans Foundation* | Total Foundations |
|------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------|----------------------|
| Supporting services: (Cont.) | | | |
| Other | (\$94,510) | | (\$94,510) |
| Total supporting services | <u>1,864,615</u> | <u>\$905,223</u> | <u>2,769,838</u> |
| Total expenses | <u>17,611,583</u> | <u>9,933,225</u> | <u>27,544,808</u> |
| Changes in unrestricted net assets | <u>(407,177)</u> | <u>(2,517,591)</u> | <u>(2,924,768)</u> |
| Changes in temporarily restricted net assets: | | | |
| Contributions | 10,523,843 | 2,391,197 | 12,915,040 |
| Investment income (loss) | 1,966,059 | (216,796) | 1,749,263 |
| Realized loss on investments | (1,917,846) | | (1,917,846) |
| Unrealized loss on investments | (1,561,501) | | (1,561,501) |
| Service fees | | 225,219 | 225,219 |
| Loss on disposal of artwork | (2,055) | | (2,055) |
| Other | 387,120 | | 387,120 |
| Net assets released from restrictions: | | | |
| Satisfaction of purpose restrictions | (16,748,456) | (4,404,772) | (21,153,228) |
| Transfers between net asset classifications | (8,907,419) | | (8,907,419) |
| Changes in temporarily restricted net assets | <u>(16,260,255)</u> | <u>(2,005,152)</u> | <u>(18,265,407)</u> |
| Changes in permanently restricted net assets: | | | |
| Contributions | 790,137 | 389,592 | 1,179,729 |
| Investment income | | 5,626 | 5,626 |
| Service fees | | 4,695 | 4,695 |
| Other income | 263 | | 263 |
| Net assets released from restrictions | (87,161) | | (87,161) |
| Transfers between net asset classifications | 8,879,817 | | 8,879,817 |
| Changes in permanently restricted net assets | <u>9,583,056</u> | <u>399,913</u> | <u>9,982,969</u> |
| Decrease in net assets | (7,084,376) | (4,122,830) | (11,207,206) |
| Net assets at beginning of year | <u>147,699,296</u> | <u>66,879,865</u> | <u>214,579,161</u> |
| Net assets at end of year | <u>\$140,614,920</u> | <u>\$62,757,035</u> | <u>\$203,371,955</u> |

*For the year ended December 31, 2015

(Concluded)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|-----------------------------------------------|----------------------|
| Tuition and fees | \$529,457,892 |
| Grants and contracts | 119,169,267 |
| Sales and services of educational departments | 5,898,891 |
| Auxiliary enterprise receipts | 168,229,383 |
| Payments for employee compensation | (537,341,687) |
| Payments for benefits | (211,802,402) |
| Payments for utilities | (37,131,648) |
| Payments for supplies and services | (274,385,383) |
| Payments for scholarships and fellowships | (91,917,740) |
| Loans issued to students and employees | (4,560,361) |
| Collection of loans to students and employees | 6,616,503 |
| Other receipts | 26,832,990 |
| Net cash used by operating activities | <u>(300,934,295)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

| | |
|-------------------------------------------------------|--------------------|
| State appropriations | 230,258,820 |
| Gifts and grants for other than capital purposes | 19,548,064 |
| Pell Grant receipts | 120,557,569 |
| Private gifts for endowment purposes | 2,660,400 |
| Taylor Opportunity Program for Students receipts | 129,440,108 |
| Taylor Opportunity Program for Students disbursements | (128,322,049) |
| Federal Emergency Management Agency receipts | 36,870 |
| Federal Emergency Management Agency disbursements | (48) |
| Direct lending receipts | 342,747,280 |
| Direct lending disbursements | (343,314,068) |
| Other receipts | 7,223,865 |
| Net cash provided by noncapital financing sources | <u>380,836,811</u> |

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

| | |
|-----------------------------------------------|---------------------|
| Proceeds from capital debt | 78,606,703 |
| Capital appropriations received | 146,415 |
| Capital grants and gifts received | 14,740,018 |
| Proceeds from the sale of capital assets | 392,000 |
| Purchases of capital assets | (77,721,902) |
| Principal paid on capital debt and leases | (74,147,399) |
| Interest paid on capital debt and leases | (28,034,895) |
| Deposit with trustees | 1,869,156 |
| Other uses | (2,781,863) |
| Net cash used by capital financing activities | <u>(86,931,767)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---------------------------------------------------|-------------------|
| Proceeds from sales and maturities of investments | 42,935,612 |
| Interest received on investments | 2,758,875 |
| Purchase of investments | (27,481,601) |
| Net cash provided by investing activities | <u>18,212,886</u> |

NET INCREASE IN CASH AND CASH EQUIVALENTS

11,183,635

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, restated

353,705,989

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$364,889,624

(Continued)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows, 2016**

| | |
|------------------------------------------------------------------------------------------|------------------------|
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES: | |
| Operating loss | (\$380,635,934) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation expense | 80,403,395 |
| Nonemployer contributing entity revenue | 2,792,406 |
| Amortization of bond issuance costs | (99,354) |
| Cajundome rental income | (946,943) |
| Loss on impairment | 448,581 |
| Changes in assets, deferred outflows, liabilities and deferred inflows: | |
| (Increase) in accounts receivable, net | (8,920,935) |
| Decrease in inventories | 479,421 |
| Decrease in prepaid expenses and advances | 252,844 |
| Decrease in notes receivable, net | 1,834,637 |
| (Increase) in other assets | (75,119) |
| (Increase) in deferred outflows related to pensions | (4,943,215) |
| Increase in accounts payable and accrued liabilities | 5,188,906 |
| Increase in unearned revenue | 2,455,199 |
| (Decrease) in amounts held in custody for others | (797,432) |
| Increase in compensated absences | 955,638 |
| Increase in other postemployment benefits payable | 44,211,743 |
| Increase in net pension liability | 54,302,996 |
| (Decrease) in other liabilities | (2,647,387) |
| (Decrease) in deferred inflows related to pensions | (95,193,742) |
| | <u>(\$300,934,295)</u> |
| Net cash used by operating activities | <u>(\$300,934,295)</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION: | |
| Cash and cash equivalents classified as current assets | \$245,947,637 |
| Cash and cash equivalents classified as noncurrent assets | <u>118,941,987</u> |
| Total cash and cash equivalents | <u>\$364,889,624</u> |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | |
| Capital appropriations | \$36,104,164 |
| Decrease in fair market value of assets | (\$602,125) |
| Private gifts for endowment purposes | \$500,000 |
| Capital gifts and grants | \$7,995,705 |
| Capital assets acquired through capital leases and notes payable | \$1,663,356 |
| Disposition of capital assets | (\$288,871) |
| Retirement contributions paid by third parties | \$2,792,406 |
| TOPS Shortfall | (\$13,632,846) |
| Other | (\$1,372,692) |

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The University of Louisiana System (System) is a publicly-supported institution of higher education. The System is a component unit of the State of Louisiana within the executive branch of government. The universities that comprise the System are under the management and supervision of the University of Louisiana System Board of Supervisors; however, the annual budget of the System and changes to the degree programs, departments of instruction, *et cetera*, of the individual institutions require the approval of the Board of Regents for Higher Education. The Board of Supervisors is comprised of 15 members appointed for staggered six-year terms by the governor, with the consent of the Senate, and one student member appointed for a one-year term by a council composed of the student body presidents of the universities within the System. As state universities, operations of the universities' instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature. The chief executive officer of the System is the president.

The System is comprised of nine universities in nine cities, which include Grambling State University at Grambling, Louisiana Tech University at Ruston, McNeese State University at Lake Charles, Nicholls State University at Thibodaux, Northwestern State University at Natchitoches, Southeastern Louisiana University at Hammond, University of Louisiana at Lafayette, University of Louisiana at Monroe, and University of New Orleans. The universities had approximately 90,483 students enrolled during the fall semester of the 2015/2016 academic year and employed approximately 9,607 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by GASB. The accompanying financial statements have been prepared in accordance with such principles.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The System 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) the majority of the members of the governing board are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) the state issues bonds to finance certain construction; and (4) the universities within

the System primarily serve state residents. The accompanying financial statements present information only as to the transactions of the programs of the System as authorized by Louisiana statutes and administrative regulations.

Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements. The financial statements are audited by the Louisiana Legislative Auditor.

Blended Component Units

The following are Louisiana nonprofit corporations that are considered blended component units of eight of the universities included in the System:

- Black and Gold Facilities, Inc., at Grambling State University
- Innovative Student Facilities, Inc., at Louisiana Tech University
- Cowboy Facilities, Inc., at McNeese State University
- NSU Facilities Corporation at Nicholls State University
- University Facilities, Inc., at Southeastern Louisiana University
- Ragin' Cajun Facilities, Inc., at the University of Louisiana at Lafayette
- University of Louisiana at Monroe Facilities, Inc., at the University of Louisiana at Monroe
- University of New Orleans Research and Technology Foundation, Inc., at the University of New Orleans

These component units are included in the reporting entity because they are fiscally dependent on the universities. The purpose of these organizations is to promote, assist, and benefit the mission of the universities 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 the universities. Although these facility corporations are legally separate, they are reported as a part of the System because:

- The majority of their revenue comes from the leasing of facilities to the university, and/or
- In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and 34*, if a component unit's total outstanding debt, including leases, is expected to be repaid entirely or almost entirely

with the resources of its primary government, then that component unit shall be blended with its primary government.

To obtain the corporations' latest audit reports, write to:

- Black and Gold Facilities, Inc., c/o Mr. Leon Sanders, Grambling State University, P.O. Box 4287, Grambling, Louisiana 71245
- Innovative Student Facilities, Inc., c/o Mrs. Lisa Cole, Louisiana Tech University, P.O. Box 7924, Ruston, Louisiana 71272
- Cowboy Facilities, Inc., c/o Mr. Eddie Meche, McNeese State University, 4205 Ryan Street, Lake Charles, Louisiana 70609
- NSU Facilities Corporation, c/o Mr. Terry Braud Jr., Nicholls State University, P.O. Box 2003, Thibodaux, Louisiana 70310
- University Facilities, Inc., c/o Mr. Sam Domiano, Southeastern Louisiana University, SLU Box 10709, Hammond, Louisiana 70402
- Ragin' Cajun Facilities, Inc., c/o Mrs. Debbie Calais, University of Louisiana at Lafayette, P.O. Box 42651, Lafayette, Louisiana 70504
- University of Louisiana at Monroe Facilities, Inc., c/o Dr. William Graves, University of Louisiana at Monroe, 700 University Avenue, Monroe, Louisiana 71209
- University of New Orleans Research and Technology Foundation, Inc., c/o Mr. Keith Hemel, University of New Orleans Research and Technology Foundation, 2021 Lakeshore Drive, Suite 420, New Orleans, Louisiana 70122

Discretely Presented Component Units

The following legally separate, tax-exempt organizations are reported within the System as discrete component units:

- University of Louisiana at Lafayette Foundation, Inc. (ULL Foundation)
- University of New Orleans Foundation (UNO Foundation)

These foundations act primarily as fundraising organizations to supplement the resources that are available to their respective universities in support of their programs. Although the universities do not control the timing or amount of receipts from their respective foundations, the majority of resources or income

that the foundations hold and invest are restricted to the activities of the university by the donors. Because these restricted resources held by the foundations can only be used by or for the benefit of the universities, the foundations are considered component units of their respective universities and are discretely presented in the financial statements.

During the year ended June 30, 2016, the ULL Foundation and the UNO Foundation made distributions of \$15,087,608 and \$5,139,135, respectively, on behalf of their respective universities for unrestricted purposes.

To obtain the foundations' latest audit reports, write to:

- University of Louisiana at Lafayette Foundation, Inc., c/o Mrs. Debbie Calais, University of Louisiana at Lafayette, P.O. Box 42651, Lafayette, Louisiana 70504
- University of New Orleans Foundation, c/o Dr. Gregg Lassen, University of New Orleans, 2000 Lakeshore Drive, New Orleans, Louisiana 70148

The blended and discretely presented component units are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards, including FASB Accounting Standards Codification (ASC) §958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria, presentation, and disclosure requirements are different from GASB revenue recognition criteria and presentation features. With the exception of presentation adjustments, no modifications have been made to these component units' financial information in the System's report for these differences. Accordingly, the financial data of the discretely presented component units are shown on a statement of financial position and a statement of activities.

Every three years, in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No. 14, the System evaluates whether discretely presented component units reported in prior financial statements continue to meet the Division of Administration, Office of Statewide Reporting and Accounting Policy's guidelines requiring their presentation in the System's financial statements. The University of Louisiana at Lafayette Foundation, Inc., and the University of New Orleans Foundation continue to meet the criteria for presentation in the System's financial statements.

C. BASIS OF ACCOUNTING

For financial reporting purposes, the System is considered a special-purpose government engaged only in business-type activities. All activities of the System are accounted for within a single proprietary (enterprise) fund. Accordingly, the System's financial statements have been presented using the economic resources measurement focus and the

accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-system transactions have been eliminated.

Discrete Component Units

The component units follow the provisions of FASB ASC §958 *Not-for-Profit Entities*, which establishes external financial reporting for not-for-profit organizations, and includes the financial statements and the classifications of resources into three separate classes of net assets as follows:

- *Unrestricted* - resources that are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- *Temporarily Restricted* - resources whose use by the component units are limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the foundations pursuant to those stipulations.
- *Permanently Restricted* - resources whose use by the component units is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions by the component unit.

D. BUDGET PRACTICES

The state of Louisiana's appropriation is an annual lapsing appropriation established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education 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 prorated but are recognized in the succeeding year; and (4) inventories are recorded as expenditures at the time of purchase.

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes cash on hand (petty cash), demand deposits, and interest-bearing demand deposits. Cash equivalents include certificates of deposit and all highly liquid investments with a maturity of three months or less when purchased. Under state law, the System 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 System may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash equivalents reported on the Statement of Net Position include all negotiable certificates of deposit, regardless of maturity.

In accordance with Louisiana Revised Statute (R.S.) 49:327, the System is authorized to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, and money market funds. 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. Investments are maintained in investment accounts in external foundations as authorized by policies and procedures established by the Board of Regents and are reported at fair value in accordance with GASB Statement No. 31. Changes in the carrying value of investments, resulting from unrealized gains and losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. For purposes of the Statement of Cash Flows, the System considers all highly-liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. INVENTORIES

Inventories are valued at the lower of cost or market. The System uses periodic and perpetual inventory systems and values its various other inventories using the first in, first out and weighted-average valuation methods. Adjustments are made at fiscal year end to account for inventories using the consumption method.

G. NONCURRENT RESTRICTED ASSETS

Cash, investments, receivables, and other assets that are externally restricted for grants, endowments, debt service payments, maintenance of sinking or reserve funds or to purchase or construct capital assets are classified as noncurrent restricted assets in the Statement of Net Position.

H. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the System's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million must be capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, three to 10 years for most movable property, three years

for software with an acquisition cost of \$1,000,000 or more, and three to 10 years for internally generated software with development costs of \$1,000,000 or more.

I. UNEARNED REVENUES

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but are related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

J. COMPENSATED ABSENCES

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. Employees who are considered having nonexempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned.

Upon separation of employment, both classified and nonclassified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and nonclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System (LASERS), upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave, which would otherwise have been used to compute years of service for retirement. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

Upon termination or transfer, a classified employee will be paid for any one and one-half hour compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the classified employee's hourly rate of pay at termination or transfer.

K. NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of revenue bonds payable, notes payable, capital lease obligations with contractual maturities greater than one year, amounts for accrued compensated absences, the System's proportionate shares of the LASERS and Teachers' Retirement System of Louisiana (TRSL) actuarially accrued net pension liability, the actuarially accrued liability for Other Postemployment Benefits, and other liabilities that will not be paid within the next fiscal year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of LASERS and TRSL, and additions to/deductions from the

retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. NET POSITION

The System's net position is classified as follows:

(1) Net Investment in Capital Assets

This represents the System's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction, or improvement of those capital assets.

(2) Restricted Net Position - Expendable

Restricted expendable net position includes resources that the System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(3) Restricted Net Position - Nonexpendable

Restricted nonexpendable net position consists of endowment and similar type funds that donors or other outside sources 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, which may either be expended or added to principal.

(4) Unrestricted Net Position

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the System and may be used at the discretion of the governing board to meet current expenses and for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the System's policy is to first apply the expense toward unrestricted resources, and then toward restricted resources.

M. CLASSIFICATION OF REVENUES AND EXPENSES

The System has classified its revenues as either operating or nonoperating according to the following criteria:

- (a) Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and (3) most federal, state, and local grants and contracts and federal appropriations.
- (b) Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, and investment income.
- (c) Operating expenses generally include transactions resulting from providing goods or services, such as (1) payment to vendors for goods or services; (2) payments to employees for services; and (3) payments for employee benefits.
- (d) Nonoperating expenses include transactions resulting from financing activities, capital acquisitions, and investing activities.

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for services (tuition and fees) provided by the System and the amount that is paid by students and/or third parties making payments on the students' behalf.

O. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2016, the System implemented the following accounting standard:

- GASB Statement 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements.

2. CASH AND CASH EQUIVALENTS

At June 30, 2016, the System has cash and cash equivalents (book balances) of \$364,889,624, as follows:

| | |
|-----------------------------|---------------------------------|
| Petty cash | \$368,928 |
| Demand deposits | 223,739,126 |
| Certificates of deposit | 52,504,944 |
| Money market funds | 3,659,874 |
| Short-term investments | 1,731,962 |
| Blended component unit cash | <u>82,884,790</u> |
| Total | <u><u>\$364,889,624</u></u> |

Custodial credit risk is the risk that in the event of a bank failure the System's deposits may not be returned to it. Under state law, the System's deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the System or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

As of June 30, 2016, \$52,609 of the System's bank balance totaling \$379,737,757 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Cash and cash equivalents of the component units totaling \$6,628,576, as shown on the Statement of Financial Position, are reported under FASB ASC §958, which does not require the disclosures of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

3. INVESTMENTS

At June 30, 2015, the System has investments totaling \$280,044,819, which includes \$1,731,962 of short-term investments reported on the Statement of Net Position as restricted cash equivalents. Each university within the System follows state law (R.S. 49:327) as applicable to institutions of higher education in establishing investment policy. State law authorizes the System universities to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds. A summary of the System's investments follows:

| <u>Type of Investment</u> | <u>Percentage of Investments</u> | <u>Credit Quality Rating</u> | <u>Fair Value</u> |
|-----------------------------------------------------|------------------------------------------|--------------------------------------|-----------------------|
| U.S. government securities: | | | |
| U.S. Treasury Notes ¹ | 0.11% | AA+ | \$313,787 |
| Federal National Mortgage Association ¹ | 0.01% | AA+ | 25,092 |
| Federal Home Loan Bank ¹ | 0.05% | AA+ | 134,146 |
| Federal Farm Credit Bank ¹ | 0.05% | AA+ | 141,859 |
| Common and preferred stock ⁴ | 1.96% | | 5,489,818 |
| Corporate bonds and bond funds ³ | 0.17% | | 484,134 |
| Mutual funds ³ | 4.53% | | 12,687,156 |
| Louisiana Asset Management Pool ¹ | 0.62% | AAAm | 1,731,962 |
| Investments held by foundations in | | | |
| external investment pools ² | 6.92% | | 19,382,853 |
| Investments held by foundations: | | | |
| U.S. Treasury Notes ¹ | 1.22% | AA+ | 3,422,665 |
| Federal Home Loan Mortgage Corporation ¹ | 0.13% | AAA | 377,527 |
| Federal National Mortgage Association ¹ | 0.44% | AAA | 1,244,626 |
| Other fixed income securities ³ | 0.52% | | 1,458,796 |
| Mutual funds ³ | 30.14% | | 84,418,495 |
| Money market accounts ³ | 1.68% | | 4,695,814 |
| Equity funds ³ | 10.30% | | 28,855,620 |
| Common and preferred stock ⁴ | 17.26% | | 48,331,692 |
| Corporate bonds/obligations ³ | 4.09% | | 11,449,290 |
| Hedge funds ⁴ | 0.03% | | 82,356 |
| Certificates of deposit ⁴ | 0.02% | | 60,000 |
| Other ⁴ | 5.19% | | 14,527,982 |
| Held by blended component units ² | 14.54% | | 40,729,149 |
| | <u>100.0%</u> | | <u>\$280,044,819</u> |

¹Credit quality ratings obtained from Standard and Poor's.

²Credit quality ratings not required for these investments.

³Credit quality ratings not available.

⁴Not rated

| Type of Investment | Investment Maturities in Years | | | | | |
|----------------------------------------|--------------------------------|------------------|-------------|-------------|-------------|---------------|
| | Fair Value | Less Than 1 Year | 1-5 Years | 6-10 Years | 11-20 Years | Over 20 Years |
| U.S. government securities: | | | | | | |
| U.S. Treasury Notes | \$313,787 | | \$230,036 | \$83,751 | | |
| Federal National Mortgage Association | 25,092 | | 25,092 | | | |
| Federal Home Loan Bank | 134,146 | | 134,146 | | | |
| Federal Farm Credit Bank | 141,859 | | 141,859 | | | |
| Corporate bonds and bond funds | 484,134 | | 484,134 | | | |
| Mutual funds | 12,675,981 | \$12,675,981 | | | | |
| Investments held by foundations: | | | | | | |
| U.S. Treasury Notes | 3,422,665 | 738,203 | 1,673,519 | 1,010,943 | | |
| Federal Home Loan Mortgage Corporation | 377,527 | 112,459 | 238,526 | 6,515 | \$20,027 | |
| Federal National Mortgage Association | 1,244,627 | | 894,823 | 216,883 | 86,439 | \$46,482 |
| Other fixed income securities | 1,458,796 | | 483,213 | 975,583 | | |
| Mutual funds | 11,790,441 | 10,938,926 | 349,863 | 501,652 | | |
| Money market accounts | 1,646,316 | 1,646,316 | | | | |
| Equity funds | 10,985,669 | 10,985,669 | | | | |
| Corporate bonds/obligations | 11,449,290 | 1,533,358 | 4,662,406 | 4,604,172 | 649,354 | |
| Other | 200,434 | | | 200,434 | | |
| Total | \$56,350,764 | \$38,630,912 | \$9,317,617 | \$7,599,933 | \$755,820 | \$46,482 |

Investments held by the University of New Orleans Foundation (UNO Foundation), a private foundation, in an external investment pool are managed in accordance with the terms outlined in a management agreement executed between the University of New Orleans (UNO) and the UNO Foundation. UNO is a voluntary participant. This investment totaling \$19,382,853 has no credit quality rating.

The System's universities' respective foundations hold and manage funds received by the universities as state matching funds for the Endowed Chairs and Endowed Professorship programs. Of the \$218,307,716 reported as investments held by foundations, the amounts held by its discretely presented component units total \$106,879,735.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the System's investments to U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds. Individual System universities do not have policies to further limit credit risk.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For U.S. Treasury obligations and U.S. government agency obligations, the System universities' investment policies generally require that issuers must provide the universities with safekeeping receipts, collateral agreements, and custodial agreements.

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. State law requires that at no time shall the funds invested in U.S. government agency obligations exceed 60% of all monies invested with maturities of 30 days or longer. In addition, state law limits the investment in commercial paper and corporate notes and

bonds to 20% of all investments. Individual System universities do not have policies to further limit concentration of credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State law as applicable to institutions of higher education does not address interest rate risk. In addition, individual System universities do not have policies to limit interest rate risk.

INVESTMENTS - FAIR VALUE MEASUREMENT

GASB Statement No. 72, *Fair Value Measurement and Application*, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

- Level 1 inputs – the valuation is based on quoted market prices for identical assets or liabilities traded in active markets;
- Level 2 inputs – the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;
- Level 3 inputs – the valuation is determined by using the best information available under the circumstances and might include the government’s own data. In developing unobservable inputs, a government may begin with its own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

Fair values of assets measured on a recurring basis at June 30, 2016 are as follows:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets Level 1 | Other Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 |
|----------------------------------------|----------------------|--------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------|
| U.S. government securities: | | | | |
| U.S. Treasury Notes | \$313,787 | | \$313,787 | |
| Federal National Mortgage Association | 25,092 | | 25,092 | |
| Federal Home Loan Bank | 134,146 | | 134,146 | |
| Federal Farm Credit Bank | 141,859 | | 141,859 | |
| Common and preferred stock | 5,489,818 | \$5,489,818 | | |
| Corporate bonds and bond funds | 484,134 | 484,134 | | |
| Mutual funds | 12,687,156 | 12,687,156 | | |
| Louisiana Asset Management Pool | 1,731,962 | | 1,731,962 | |
| Investments held by foundations: | | | | |
| U.S. Treasury Notes | 3,422,665 | | 3,422,665 | |
| Federal Home Loan Mortgage Corporation | 377,527 | | 377,527 | |
| Federal National Mortgage Association | 1,244,626 | | 1,244,626 | |
| Other fixed income securities | 1,458,796 | | 1,458,796 | |
| Mutual funds | 84,418,495 | 80,857,327 | 3,561,168 | |
| Money market accounts | 4,695,814 | 3,726,698 | 969,116 | |
| Equity funds | 28,855,620 | 21,568,163 | 7,287,457 | |
| Common and preferred stock | 48,331,692 | 48,331,692 | | |
| Corporate bonds/obligations | 11,449,290 | | 11,449,290 | |
| Hedge funds | 82,356 | | 82,356 | |
| Certificates of Deposit | 60,000 | 60,000 | | |
| Other | 14,527,982 | | 2,308,997 | \$12,218,985 |
| | <u>14,527,982</u> | <u> </u> | <u>2,308,997</u> | <u>\$12,218,985</u> |
| Total | <u>\$219,932,817</u> | <u>\$173,204,988</u> | <u>\$34,508,844</u> | <u>\$12,218,985</u> |

Fair values for the System's investments categorized in Level 1 (e.g., equity securities, certain mutual funds, money market accounts) have been obtained using quoted prices from active markets in which these securities are traded (e.g., New York Stock Exchange). Fair values for investments categorized in Level 2 (e.g., United States government securities, certain mutual funds, corporate bonds and obligations) have been provided by the universities' investment advisors, financial institutions, or other sources and are based on other observable inputs. Fair values for investments categorized in Level 3 have been provided by the universities' investment advisors, financial institutions, or other sources and are based on other available information.

INVESTMENTS - COMPONENT UNITS

The component units' investments totaling \$221,823,962, as shown on the Statement of Financial Position, are reported under FASB ASC §958, which does not require the disclosures of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. The fair values of investments held by the component units at June 30, 2016, follow:

| <u>Type of Investment</u> | University of Louisiana at Lafayette Foundation | University of New Orleans Foundation* | Total Investments |
|------------------------------------------------|----------------------------------------------------------|---------------------------------------------|----------------------|
| Certificates of deposit | \$2,035,349 | | \$2,035,349 |
| U.S. Treasury and agency bonds | 203,899 | | 203,899 |
| Municipal and other government agency bonds | 302,056 | | 302,056 |
| Fixed income | | \$70 | 70 |
| Commerical bonds | 677,828 | | 677,828 |
| Stocks and equities | 7,195,544 | 1,477,521 | 8,673,065 |
| International stocks | | 1,574,367 | 1,574,367 |
| Mutual and exchange traded funds | 89,890,879 | 60,714,858 | 150,605,737 |
| Oil and gas interests | | 95,561 | 95,561 |
| Land | | 3,212,512 | 3,212,512 |
| Hedge funds and alternative investments | 50,488,649 | 3,929,357 | 54,418,006 |
| Unit investment funds | 25,512 | | 25,512 |
| Total | <u>\$150,819,716</u> | <u>\$71,004,246</u> | <u>\$221,823,962</u> |

*For the year ended December 31, 2015

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2016. These receivables are composed of the following:

| <u>Type</u> | Accounts Receivable | Allowance for Doubtful Accounts | Net Accounts Receivable | Restricted Portion |
|-----------------------------------------------------|------------------------|---------------------------------------|-------------------------------|-----------------------|
| Student tuition and fees | \$43,786,324 | (\$15,033,153) | \$28,753,171 | \$517,967 |
| Auxiliary enterprises | 11,908,688 | (1,717,028) | 10,191,660 | 246,673 |
| Contributions and gifts | 3,953,674 | | 3,953,674 | 500,000 |
| Federal, state, and private grants and contracts | 36,412,172 | (311,676) | 36,100,496 | |
| Insurance recoveries | 1,935,775 | | 1,935,775 | |
| Other | 6,499,145 | (147,428) | 6,351,717 | |
| Total | <u>\$104,495,778</u> | <u>(\$17,209,285)</u> | <u>\$87,286,493</u> | <u>\$1,264,640</u> |

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2016, follows:

University of Louisiana System

| | Balance July 1, 2015 | Prior Period Adjustment | Restated Balance July 1, 2015 | Additions | Transfers | Retirements | Balance June 30, 2016 |
|-----------------------------------------------|-------------------------|-------------------------------|-------------------------------------|--------------|---------------|---------------|--------------------------|
| Capital assets not being depreciated: | | | | | | | |
| Land | \$95,830,786 | | \$95,830,786 | \$314,978 | | (\$80,000) | \$96,065,764 |
| Land improvements | 7,205,897 | | 7,205,897 | 19,800 | | | 7,225,697 |
| Capitalized collections | 314,621 | | 314,621 | | | | 314,621 |
| Livestock | 52,900 | | 52,900 | 2,800 | | (15,600) | 40,100 |
| Software development in progress | 8,315,892 | \$461,863 | 8,777,755 | 5,147,177 | (\$4,798,864) | | 9,126,068 |
| Construction-in-progress | 75,210,170 | | 75,210,170 | 85,112,192 | (83,378,458) | (150,955) | 76,792,949 |
| Other | | 33,110 | 33,110 | | | | 33,110 |
| Total assets not being depreciated | 186,930,266 | 494,973 | 187,425,239 | 90,596,947 | (88,177,322) | (246,555) | 189,598,309 |
| Capital assets being depreciated: | | | | | | | |
| Infrastructure | 29,181,659 | | 29,181,659 | | 2,803,720 | | 31,985,379 |
| Land improvements | 78,581,267 | | 78,581,267 | 1,752,019 | 2,616,148 | | 82,949,434 |
| Buildings | 2,194,955,488 | | 2,194,955,488 | 7,509,191 | 77,778,178 | (4,692,879) | 2,275,549,978 |
| Equipment (including library books) | 452,847,253 | (77,830) | 452,769,423 | 20,250,221 | 180,412 | (11,885,728) | 461,314,328 |
| Software (internally generated and purchased) | 2,458,405 | | 2,458,405 | | 4,798,864 | | 7,257,269 |
| Total capital assets being depreciated | 2,758,024,072 | (77,830) | 2,757,946,242 | 29,511,431 | 88,177,322 | (16,578,607) | 2,859,056,388 |
| Less accumulated depreciation: | | | | | | | |
| Infrastructure | (10,317,362) | | (10,317,362) | (752,036) | | | (11,069,398) |
| Land improvements | (39,268,383) | 5,667 | (39,262,716) | (2,958,957) | | | (42,221,673) |
| Buildings | (956,456,036) | 1,907,050 | (954,548,986) | (55,067,563) | | 1,911,271 | (1,007,705,278) |
| Equipment | (389,326,730) | 2,258,727 | (387,068,003) | (20,025,218) | | 11,678,841 | (395,414,380) |
| Software (internally generated and purchased) | (2,458,405) | | (2,458,405) | (1,599,621) | | | (4,058,026) |
| Total accumulated depreciation | (1,397,826,916) | 4,171,444 | (1,393,655,472) | (80,403,395) | NONE | 13,590,112 | (1,460,468,755) |
| Total capital assets, net | \$1,547,127,422 | \$4,588,587 | \$1,551,716,009 | \$39,704,983 | NONE | (\$3,235,050) | \$1,588,185,942 |

Component Units

| | Balance July 1, 2015 | Prior Period Adjustment | Restated Balance July 1, 2015 | Additions | Transfers | Retirements | Balance June 30, 2016 |
|-------------------------------------------|-------------------------|-------------------------------|-------------------------------------|-----------|---------------|-------------|--------------------------|
| Capital assets not being depreciated: | | | | | | | |
| Real estate | \$2,228,310 | | \$2,228,310 | | | | \$2,228,310 |
| Art and collectibles | 2,943,071 | | 2,943,071 | \$68,945 | | | 3,012,016 |
| Construction-in-progress | 4,532,027 | | 4,532,027 | 276,430 | (\$4,604,858) | | 203,599 |
| Total assets not being depreciated | 9,703,408 | NONE | 9,703,408 | 345,375 | (4,604,858) | NONE | 5,443,925 |
| Capital assets being depreciated: | | | | | | | |
| Buildings | 16,036,166 | \$20,897 | 16,057,063 | 425,053 | 4,604,858 | (\$158,371) | 20,928,603 |
| Vehicles, furniture, and equipment | 1,079,804 | (18,801) | 1,061,003 | 106,360 | | | 1,167,363 |
| Software (internally generated/purchased) | 102,093 | | 102,093 | 9,175 | | | 111,268 |
| Total assets being depreciated | 17,218,063 | 2,096 | 17,220,159 | 540,588 | 4,604,858 | (158,371) | 22,207,234 |
| Less accumulated depreciation | (5,843,935) | (357) | (5,844,292) | (664,327) | NONE | NONE | (6,508,619) |
| Total capital assets, net | \$21,077,536 | \$1,739 | \$21,079,275 | \$221,636 | NONE | (\$158,371) | \$21,142,540 |

The capital asset disclosure for the discretely presented component units has been adjusted to reflect the classifications of the assets as presented in the audited financial statements of the discretely presented component units. Their financial statements have been prepared in accordance with FASB ASC §958. The disclosure requirements of FASB ASC §958 differ from those required for financial statements prepared in accordance with GASB requirements.

Southeastern Louisiana University is the only university within the System that capitalizes its collections, which include various works of art and historical items, including sculptures, statues, portraits, murals, book collections, war artifacts, and maps.

Although not capitalized, the University of Louisiana at Lafayette maintains the Louisiana Room, the Rare Book Room, the University Archives and Acadiana Manuscripts Collection, the Creole and Cajun Music Collection, the University Records Management Program, the Microforms Room, and the Ernest J. Gaines Center. In addition, the University of Louisiana at Monroe maintains the Thomas Gilhula War Collection, the Friends of the Library of Louisiana Collection of parish histories, the James A. Noe Collection, the Otto E. Pressman Collection, an African Artifacts collection, a geosciences collection, an herbarium collection, and various artifacts in the Natural History Museum.

The System universities generally do not capitalize collections of works of art or historical treasures either because they do not have any or because they meet the following criteria for exclusion from capitalization in accordance with the requirements of GASB Statement No. 34: (1) held for public exhibition, education, or research in furtherance of public service rather than financial gain; (2) protected, kept unencumbered, cared for, or preserved; and (3) subject to an organizational policy that requires the proceeds from sales of the items to be used to acquire other items for the collection.

6. PAYABLES

The following is a summary of payables and accrued expenses at June 30, 2016:

| <u>Account Name</u> | |
|-----------------------------------------|----------------------------|
| Vendor payables | \$18,697,441 |
| Accrued salaries and payroll deductions | 31,721,895 |
| Accrued interest | 4,882,573 |
| Other | <u>3,125,860</u> |
| Total payables | <u><u>\$58,427,769</u></u> |

7. COMPENSATED ABSENCES

At June 30, 2016, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$25,187,705; \$20,555,291; and \$1,136,197, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

8. PENSION LIABILITY

The System is a participating employer in two statewide, public employee retirement systems, the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL). Both systems have separate boards of trustees and administer cost-sharing, multiple-employer defined benefit pension plans, including classes of employees with different benefits and contribution rates (subplans). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all subplans administered by these systems to the state Legislature. Each system issues a public report that includes financial statements and required supplementary information. Copies of these reports for LASERS and TRSL may be obtained at www.lasersonline.org and www.trsl.org, respectively.

TRSL also administers an optional retirement plan (ORP), which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education and is considered a defined contribution plan (see note 9 below). A portion of the employer contributions for ORP plan members is dedicated to the unfunded accrued liability of the TRSL defined benefit plan.

General Information About the Pension Plans

Plan Descriptions/Benefits Provided

Louisiana State Employees' Retirement System

LASERS administers a plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in R.S. 11:411-414. The age and years of creditable service (service) required in order for a member to receive retirement benefits are established by R.S. 11:441 and vary depending on the member's hire date, employer, and job classification. Act 992 of the 2010 Regular Session of the Louisiana Legislature closed existing subplans for members hired before January 1, 2011, and created new subplans for regular members, hazardous duty members, and judges.

The substantial majority of members may retire with full benefits at any age upon completing 30 years of service and at age 60 upon completing 5-10 years of service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. Eligibility for retirement benefits and the computation of retirement benefits are provided for in R.S. 11:444. The basic annual retirement benefit for members is equal to a percentage (between 2.5% and 3.5%) of average compensation multiplied by the number of years of service, generally not to exceed 100% of average compensation. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006, or highest 60 consecutive months of employment for members employed after that date. A member leaving service before attaining minimum retirement but after completing certain minimum service requirements, generally 10 years, becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw the accumulated contributions.

Eligibility requirements and benefit computations for disability benefits are provided for in R.S. 11:461. All members with 10 or more years of service or members aged 60 or older regardless of date of hire who become disabled may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation.

Provisions for survivor benefits are provided for in R.S. 11:471-478. Under these statutes, the deceased member who was in state service at the time of death must have a minimum of five years of service, at least two which were earned immediately prior to death, or who had a minimum of 20 years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until 18 or age 23 if the child remains a full-time student. The minimum service requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

LASERS has established a Deferred Retirement Option Plan (DROP). When members enter DROP, their status changes from active member to retiree even though they continue to work and draw their salaries for a period up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

Teachers' Retirement System of Louisiana

TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in R.S. 11:701. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in R.S. 11:761. Statutory changes closed existing, and created new, subplans for members hired on or after January 1, 2011.

Most members are eligible to receive retirement benefits (1) at the age of 60 with five years of service, (2) at the age of 55 with at least 25 years of service, or (3) at any age with at least 30 years of service. Retirement benefits are calculated by applying a percentage ranging from 2% to 3% of final average salary multiplied by years of service. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2011, or highest 60 consecutive months of employment for members employed after that date.

Under R.S. 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011, and attained at least five years of service or if employed on or after January 1, 2011, and attained at least 10 years of service. Members employed prior to January 1, 2011, receive disability benefits equal to 2.5% of average compensation multiplied by the years of service, but not more than 50% of average compensation subject to statutory minimums. Members employed on or after January 1, 2011,

receive disability benefits equivalent to the regular retirement formula without reduction by reason of age.

Survivor benefits are provided for in R.S. 11:762. In order for survivor benefits to be paid, the deceased member must have been in state service at the time of death and must have a minimum of five years of service, at least two of which were earned immediately prior to death, or must have had a minimum of 20 years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child.

Survivor benefits are equal to 50% of the benefit to which the member would have been entitled if retired on the date of death using a factor of 2.5% regardless of years of service or age, or \$600 per month, whichever is greater. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The minimum service credit requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or a qualified handicapped child.

TRSL has established a DROP plan. When members enter DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

Cost of Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS and TRSL allow for the payment of cost-of-living adjustments, or COLAs, that are funded through investment earnings when recommended by the board of trustees and approved by the Louisiana Legislature. These ad hoc COLAs are not considered to be substantively automatic.

Contributions

Article X, Section 29(E) (2) (a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. For those members participating in the TRSL defined contribution ORP, a portion of the employer contributions is used to fund the TRSL defined benefit plans' unfunded accrual liability.

Employer contributions to LASERS for fiscal year 2016 were \$28,723,881, with active member contributions ranging from 7.5% to 8%, and System (employer) contributions of 37.2%. Employer defined benefit plan contributions to TRSL for fiscal year 2016 were \$87,173,106, with active member contributions of 8%, and employer contributions of 22% and 25.3% for ORP and defined benefit plan employees, respectively. Nonemployer contributing entity contributions

to TRSL, which are comprised of ad valorem tax revenues, totaled \$2,792,406 for fiscal year 2016, and were recognized as revenue by the System.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the System reported liabilities of \$280,742,848 and \$802,250,555 under LASERS and TRSL, respectively, for its proportionate share of the net pension liability (NPL). The NPL for LASERS and TRSL was measured as of June 30, 2015, and the total pension liabilities used to calculate the NPL were determined based on actuarial valuations as of that date. The System's proportions of the NPL were based on projections of the System's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

As of June 30, 2015, the most recent measurement date, the System's proportion and the change in proportion from the prior measurement date were 4.12766% and a decrease of 0.18293%, respectively, for LASERS and 7.46121% and an increase of 0.03414%, respectively, for TRSL.

For the year ended June 30, 2016, the System recognized pension expense of \$13,727,113 for LASERS and \$59,128,312 for TRSL for a total of \$72,855,425. The System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | LASERS | | TRSL | | Totals | |
|---------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$375,303 | \$2,299,494 | | \$9,206,210 | \$375,303 | \$11,505,704 |
| Net difference between projected and actual earnings on pension plan investments | | 253,888 | | 17,704,564 | | 17,958,452 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,035,849 | 9,486,126 | \$27,698,679 | 16,615,677 | 28,734,528 | 26,101,803 |
| Employer contributions subsequent to the measurement date | 28,723,881 | | 87,173,106 | | 115,896,987 | |
| Total | \$30,135,033 | \$12,039,508 | \$114,871,785 | \$43,526,451 | \$145,006,818 | \$55,565,959 |

Deferred outflows of resources related to pensions resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the LASERS and TRSL NPL in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal year ending June 30, | LASERS | TRSL | Total |
|-----------------------------|---------------|---------------|----------------|
| 2016 | (\$8,056,019) | (\$9,669,644) | (\$17,725,663) |
| 2017 | (\$6,526,873) | (\$9,669,644) | (\$16,196,517) |
| 2018 | (\$2,104,212) | (\$9,669,644) | (\$11,773,856) |
| 2019 | \$6,058,748 | \$13,181,122 | \$19,239,870 |

Actuarial Assumptions

The total pension liability for LASERS and TRSL in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

| | LASERS | TRSL |
|--------------------------------------------|-----------------------------------------------------------|-------------------------------|
| Valuation Date | June 30, 2015 | June 30, 2015 |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |
| Expected Remaining Service Lives | 3 years | 5 years |
| Investment Rate of Return | 7.75% per annum | 7.75%, net of investment exp. |
| Inflation Rate | 3% per annum | 2.5% per annum |
| Mortality - Non-disabled | RP-2000, improvement to 2015 | RP-2000, scale AA to 2025 |
| Mortality - Disabled | RP-2000 | RP-2000, scale AA to 2025 |
| Termination, Disability, Retirement | 2009-2013 experience study | 2008-2012 experience study |
| Salary Increases | 2009-2013 experience study, ranging from 3.0% to 14.5% | 3.5% to 10% |
| Cost-of-Living Adjustments | Not substantively automatic | Not substantively automatic |

For LASERS and TRSL, the long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized in the following table:

| | LASERS (Geometric) | | TRSL (Arithmetic) | |
|----------------------------------|--------------------|----------------------------------------|-------------------|----------------------------------------|
| | Target Allocation | Long-term Expected Real Rate of Return | Target Allocation | Long-term Expected Real Rate of Return |
| Cash | 0.00% | 0.24% | | |
| Domestic equity | 27.00% | 4.56% | 31.00% | 4.71% |
| International equity | 30.00% | 5.67% | 19.00% | 5.69% |
| Domestic fixed income | 10.00% | 2.24% | 14.00% | 2.04% |
| International fixed income | 2.00% | 3.64% | 7.00% | 2.80% |
| Alternative investments | 24.00% | 7.82% | 29.00% | 5.94% |
| Global tactical asset allocation | 7.00% | 3.70% | | |
| Total | 100.00% | | 100.00% | |

Discount Rate

The discount rate used to measure the total pension liability was 7.75% for both LASERS and TRSL. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the NPL to Changes in the Discount Rate

The following presents the System's proportionate share of the NPL for LASERS and TRSL using the current discount rate as well as what the System's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1.0% Decrease | Current Discount Rate | 1.0% Increase |
|--------|-----------------|-----------------------|---------------|
| LASERS | \$354,358,071 | \$280,742,848 | \$218,225,527 |
| TRSL | \$1,015,138,500 | \$802,250,555 | \$621,185,197 |

Pension Plan Fiduciary Net Position

Detailed information about LASERS's and TRSL's fiduciary net position is available in the separately issued financial reports referenced above.

Payables to the Pension Plan

At June 30, 2016, the System had \$4,403,167 and \$15,951,933 payable to LASERS and TRSL for the June 2016 employee and employer legally required contributions, respectively.

9. OPTIONAL RETIREMENT SYSTEM

TRSL administers an optional retirement plan (ORP), which was created by R.S. 11:921-931 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 TRSL for five 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 participate in the optional retirement plan rather than the TRSL and purchase retirement and death benefits through contracts provided by designated companies. Benefits payable to participants are not the obligation of the State of Louisiana or the TRSL. Such benefits and other rights of the ORP are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

R.S. 11:927 sets the contribution requirements of the ORP plan members and the employer equal to the contribution rates established for the regular retirement plan of TRSL. However, effective July 1, 2014, the employer contribution rate for amounts credited to the ORP participants who are not employed in higher education must be the greater of: (1) the employer normal cost contribution for the TRSL Regular Plan; or (2) 6.2%.

Employer ORP contributions to TRSL for fiscal year 2016 totaled \$51,144,451, which represents pension expense for the System. Employee contributions totaled \$14,976,756. The active member and employer contribution rates were 8% and 5.3%, respectively, with an additional employer contribution of 22% made to the TRSL defined benefit plan described in note 8 above.

10. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The System provides certain continuing health care and life insurance benefits for its retired employees. Substantially, all System employees become eligible for these benefits if they reach normal retirement age while working for the System.

The System offers its employees the opportunity to participate in one of two medical coverage plans. One plan is from the state's Office of Group Benefits (OGB), which offers a life insurance plan, and the other plan is with the Louisiana State University (LSU) System Health Plan (Health Plan). The Health Plan is offered only to a limited number of employees at the University of New Orleans (UNO) who were participating in LSU First at the time UNO was

transferred from the LSU System to the University of Louisiana System. GASB Statement No. 45 promulgates the accounting and financial reporting requirement by employers that offer other postemployment benefits (OPEB) besides pensions. Both of the medical coverage plans and the life insurance plan available are subject to the provisions of this statement. Information about these two plans is presented below.

Plan Descriptions

State OGB Plan

Employees of the System voluntarily participate in the state of Louisiana's health insurance plan. OGB provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system, and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provide the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in the Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

LSU System Health Plan (Health Plan)

The System offers eligible UNO retirees and their beneficiaries the opportunity to participate in comprehensive health and preventive care coverage under the Health Plan that gives members a unique, consumer-driven health care approach to pay routine health expenses and provides coverage for major healthcare expenses. Within the Health Plan, members have a choice of selecting between two options. The Health Plan is defined as a single-employer defined benefit health care plan that is not administered as a trust or equivalent arrangement.

The LSU System selects claim and pharmaceutical administrators to administer the program through a formal request for proposal process.

The Health Plan does not issue a publicly available financial report, but it is included in the LSU System's audited financial statements.

Funding Policy

State OGB Plan

The contribution requirements of plan members and the System are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefit costs until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree health care based on a service schedule. Contribution amounts vary depending on what health care provider is selected from the plan and if the member has Medicare coverage.

OGB offers several standard healthcare plans for both active and retired employees. In addition, retired employees who have Medicare Part A and Part B coverage also have access to several OGB Medicare Advantage plans.

The plan is financed on a pay-as-you-go basis. As of June 30, 2016, the state does not use an OPEB trust. A trust was established with an effective date of July 1, 2008, but was not funded, has no assets, and hence has a funded ratio of zero.

Employees who were active plan participants before January 1, 2002, and continue medical participation until retirement, pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost).

Employees who begin participation on or after January 1, 2002, pay a percentage of the total contribution rate upon retirement based on the following schedule:

| <u>Service</u> | <u>Employer Contribution Percentage</u> | <u>Employee Contribution Percentage</u> |
|----------------|-------------------------------------------------|-------------------------------------------------|
| Under 10 years | 19% | 81% |
| 10 - 14 years | 38% | 62% |
| 15 - 19 years | 56% | 44% |
| 20+ years | 75% | 25% |

All members who retire on or after July 1, 1997, must have Medicare Parts A and B to qualify for reduced premium rates.

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees, subject to maximum values. The total monthly premium is approximately \$1 per thousand dollars of coverage, of which the employer pays 50% of the individual retiree's premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and disability coverage ceasing at age 70 for retirees.

LSU System Health Plan

Plan rates are actuarially determined and approved by the LSU First Benefits Oversight Committee. Plan rates are in effect for one year, and members have the opportunity to switch health plans during the annual enrollment period, which usually occurs in October.

The plan is financed on a pay-as-you-go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits. This expense includes all expected claims and related expenses and is offset by retiree contributions.

Annual OPEB Cost and Net OPEB Obligation - The System's annual required contribution (ARC) is an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year, open amortization period has been used. The total ARC for fiscal year 2016 is \$72,378,069.

The following schedule presents the System's OPEB obligation for fiscal year 2016:

| | State OGB Plan | LSU System Health Plan | Total |
|----------------------------------------------------|----------------------|---------------------------|----------------------|
| Beginning net OPEB obligations at July 1, 2015 | \$505,225,738 | \$12,340,254 | \$517,565,992 |
| ARC adjustment | 71,594,700 | 783,369 | 72,378,069 |
| Interest on net OPEB obligation | 20,208,900 | 493,373 | 20,702,273 |
| ARC adjustment | (19,305,500) | (471,325) | (19,776,825) |
| OPEB cost | 72,498,100 | 805,417 | 73,303,517 |
| Contributions made - current-year retiree premiums | (28,441,354) | (650,420) | (29,091,774) |
| Increase in net OPEB obligation | 44,056,746 | 154,997 | 44,211,743 |
| Ending net OPEB obligation at June 30, 2016 | <u>\$549,282,484</u> | <u>\$12,495,251</u> | <u>\$561,777,735</u> |

The System's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2016, and the preceding two fiscal years were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|------------------------|-----------------------------------------------------|------------------------|
| June 30, 2014 | \$65,268,089 | 39.7% | \$473,995,614 |
| June 30, 2015 | \$70,191,577 | 37.9% | \$517,565,992 |
| June 30, 2016 | \$73,303,517 | 39.7% | \$561,777,735 |

Funded Status and Funding Progress - The funded status of the plan, as determined by an actuary as of July 1, 2015, was as follows:

| | State OGB Plan | LSU System Health Plan | Total |
|------------------------------------------------------|----------------------|---------------------------|----------------------|
| Actuarial accrued liability (AAL) | \$956,795,400 | \$19,711,877 | \$976,507,277 |
| Actuarial value of plan assets | NONE | NONE | NONE |
| UAAL | <u>\$956,795,400</u> | <u>\$19,711,877</u> | <u>\$976,507,277</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0% | 0% | 0% |
| Covered payroll | \$402,973,774 | \$0 | \$402,973,774 |
| UAAL as percentage of covered payroll | 237% | 0% | 242% |

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the AAL consistent with the long-term perspective of the calculations.

The RP 2014 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's UAAL is being amortized as a level percentage of projected payroll over an open amortization period of 30 years. Annual per capita medical claims costs were updated to reflect an additional year of actual experience.

The July 1, 2015, actuarially accrued liability is based on the valuation results and information as of July 1, 2014, from the actuarial valuation report dated July 22, 2015. A summary of the actuarial assumptions is presented as follows:

| | State OGB Plan | LSU System Health Plan |
|-----------------------------------------------|--------------------------------------------|--------------------------------------------|
| Actuarial valuation date | July 1, 2014, projected to July 1, 2015 | July 1, 2014, projected to July 1, 2015 |
| Actuarial cost method | Projected Unit Credit | Projected Unit Credit |
| Amortization method | Level % of payroll | Level % of payroll |
| Amortization period | 30 years, open | 30 years, open |
| Asset valuation method | None | None |
| Actuarial assumptions: | | |
| Discount rate | 4% | 4% |
| Projected salary increases | 3% | 3% |
| Health care inflation (trend) rate | 4.5%-7.5% | 4.5%-8% |
| Health care inflation (trend) rate - ultimate | 4.5% | 4.5% |

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2016, the total rental expense for all operating leases is \$1,025,647. The following is a schedule, by years, of future minimum annual rental payments required under operating leases:

| Fiscal Year Ending June 30, | Office Space | Equipment | Land | Other | Total Minimum Payments Required |
|-----------------------------|--------------------|------------------|------------------|------------------|------------------------------------------|
| 2017 | \$752,296 | \$135,206 | \$103,337 | \$94,620 | \$1,085,459 |
| 2018 | 454,386 | 136,455 | 79,646 | 99,171 | 769,658 |
| 2019 | 412,250 | 148,019 | 5,167 | 75,562 | 640,998 |
| 2020 | 412,250 | 148,019 | 5,218 | | 565,487 |
| 2021 | 412,250 | 23,819 | 5,271 | | 441,340 |
| 2022-2026 | 1,926,250 | 55,866 | 27,152 | | 2,009,268 |
| 2027-2031 | 1,161,250 | 47,515 | 28,535 | | 1,237,300 |
| 2032-2036 | 1,161,250 | 47,515 | 29,988 | | 1,238,753 |
| 2037-2041 | 1,161,250 | 47,515 | 31,515 | | 1,240,280 |
| 2042-2046 | 1,161,250 | 47,515 | 33,120 | | 1,241,885 |
| Thereafter | 47 | | 102,428 | | 102,475 |
| Total | <u>\$9,014,729</u> | <u>\$837,444</u> | <u>\$451,377</u> | <u>\$269,353</u> | <u>\$10,572,903</u> |

Capital Leases

The System records items under capital leases as assets and obligations in the accompanying financial statements. The System's capital leases at June 30, 2016, consist of various leases as follows:

| <u>Nature of Lease</u> | <u>Buildings</u> | <u>Equipment</u> | <u>Total</u> |
|-------------------------------------------------|------------------|------------------|--------------|
| Gross amount of leased assets (historical cost) | \$5,523,464 | \$14,404,955 | \$19,928,419 |
| Remaining interest to end of lease | \$207,449 | \$256,293 | \$463,742 |
| Remaining principal to end of lease | \$3,095,000 | \$2,853,940 | \$5,948,940 |

The System's component unit foundations have no capital leases at June 30, 2016.

The following is a schedule of future minimum lease payments under these capital leases, together with the present value of minimum lease payments at June 30, 2016:

| <u>Fiscal Year Ending June 30,</u> | <u>System</u> |
|---------------------------------------------|--------------------|
| 2017 | \$1,832,747 |
| 2018 | 1,792,774 |
| 2019 | 1,139,217 |
| 2020 | 549,237 |
| 2021 | 547,739 |
| 2022-2026 | 550,968 |
| Total minimum lease payments | 6,412,682 |
| Less - amount representing executory costs | NONE |
| Net minimum lease payments | 6,412,682 |
| Less - amount representing interest | 463,742 |
| | <u>\$5,948,940</u> |
| Present value of net minimum lease payments | <u>\$5,948,940</u> |

Lessor - Operating Leases

The System's leasing operations consist primarily of leasing property for providing food services to students; bookstore operations; and office space for postal services, banking services, and vending operations.

The following schedule provides an analysis of the System's investment in property on operating leases and property held for lease by major classes as of June 30, 2016:

| | Cost | Accumulated Depreciation | Carrying Amount |
|--------------|----------------------|-----------------------------|----------------------|
| Office space | \$53,862,794 | (\$18,054,636) | \$35,808,158 |
| Buildings | 85,722,375 | (29,828,475) | 55,893,900 |
| Equipment | 231,580 | (93,160) | 138,420 |
| Land | 11,114,193 | | 11,114,193 |
| Other | 161,821 | (135,506) | 26,315 |
| Total | \$151,092,763 | (\$48,111,777) | \$102,980,986 |

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2016:

| <u>Fiscal Year Ending June 30,</u> | <u>Office Space</u> | <u>Buildings</u> | <u>Land</u> | <u>Other</u> | <u>Total</u> |
|-------------------------------------|-------------------------|------------------|--------------------|---------------------|---------------------|
| 2017 | \$12,873,350 | \$300,000 | \$139,571 | \$4,165,857 | \$17,478,778 |
| 2018 | 9,998,433 | 275,000 | 139,563 | 2,797,119 | 13,210,115 |
| 2019 | 8,395,763 | | 137,783 | 2,507,196 | 11,040,742 |
| 2020 | 7,120,794 | | 113,489 | 2,237,102 | 9,471,385 |
| 2021 | 6,615,886 | | 99,522 | 2,237,102 | 8,952,510 |
| 2022-2026 | 23,026,357 | | 282,943 | 6,964,399 | 30,273,699 |
| 2027-2031 | 3,606,293 | | 88,610 | 500,000 | 4,194,903 |
| 2032-2036 | 5 | | 19,110 | 500,000 | 519,115 |
| 2037-2041 | 5 | | 7,610 | 500,000 | 507,615 |
| 2042-2046 | 1 | | 7,608 | 500,000 | 507,609 |
| Thereafter | | | 65,019 | 137,500 | 202,519 |
| Total minimum future rentals | \$71,636,887 | \$575,000 | \$1,100,828 | \$23,046,275 | \$96,358,990 |

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume or customer usage of services provided. Contingent rentals received from operating leases of office space and buildings for the year ended June 30, 2016, were \$1,421,385 and \$1,160,217, respectively.

12. LONG-TERM LIABILITIES

The following is a summary of bond and other long-term debt transactions of the System for the year ended June 30, 2016:

University of Louisiana System

| | Balance June 30, 2015 | Adjustments | Balance June 30, 2015 Restated | Additions | Reductions | Balance June 30, 2016 | Amounts Due Within One Year |
|--------------------------------------|--------------------------|--------------------|--------------------------------------|----------------------|------------------------|--------------------------|-----------------------------------|
| Bonds and notes payable: | | | | | | | |
| Bonds payable | \$684,651,106 | | \$684,651,106 | \$82,310,460 | (\$72,217,175) | \$694,744,391 | \$21,428,553 |
| Notes payable | 7,199,915 | | 7,199,915 | 1,300,000 | (879,108) | 7,620,807 | 932,102 |
| Total bonds and notes payable | <u>691,851,021</u> | <u>NONE</u> | <u>691,851,021</u> | <u>83,610,460</u> | <u>(73,096,283)</u> | <u>702,365,198</u> | <u>22,360,655</u> |
| Other liabilities: | | | | | | | |
| Accrued compensated absences payable | 46,272,899 | (\$349,344) | 45,923,555 | 11,190,591 | (10,234,953) | 46,879,193 | 3,918,855 |
| Capital lease obligations | 7,519,168 | | 7,519,168 | | (1,570,228) | 5,948,940 | 1,618,266 |
| Pension liability | 1,028,690,407 | | 1,028,690,407 | 54,302,996 | | 1,082,993,403 | |
| OPEB payable | 517,565,992 | | 517,565,992 | 73,303,517 | (29,091,774) | 561,777,735 | |
| Total other liabilities | <u>1,600,048,466</u> | <u>(349,344)</u> | <u>1,599,699,122</u> | <u>130,885,110</u> | <u>(32,984,961)</u> | <u>1,697,599,271</u> | <u>5,537,121</u> |
| Total | <u>\$2,291,899,487</u> | <u>(\$349,344)</u> | <u>\$2,291,550,143</u> | <u>\$214,495,570</u> | <u>(\$106,081,244)</u> | <u>\$2,399,964,469</u> | <u>\$27,897,776</u> |

Component Units

| | Balance June 30, 2015 | Reductions | Balance June 30, 2016 | Amounts Due Within One Year |
|--------------------------|--------------------------|--------------------|--------------------------|-----------------------------------|
| Bonds and notes payable: | | | | |
| Bonds payable | \$1,167,000 | (\$179,000) | \$988,000 | \$988,000 |
| Notes payable | 432,888 | (15,353) | 417,535 | 20,310 |
| Total | <u>\$1,599,888</u> | <u>(\$194,353)</u> | <u>\$1,405,535</u> | <u>\$1,008,310</u> |

Details of all debt outstanding at June 30, 2016, are as follows:

Bonds Payable - University of Louisiana System

| Issue | Date of Issue | Original Issue | Principal Outstanding June 30, 2015 | Issued (Redeemed) | Principal Outstanding June 30, 2016 | Maturities | Interest Rates | Interest Outstanding June 30, 2016 |
|---------------------------------------------------------------------------------------------------------|--------------------|----------------|-------------------------------------|-------------------|-------------------------------------|------------|----------------|------------------------------------|
| Grambling State University | | | | | | | | |
| Black and Gold Facilities, Inc. (blended component unit): | | | | | | | | |
| Louisiana Public Facilities Authority - Student Housing Revenue Bonds: | | | | | | | | |
| Series 2006 A | October 24, 2006 | \$55,705,000 | \$53,265,000 | (\$1,205,000) | \$52,060,000 | 2039 | 4.0%-5.0% | \$32,876,325 |
| Series 2006 C | December 28, 2006 | 5,700,000 | 5,030,000 | (115,000) | 4,915,000 | 2038 | 5.80% | 3,869,765 |
| Series 2007 A | December 5, 2007 | 39,330,000 | 39,330,000 | (505,000) | 38,825,000 | 2040 | 4.0%-4.25% | 27,715,163 |
| Series 2007 B | December 5, 2007 | 2,595,000 | 330,000 | (330,000) | | | | |
| Louisiana Tech University | | | | | | | | |
| Revenue Refunding Bonds Series 2012 Innovative Student Facilities, Inc. (blended component unit): | | | | | | | | |
| Louisiana Local Government Environmental Facilities and Community Development Authority: | | | | | | | | |
| Student Housing and Recreational Facilities - Series 2007 | | | | | | | | |
| | September 26, 2007 | 51,670,000 | 47,690,000 | (47,690,000) | | | | |
| Student Housing and Related Refunding Bonds - Series 2013 | | | | | | | | |
| | June 6, 2013 | 19,065,000 | 17,685,000 | (610,000) | 17,075,000 | 2034 | 3.0%-5.0% | 6,462,234 |
| University Athletic and Related Facilities Series 2014 | | | | | | | | |
| | April 10, 2014 | 9,000,000 | 8,790,000 | (210,000) | 8,580,000 | 2039 | 4.48% | 5,343,744 |
| Student Housing and Related Facilities Refunding Bonds - Series 2015 | | | | | | | | |
| | December 29, 2015 | 43,020,000 | | 43,020,000 | 43,020,000 | 2038 | 2.0%-5.0% | 25,740,775 |
| Student Housing Bonds - Series 2016 B | | | | | | | | |
| | June 7, 2016 | 4,000,000 | | 4,000,000 | 4,000,000 | 2047 | 4.50% | 4,491,300 |
| McNeese State University | | | | | | | | |
| Field House - Series 2009 Cowboy Facilities, Inc. (blended component unit): | | | | | | | | |
| Calcasieu Parish Trust Authority: | | | | | | | | |
| University Student Lease Revenue Bonds - Series 2011 | | | | | | | | |
| | December 7, 2011 | 18,655,000 | 16,340,000 | (635,000) | 15,705,000 | 2033 | 3.0-5.0% | 7,218,762 |
| Louisiana Local Government Environmental Facilities and Community Development Authority: | | | | | | | | |
| University Student Parking Bonds - Series 2011 | | | | | | | | |
| | December 28, 2011 | 13,850,000 | 13,175,000 | (270,000) | 12,905,000 | 2042 | 3.0-5.0% | 9,891,388 |
| Nicholls State University | | | | | | | | |
| NSU Facilities Corporation (blended component unit): | | | | | | | | |
| Louisiana Local Government Environmental Facilities and Community Development Authority: | | | | | | | | |
| Streets and Parking Revenue Bonds - Series 2006 A | | | | | | | | |
| | May 1, 2006 | 3,320,000 | 2,170,000 | (2,170,000) | | | | |
| Cafeteria and Student Union Revenue Bonds - Series 2006 B | | | | | | | | |
| | May 1, 2006 | 5,000,000 | 3,970,000 | (3,970,000) | | | | |
| Student Revenue Housing - Series 2007A | | | | | | | | |
| | August 23, 2007 | 17,680,000 | 12,875,000 | (1,190,000) | 11,685,000 | 2024 | 4.38% | 2,469,275 |
| Student Revenue Housing - Series 2007B | | | | | | | | |
| | August 23, 2007 | 32,380,000 | 32,380,000 | | 32,380,000 | 2039 | 4.49% | 21,693,675 |
| Student Self-Assessed Fees - Series 2010 | | | | | | | | |
| | December 15, 2010 | 10,860,000 | 10,275,000 | (205,000) | 10,070,000 | 2041 | 4.13% | 7,790,343 |
| Streets and Parking Revenue Bonds - Series 2016 A | | | | | | | | |
| | February 16, 2016 | 1,975,000 | | 1,875,000 | 1,875,000 | 2025 | 2.30% | 222,640 |
| Cafeteria and Student Union Revenue Bonds - Series 2016 B | | | | | | | | |
| | February 16, 2016 | 4,000,000 | | 3,800,000 | 3,800,000 | 2030 | 3.71% | 1,141,753 |
| Northwestern State University | | | | | | | | |
| Wellness, Recreation, and Activity Center Bonds - Series 2011 | | | | | | | | |
| | October 25, 2011 | 4,500,000 | 3,340,000 | (315,000) | 3,025,000 | 2024 | 3.80% | 539,600 |

| Issue | Date of Issue | Original Issue | Principal Outstanding June 30, 2015 | Issued (Redeemed) | Principal Outstanding June 30, 2016 | Maturities | Interest Rates | Interest Outstanding June 30, 2016 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|-------------------------------------|---------------------|-------------------------------------|------------|----------------|------------------------------------|
| Southeastern Louisiana University | | | | | | | | |
| Student Recreation and Activity Center Revenue Bonds - Series 2011 University Facilities, Inc. (blended component unit): | December 7, 2011 | \$3,650,000 | \$2,165,000 | (\$405,000) | \$1,760,000 | 2020 | 2.0%-3.375% | \$142,518 |
| Student Housing, Intermodal Parking and Stadium - Series 2004 | August 13, 2004 | 15,000,000 | 15,000,000 | | 15,000,000 | 2035 | Variable | 1,823,226 |
| Intermodal Parking - Series 2007 A and B | March 14, 2007 | 8,035,000 | 4,570,000 | (190,000) | 4,380,000 | 2037 | 4.0%-4.375% | 1,751,649 |
| Student Union - Series 2010 | November 17, 2010 | 31,255,000 | 28,980,000 | (640,000) | 28,340,000 | 2041 | 0.80%-5.0% | 20,012,964 |
| Student Housing - Series 2013 Refunding Bonds | November 13, 2013 | 40,910,000 | 38,225,000 | (2,750,000) | 35,475,000 | 2027 | 4.0%-5.25% | 8,728,631 |
| University of Louisiana at Lafayette | | | | | | | | |
| Lease Revenue Refunding Bonds, Series 2006 Cajundome Convention Center Project Ragin' Cajun Facilities, Inc. (blended component unit) - Lafayette Public Trust Financing Authority: | April 26, 2007 | 13,370,000 | 10,295,000 | (505,000) | 9,790,000 | 2030 | 4.1%-5.0% | 3,197,562 |
| Student Housing - Series 2009 Student Union and University Facilities Project - Series 2010 Housing and Parking Project - Series 2010 Refunding Bonds Series 2012 | April 14, 2009 | 12,500,000 | 12,090,000 | (210,000) | 11,880,000 | 2039 | 4.0%-6.0% | 9,660,218 |
| Louisiana Local Government Environmental Facilities and Community Development Authority - Lewis Street Parking Garage Project, Series 2013 Athletic Facilities Project Series 2013 Ragin' Cajun Facilities, Inc. - Cajundome Project, Series 2015 | November 15, 2010 | 22,200,000 | 20,530,000 | (460,000) | 20,070,000 | 2041 | 2.5%-5.0% | 14,124,288 |
| | December 1, 2010 | 100,050,000 | 97,330,000 | (1,700,000) | 95,630,000 | 2042 | 3.1%-5.5% | 81,035,490 |
| | October 30, 2012 | 14,740,000 | 14,740,000 | (595,000) | 14,145,000 | 2033 | 3.0%-5.0% | 5,180,042 |
| | November 21, 2013 | 25,205,000 | 25,205,000 | (495,000) | 24,710,000 | 2044 | 2.0%-5.0% | 19,472,961 |
| | November 26, 2013 | 23,605,000 | 23,605,000 | (465,000) | 23,140,000 | 2044 | 2.0%-5.0% | 18,211,939 |
| | August 18, 2015 | 18,500,000 | | 18,500,000 | 18,500,000 | 2045 | 3.5%-4.1% | 16,334,674 |
| University of Louisiana at Monroe | | | | | | | | |
| ULM Facilities, Inc. (blended component unit): Louisiana Local Government Environmental Facilities and Community Development Authority: | | | | | | | | |
| Student Housing, Infirmary, and Student Center: Revenue Bonds Series 2004 A & A-T | June 30, 2004 | 35,210,000 | 31,760,000 | (940,000) | 30,820,000 | 2035 | 2.92% | 9,477,247 |
| Revenue Bonds Series 2004 C & C-T | December 8, 2004 | 33,680,000 | 29,080,000 | (740,000) | 28,340,000 | 2036 | 2.92% | 9,804,831 |
| Intermodal Transit Facility and Parking - Revenue Bonds Series 2006 | November 7, 2006 | 1,500,000 | 360,000 | (175,000) | 185,000 | 2017 | 5.06% | 4,680 |
| Revenue and Refunding Bonds - Series 2014 Stadium and Scoreboard | June 30, 2014 | 1,845,000 | 1,690,000 | (165,000) | 1,525,000 | 2024 | 2.90% | 194,163 |
| Revenue Refunding Bonds, Student Center - Series 2014 | July 9, 2014 | 1,645,000 | 1,620,000 | (115,000) | 1,505,000 | 2027 | 3.14% | 278,999 |
| Revenue Bonds, Student Center - Series 2016 | March 8, 2016 | 6,000,000 | | 6,000,000 | 6,000,000 | 2036 | 2.62% | 1,842,078 |
| University of New Orleans | | | | | | | | |
| Revenue Bonds - Series 2012 | August 22, 2012 | 9,700,000 | 8,465,000 | (545,000) | 7,920,000 | 2028 | 2.99% | 1,502,176 |
| Revenue Bonds Series 2015 | February 27, 2015 | 2,990,000 | 2,990,000 | | 2,990,000 | 2031 | 3.47% | 1,365,792 |
| Revenue Bonds Series 2015B | May 29, 2015 | 3,580,000 | 3,580,000 | (281,000) | 3,299,000 | 2026 | 2.90% | 548,651 |
| UNO Research and Technology Foundation:* Louisiana Public Facilities Authority Revenue Refunding Bonds Series 2014 | August 28, 2014 | 36,000,000 | 36,000,000 | | 36,000,000 | 2035 | 3.0%-5.0% | 20,007,050 |
| Total | | 813,450,000 | 682,725,000 | 5,764,000 | 688,489,000 | | | |
| Premiums/discounts, net | | | 1,926,106 | 4,329,285 | 6,255,391 | | | |
| Total | | <u>\$813,450,000</u> | <u>\$684,651,106</u> | <u>\$10,093,285</u> | <u>\$694,744,391</u> | | | <u>\$403,746,192</u> |

*Fiscal year ended December 31, 2015

On June 7, 2016, Innovative Student Facilities, Inc. (ISF) (a blended component unit of Louisiana Tech University), issued \$4,000,000 of Louisiana Local Government Environmental Facility and Community Development Authority Taxable Subordinate Revenue Bonds, Series 2016B to enable ISF to provide financing for the acquisition, design, development, construction, renovation, and reconstruction of certain student housing parking facilities on the Louisiana Tech University campus and for paying the costs related to the issuance of the bonds.

On August 18, 2015, Ragin' Cajun Facilities, Inc. (RCFI – a blended component unit of the University of Louisiana at Lafayette) issued bonds totaling \$18,500,000 for the University of Louisiana at Lafayette Cajundome Project. The Series 2015 bonds were issued to fund improvements to the University's Cajundome Facility. The bonds issued for the project will be used for designing, renovating, constructing, furnishing and/or equipping certain improvements for the Cajundome, including seating and boiler replacement and parking lot, courtyard, storage, elevator, kitchen, lobby, roof, and lighting improvements.

On March 8, 2016, LCDA issued Series 2016 Revenue Bonds totaling \$6,000,000 in Revenue Bonds (Series 2016) for ULM Facilities, Inc. (University of Louisiana at Monroe), for acquiring, designing, developing, constructing, renovating, and reconstructing the existing natatorium on the ULM campus; for constructing a spirit group practice area and a large events center to accommodate recruitment events, student events, parties, weddings, and conferences; and to pay bond issuance costs.

Component Units

| <u>Issue</u> | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Outstanding June 30, 2015</u> | <u>Issued (Redeemed)</u> | <u>Outstanding June 30, 2016</u> | <u>Maturities</u> | <u>Interest Rates</u> | <u>Interest Outstanding June 30, 2016</u> |
|--------------------------------------------------------------|----------------------|-----------------------|----------------------------------|--------------------------|----------------------------------|-------------------|-----------------------|-------------------------------------------|
| University of Louisiana at Lafayette Foundation, Inc. | | | | | | | | |
| Lafayette Economic Development Authority | February 1, 2002 | \$8,500,000 | \$800,000 | | \$800,000 | 2017 | 4.50% | \$36,000 |
| University of New Orleans Foundation* | | | | | | | | |
| Film Studio Bond Debt - NIMS Center | August 1, 2001 | <u>2,000,000</u> | <u>367,000</u> | <u>(\$179,000)</u> | <u>188,000</u> | 2016 | 2.09% | <u>3,935</u> |
| Total | | <u>\$10,500,000</u> | <u>\$1,167,000</u> | <u>(\$179,000)</u> | <u>\$988,000</u> | | | <u>\$39,935</u> |

*Fiscal year ended December 31, 2015

The annual requirements to amortize all System bonds outstanding at June 30, 2016, are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|-----------------------------|-----------------------------|-------------------------------|
| 2017 | \$20,944,000 | \$29,236,506 | \$50,180,506 |
| 2018 | 21,748,000 | 28,542,864 | 50,290,864 |
| 2019 | 22,841,000 | 27,706,126 | 50,547,126 |
| 2020 | 23,960,000 | 26,785,763 | 50,745,763 |
| 2021 | 24,654,000 | 25,809,281 | 50,463,281 |
| 2022-2026 | 136,557,000 | 112,852,131 | 249,409,131 |
| 2027-2031 | 139,040,000 | 83,462,082 | 222,502,082 |
| 2032-2036 | 166,405,000 | 50,209,677 | 216,614,677 |
| 2037-2041 | 107,445,000 | 17,714,291 | 125,159,291 |
| 2042-2046 | 24,895,000 | 1,427,471 | 26,322,471 |
| Sub-total | <u>688,489,000</u> | <u>403,746,192</u> | <u>1,092,235,192</u> |
| Unamortized Discount/ Premium | <u>6,255,391</u> | <u>NONE</u> | <u>6,255,391</u> |
| Total | <u><u>\$694,744,391</u></u> | <u><u>\$403,746,192</u></u> | <u><u>\$1,098,490,583</u></u> |

The annual requirements to amortize all component unit bonds outstanding at June 30, 2016, are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|-------------------------|------------------------|---------------------------|
| 2017 | <u>\$988,000</u> | <u>\$39,935</u> | <u>\$1,027,935</u> |
| | <u><u>\$988,000</u></u> | <u><u>\$39,935</u></u> | <u><u>\$1,027,935</u></u> |

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2016:

| <u>Bond Issue</u> | <u>Reserves Available</u> | <u>Reserve Requirement</u> | <u>Excess/ (Deficiency)</u> |
|---------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|---------------------------------|
| Grambling State University | | | |
| U.S. Department of Education Note | \$528,000 | \$528,000 | NONE |
| Revenue Bonds - Debt Service | 11,314,391 | 7,205,390 | \$4,109,001 |
| Revenue Bonds - Maintenance | 6,679,568 | 5,370,766 | 1,308,802 |
| Louisiana Tech University | | | |
| Innovative Student Facilities, Inc., Revenue Bonds 2013 | 684,484 | 684,484 | NONE |
| McNeese State University | | | |
| McNeese State University Field House Project, Series 2009 | 442,863 | 436,000 | 6,863 |
| Cowboy Facilities, Inc., Student Parking Bonds 2011 | 879,742 | 879,256 | 486 |
| Cowboy Facilities, Inc., Student Lease Revenue Bonds 2011 | 1,356,934 | 1,356,513 | 421 |
| Nicholls State University | | | |
| NSU Facilities, Inc., Revenue Bonds 2007, Series A and B | 3,275,951 | 3,275,945 | 6 |
| NSU Facilities, Inc., Revenue Bonds, Series 2010 | 689,762 | 689,750 | 12 |
| Southeastern Louisiana University | | | |
| University Facilities, Inc., Revenue Bonds 2004 | 1,501,607 | 1,500,000 | 1,607 |
| University Facilities, Inc., Revenue Bonds 2007 | 386,138 | 386,138 | NONE |
| University Facilities, Inc., Revenue Bonds 2010A | 1,578,706 | 1,578,569 | 137 |
| University Facilities, Inc., Revenue Bonds 2010B | 358,571 | 358,540 | 31 |
| University Facilities, Inc., Revenue Bonds 2013 | 2,046,642 | 2,045,500 | 1,142 |
| University of Louisiana at Lafayette | | | |
| Ragin' Cajun Facilities, Inc., Project Series 2009 | 975,317 | 975,300 | 17 |
| Ragin' Cajun Facilities, Inc., Student Union/University Facilities Project Series 2010 | 1,379,912 | 1,379,681 | 231 |
| Ragin' Cajun Facilities, Inc., Housing and Parking Project Series 2010 | 6,846,770 | 6,845,625 | 1,145 |
| Ragin' Cajun Facilities, Inc., Project Series 2013 Lewis Street Parking Garage | 1,590,546 | 1,590,463 | 83 |
| Ragin' Cajun Facilities, Inc., Project Series 2013 Athletic Facilities Project | 1,488,326 | 1,488,250 | 76 |
| University of Louisiana at Monroe | | | |
| ULM Facilities, Inc., Student Housing and Student Center Revenue Bonds 2004 A & B | 1,122,036 | 1,120,465 | 1,571 |
| ULM Facilities, Inc., Student Housing and Student Center Revenue Bonds 2004 C & C-T | 1,022,979 | 1,021,535 | 1,444 |
| ULM Facilities, Inc., Intermodel Transit Facility and Parking Project Revenue Bonds 2006 | 150,009 | 150,000 | 9 |
| Total | <u>\$46,299,254</u> | <u>\$40,866,170</u> | <u>\$5,433,084</u> |

The University of Louisiana at Lafayette has a bond liability totaling \$9,790,000 at June 30, 2016, in its long-term liabilities for Lease Revenue Refunding Bonds, Series 2006-Cajundome Convention Center Project (Convention Center Bonds) based on a lease agreement between the Cajundome Commission and the Cajundome (note 15). At June 30, 2016, the Cajundome reported a debt service reserve requirement of \$485,525 and deposits totaling \$971,060 for the Convention Center Bonds. The reserves are held at BNY Mellon, Baton Rouge, Louisiana, the trustee bank. The debt reserve is not included in the System's financial statements because the reserves are held by the Cajundome Commission, which is not a component unit of the System.

As permitted by the bond resolution for the Ragin' Cajun Facilities, Inc., Project-Series 2012 Refunding Bonds, the Ragin' Cajun Facilities, Inc., obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds. The surety bond meets the definition as a reserve fund investment and guarantees payment of an amount not to exceed \$1,171,344 to fund the reserve requirements.

As permitted by the bond resolution for the Ragin' Cajun Facilities, Inc., Cajundome Project – Series 2015, Ragin' Cajun Facilities, Inc., obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds. The surety bond meets the definition as a reserve fund investment and guarantees payment of an amount not to exceed \$1,527,385 to fund the reserve requirements.

As permitted by the bond resolution for the University of New Orleans Research and Technology Foundation, Inc.'s (Foundation) Louisiana Public Facilities Authority Revenue Refunding Bonds Series 2014, the Foundation obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds. The surety bond meets the definition as a reserve fund investment, and substitutes for the reserve fund requirement in the amount of \$3,037,050.

Notes Payable - University of Louisiana System

| Note | Date of Issue | Original Issue | Outstanding June 30, 2015 | Issued (Redeemed) | Outstanding June 30, 2016 | Maturities | Interest Rates | Interest Outstanding June 30, 2016 |
|--------------------------------------------------|--------------------|----------------|---------------------------|-------------------|---------------------------|------------|----------------|------------------------------------|
| Grambling State University | | | | | | | | |
| U.S. Department of Education | May 1, 1993 | \$3,500,000 | \$1,324,947 | (\$139,041) | \$1,185,906 | 2024 | 3.0% | \$147,248 |
| University of Louisiana at Lafayette | | | | | | | | |
| MidSouth Bank | September 18, 2015 | 1,300,000 | | 1,221,822 | 1,221,822 | 2026 | 4.45% | 275,183 |
| University of New Orleans | | | | | | | | |
| LEAF - Computer/Phone Equipment | June 24, 2014 | 842,977 | 562,418 | (279,741) | 282,677 | 2017 | 1.04% | 2,209 |
| UNO Research and Technology Foundation:* LPFA | October 19, 1999 | 1,500,000 | 1,353,284 | (138,799) | 1,214,485 | 2024 | | |
| Whitney Bank | April 19, 2001 | 7,350,000 | 3,959,266 | (243,349) | 3,715,917 | 2021 | 4.5% | 740,180 |
| Total | | \$14,492,977 | \$7,199,915 | \$420,892 | \$7,620,807 | | | \$1,164,820 |

*Fiscal year ended December 31, 2015

The System's component unit foundations had the following outstanding note payable at June 30, 2016:

| <u>Note</u> | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Outstanding June 30, 2015</u> | <u>Issued (Redeemed)</u> | <u>Outstanding June 30, 2016</u> | <u>Maturities</u> | <u>Interest Rates</u> | <u>Interest Outstanding June 30, 2016</u> |
|--------------------------------------------------------------|----------------------|-----------------------|----------------------------------|--------------------------|----------------------------------|-------------------|-----------------------|-------------------------------------------|
| University of Louisiana at Lafayette Foundation, Inc. | | | | | | | | |
| U.S. Department of Education | June 9, 2011 | <u>\$500,000</u> | <u>\$432,888</u> | <u>(\$15,353)</u> | <u>\$417,535</u> | 2031 | 4.75% | <u>\$169,276</u> |

The annual requirements to amortize all notes outstanding for the System at June 30, 2016, including interest of \$1,164,820, are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|--------------------|--------------------|--------------------|
| 2017 | \$932,102 | \$279,601 | \$1,211,703 |
| 2018 | 704,509 | 229,494 | 934,003 |
| 2019 | 728,388 | 205,614 | 934,002 |
| 2020 | 753,021 | 180,981 | 934,002 |
| 2021 | 779,092 | 154,909 | 934,001 |
| 2022-2026 | <u>3,723,695</u> | <u>114,221</u> | <u>3,837,916</u> |
| Total | <u>\$7,620,807</u> | <u>\$1,164,820</u> | <u>\$8,785,627</u> |

The annual requirements to amortize notes outstanding for the component unit foundations at June 30, 2016, including interest of \$169,276, are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|------------------|------------------|------------------|
| 2017 | \$20,310 | \$20,522 | \$40,832 |
| 2018 | 20,552 | 18,682 | 39,234 |
| 2019 | 21,564 | 17,670 | 39,234 |
| 2020 | 22,580 | 16,654 | 39,234 |
| 2021 | 23,737 | 15,497 | 39,234 |
| 2022-2026 | <u>137,376</u> | <u>58,793</u> | <u>196,169</u> |
| 2027-2031 | <u>171,416</u> | <u>21,458</u> | <u>192,874</u> |
| Total | <u>\$417,535</u> | <u>\$169,276</u> | <u>\$586,811</u> |

13. REFUNDING OF BONDS

Louisiana Tech University

On December 29, 2015, the Louisiana Local Government Environmental Facilities and Community Development Authority issued Student Housing and Related Facilities Refunding Bonds, Series 2015, totaling \$43,020,000 for Innovative Student Facilities, Inc. (a blended component unit of the university), to refund the Student Housing and Related Facilities, Series 2007 Revenue Bonds, outstanding in the par amount of \$46,720,000. The refunding resulted in debt service cost savings totaling \$6,469,994 (\$1,527,158 net present value benefit) over the 23-year life of the new Series 2015 Bonds.

The Series 2015 bond proceeds totaling \$43,020,000, plus the original issue premium, the balance of the Series 2007 debt service reserves, and remaining project funds totaling \$4,815,460, \$3,416,983, and \$12,233, respectively, less the Series 2015 bond issuance costs totaling \$1,019,550, provided \$50,245,127 in net proceeds, which were deposited in an irrevocable trust to pay the Series 2007 principal and interest. The Series 2007 Revenue Bonds are considered legally defeased, and the liability for the bonds has been removed from the university's long-term debt. Of the debt considered legally defeased, principal of \$46,720,000 is outstanding as of June 30, 2016.

Nicholls State University

On February 16, 2016, the Louisiana Local Government Environmental Facilities and Community Development Authority (Authority) and NSU Facilities Corporation (Corporation – a blended component unit of the university) issued Series 2016A Tax-Exempt Revenue Refunding Bonds totaling \$1,975,000 and Series 2016B Taxable Revenue Refunding Bonds totaling \$4,000,000. The bonds were issued to refund the Series 2006A Tax-exempt and the Series 2006B Taxable bonds and to pay the Series 2016 bond issuance costs. The 2006 Series bonds were issued to repair and repave streets and parking lots and to renovate the cafeteria. The refunding resulted in reducing the interest rate and shortening the amortization period of the existing bonds. The net present value savings of the refunding totaled \$966,891.

14. INTEREST RATE SWAP AGREEMENTS

The NSU Facilities Corporation (a blended component unit of Nicholls State University) is reported under FASB accounting standards, the requirements of which differ from the requirements of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*.

NSU Facilities Corporation

The Louisiana Local Government Environmental Facilities and Community Development Authority (Authority) issued its \$32,380,000 Revenue Bonds (Nicholls State University Student Housing/NSU Facilities Corporation Project) Series 2007B Bonds (Bonds), the proceeds of

which were loaned to the NSU Facilities Corporation (Corporation). The Bonds were issued as variable-rate securities and bear interest at the variable rate in effect from time to time. On December 16, 2010, the Bonds were converted to a different variable-rate mode, from auction rate to a variable-rate demand bond secured by the existing Assured Guaranty bond insurance with liquidity provided by a Regions Bank standby bond purchase agreement confirmed by a FHLBank Atlanta (a Federal Home Loan Bank) letter of credit. The necessity of this conversion was due to the disruption in the auction rate market place.

Objective of the interest rate swap: In order to hedge interest rate exposure on the Bonds at the request of the Corporation, the Authority entered into an interest rate swap (Swap) with Morgan Keegan Financial Products, Inc. (Provider). The Swap was originally effective as of August 15, 2007, and was subsequently amended on June 20, 2008, as more fully described in the Master Agreement, Schedule to the Master Agreement, Replacement Transaction Agreement, and Confirmation dated August 15, 2007, and the Amended Confirmation dated June 20, 2008 (Swap Documents). The Corporation is liable to the Authority to make Swap payments and bond debt service payments pursuant to the terms of the transaction documents. Any amounts owed by the Authority to the Provider of the Swap are obligations of the Corporation.

Terms: Under the terms of the Swap since July 1, 2010, the Authority pays a fixed rate of 4.122%, and the Provider pays a rate equal to 70% of the London Interbank Offered Rate (LIBOR) beginning July 1, 2010, through June 1, 2039, as more fully described in the Swap Documents.

Fair Value: The fair value of the Swap agreement as of June 30, 2016, which is not reported in the financial statements, was \$14,710,000 in favor of the Provider. The fair value was provided by Sisung Securities Corporation.

Credit Risk: Credit risk is the risk that the counterparty will not fulfill its obligations. At June 30, 2016, the Authority is not exposed to credit risk because the Swap has a negative fair value. However, should interest rates change and the fair value of the Swap becomes positive, the Authority would be exposed to credit risk in the amount of the Swap's fair value.

Basis Risk: Basis risk is the risk that arises when variable rates on a swap and the associated debt are based on different indexes. The interest rates for the Swap are based on LIBOR, and the interest rates for the bonds are based on the Securities Industry and Financial Markets Association Swap Index (SIFMA); therefore, the Authority is subject to basis risk.

Termination Risk: The Authority or the counterparty may terminate the Swap if the other party fails to perform under the terms of the contract. The swap agreement may be terminated if either party fails to make payment, when due, under the swap agreement; breaches the agreement; made or repeated or deemed to have made or repeated a misrepresentation; bankrupts; or merges without assumption or commits an illegality. If the Swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the Swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the Swap's fair value.

Rollover Risk: Rollover risk is the risk that the Swap does not extend to the maturity of the associated debt. The Authority is not exposed to rollover risk, because the Swap terminates in conjunction with the maturity of the associated bond. The Swap terminates on June 1, 2039, and the bonds mature on June 1, 2039.

Interest Rate Risk: Interest rate risk is the risk that the interest rate will change over some interval while the bonds are outstanding. The Authority has entered into this fixed-rate swap agreement to mitigate interest rate risk associated with the underlying variable rate bonds.

15. REVENUE USED AS SECURITY FOR REVENUE BONDS

Pledged revenues are specific revenues that have been formally committed to directly collateralize or secure debt of the pledging government, or directly or indirectly collateralize or secure debt of a component unit. Pledged revenues must be disclosed for each period in which the secured debt remains outstanding and for each secured debt issued.

Louisiana Tech University

Refunding Revenue Bonds Series 2012

Revenue pledged for this bond includes all auxiliary fund revenues. The original issue of the bonds was \$3,975,000, and the bonds were issued for the installation of a turbine generation system. The debt secured by the pledge is \$2,900,000. The approximate remaining amount of the pledge is \$2,692,962 at June 30, 2016, representing principal and interest totaling \$2,510,000 and \$182,962, respectively. The term of commitment is October 24, 2012, through April 1, 2022. For the year ended June 30, 2016, the requirements for principal and interest were \$390,000 and \$59,450, respectively. The amount of pledged revenues recognized for fiscal year 2016 was \$1,854,172.

McNeese State University

McNeese State University Field House Revenue Bonds Series 2009

The pledged revenues for the Board of Supervisors for the University of Louisiana System Revenue Bonds Series 2009 (McNeese State University Field House Project) include (1) a university student self-assessed fee in the amount of \$10 per semester obligated and dedicated to the Field House Project and the maintenance and operations; (2) the entirety of the university's portion of the monies in the Calcasieu Parish Higher Education Improvement Fund from the 1% hotel motel occupancy tax; (3) revenues received by the university's athletic department budget from a \$2 increase in ticket sales that began with the 2008 football season, the total dedication not to exceed \$100,000 annually from the university's budget; and (4) all funds and accounts held pursuant to the Bond Resolution, except any fund created to hold monies pending rebate to the United States for payment of costs of issuance of bonds. Pledged revenues shall not include funds appropriated to the board or the university by the legislature of the state from time to time. The bonds were originally issued for \$6,000,000. As of June 30, 2016, the approximate

remaining amount of the pledge is \$6,049,659 at June 30, 2016, representing principal and interest totaling \$4,655,000 and \$1,394,659, respectively. The revenues are pledged for the period July 2009 through June 2030.

The debt secured by the revenues pledged was for renovation and expansion of the university's athletic field house, including adding a second floor to the facility, funding a debt service reserve fund, funding a maintenance reserve fund and paying the costs of issuance of the bonds.

For the year ending June 30, 2016, the requirements for principal and interest were \$245,000 and \$187,756, respectively. Pledged revenues recognized for the period were \$1,013,730.

Northwestern State University

Wellness, Recreation, and Activity Center Bonds, Series 2011

Specific pledged revenue is student self-assessed fees approved for the project by the students of Northwestern State University in the amount of \$75 per semester. The debt secured by the pledged revenue was \$4,500,000, the original bond issue. The approximate remaining amount of the pledge is \$3,564,600 at June 30, 2016, representing in principal and in interest totaling \$3,025,000 and \$539,600, respectively. The term of commitment was 25 years beginning in October 2011 and ending in April 2024. The general purpose for the debt secured by the pledge was the planning, acquisition, construction, and equipping of the university's Student Wellness, Recreation, and Activity Center. The dedicated revenues are pledged 100% annually up to the current amount due for principal and interest. For the year ended June 30, 2016, the requirements for principal and interest were \$315,000 and \$126,920, respectively. The amount of pledged revenues recognized for fiscal year 2015 was \$1,413,197.

Southeastern Louisiana University

Board of Supervisors for the University of Louisiana System Revenue Refunding Bonds (Southeastern Louisiana University Student Recreation and Activity Center Project) Series 2011

Revenue pledged for this bond includes all revenue related to the Student Recreation and Activity Center, including student fees, membership fees, and other miscellaneous revenue related to the Recreation Center. The bond was originally issued for \$3,650,000. The approximate remaining amount of the pledge is \$1,905,518 at June 30, 2016, representing principal and interest totaling \$1,760,000 and \$142,518, respectively. The revenue was pledged for the purpose of this bond through June 2020.

The debt secured by the revenue pledged was for the purpose of providing funds to refund the \$4,100,000 outstanding Board of Trustees for State Colleges and Universities, State of Louisiana Revenue Bonds (Southeastern Louisiana University Student Recreation and Activity Center Project), Series 1998; to fund a debt service reserve fund, if necessary; and to pay the costs of issuance of the bonds. Pledged revenue related to this bond includes all revenue derived by the university from the levy and collection of the pledged student fee; any other student fees levied and collected to pay for the Recreation Center pledged to the payment of bonds from time to

time; and membership fees imposed by the university from time to time on Recreation Center users other than Southeastern Louisiana University students. The pledged student fee is \$25 per student per regular semester and \$12.50 per student per summer semester.

For the year ending June 30, 2016, principal and interest requirements were \$405,000 and \$67,231, respectively. Pledged revenues recognized for the period were \$1,292,800.

University of Louisiana at Lafayette

Lease Revenue Refunding Bonds, Series 2006 - Cajundome Convention Center Project

The Convention Center adjacent to the Cajundome is owned by the Board of Supervisors for the University of Louisiana System and the University of Louisiana at Lafayette. The Convention Center is leased to and operated by the Cajundome Commission. In consideration for use and possession of the Convention Center and the issuance of bonds by the Board, the Commission entered into a lease agreement dated June 10, 1997, with the Board. Under the terms of the agreement, the Commission pays rentals for the facility in the amount of debt service of the bonds issued by the Board, including any penalties or premiums, and any and all expenses related to the trustee for the bonds. Rental payments are payable only from pledged revenues, which consist of a hotel/motel tax, which is subject to annual appropriation by the legislature, and excess revenues after deduction of operating expenditures of the Convention Center for each fiscal year of operation. Rental payments under the lease agreement during the fiscal year ended June 30, 2016, totaled \$940,210, which consisted of the bond principal and interest payments. The approximate remaining amount of the pledge is \$12,987,562 at June 30, 2016, representing principal and interest totaling \$9,790,000 and \$3,197,562, respectively.

University of New Orleans

Revenue Bond Series 2012, Recreation and Wellness Center

Revenue pledged for these bonds includes per semester student charges and other fees imposed on users of the fitness center. The original issue of the bonds was \$9,700,000, and the bonds were issued for refunding of Series 1998 bonds and the construction of the student fitness center. The approximate remaining amount of the pledge is \$9,422,176 at June 30, 2016, representing principal and interest totaling \$7,920,000 and \$1,502,176, respectively. The term of commitment is August 2012 through October 2027. For the year ended June 30, 2016, the requirements for principal and interest were \$545,000 and \$244,956, respectively. The amount of pledged revenues recognized during the period totaled \$1,297,899. These revenues are also pledged for the Series 2015 Recreation and Wellness Center bonds.

Revenue Bond Series 2015, Recreation and Wellness Center

Revenue pledged for these bonds includes per semester student charges and other fees imposed on users of the fitness center. The original issue of the bonds was \$2,990,000, and the bonds were issued to refund the Series 1998 bonds, originally issued for the construction of the student fitness center. The approximate remaining amount of the pledge is \$4,355,792 at June 30, 2016,

representing principal and interest totaling \$2,990,000 and \$1,365,792, respectively. The term of commitment is February 2015 through October 2030. For the year ended June 30, 2016, the requirements for principal and interest were \$0 and \$103,753, respectively. The amount of pledged revenues recognized for the fiscal year 2016 was \$1,297,899. These revenues are also pledged for the Series 2012 Recreation and Wellness Center bonds.

Revenue Bonds Series 2015, Auxiliaries

Revenue pledged for these bonds includes student housing, food and vending services, the student union, and other miscellaneous auxiliaries. The original issue of the bonds was \$3,580,000, and the bonds were issued for refunding of the auxiliary portion of the Series 2004B bonds. The approximate remaining amount of the pledge is \$3,847,651 at June 30, 2016, representing principal and interest totaling \$3,299,000 and \$548,651, respectively. The term of commitment is May 2015 through May 2026. For the year ended June 30, 2016, the requirements for principal and interest payments were \$281,000 and \$95,745, respectively. The amount of pledged revenues recognized for the fiscal year 2016 was \$9,041,380.

16. RESTATEMENT OF BEGINNING NET POSITION

The beginning net position as reflected on Statement C for the system has been restated to reflect the following changes:

| | <u>System</u> |
|-----------------------------------------|------------------------------|
| Net position at June 30, 2015 | (\$81,642,579) |
| Louisiana Tech University | |
| Capital assets | 33,110 |
| Investments | (8,239) |
| Revenue | (42,042) |
| Nicholls State University | |
| Compensated absences | 349,344 |
| Northwestern State University | |
| Capital assets | 461,863 |
| Southeastern Louisiana University | |
| Athletic payable | 16,881 |
| University of Louisiana at Monroe | |
| Capital assets | 1,724,614 |
| Athletic revenues | 27,379 |
| University of New Orleans | |
| Capital assets | <u>2,369,000</u> |
| Net position at June 30, 2015, restated | <u><u>(\$76,710,669)</u></u> |

The restatements increased the System's beginning net position by \$4,931,910. Had the error corrections affecting fiscal year 2015 been included in the June 30, 2015, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of (\$22,942,965) would remain unchanged.

17. RESTRICTED NET POSITION

The System has the following restricted expendable net position at June 30, 2016:

| <u>Account Title</u> | <u>Amount</u> |
|-----------------------------------------|-----------------------------|
| Student fees | \$58,623,291 |
| Grants and contracts | 7,343,888 |
| Gifts - restricted by donors | 1,167,447 |
| Endowment | 61,683,985 |
| Auxiliary enterprises | 16,080,432 |
| Student loan fund | 36,306,621 |
| Capital construction/plant projects | 10,189,857 |
| Debt service/retirement of indebtedness | 7,430,781 |
| WRAC Fund | 1,001,368 |
| Scholarships | 5,091,759 |
| Maintenance reserves | 10,407,449 |
| Other | <u>3,960,495</u> |
| Total expendable | <u><u>\$219,287,373</u></u> |

The System's restricted nonexpendable net position totaling \$187,723,710 as of June 30, 2016, was comprised entirely of endowment funds.

Of the total net position reported on Statement A for the year ended June 30, 2016, \$30,166,611 was restricted by enabling legislation.

RESTRICTED NET ASSETS - COMPONENT UNITS

Restricted net assets for the component units within the System are as follows:

| | University of Louisiana at Lafayette Foundation, Inc. | University of New Orleans Foundation* |
|-----------------------------------------|----------------------------------------------------------------|---------------------------------------------|
| Temporarily restricted: | | |
| Donor-restricted endowment funds | \$34,898,514 | \$6,311,834 |
| Chair and professorship endowment funds | 8,913,201 | 9,353,124 |
| Other programs | | 6,666,351 |
| | <u>\$43,811,715</u> | <u>\$22,331,309</u> |
| Permanently restricted: | | |
| Donor-restricted endowment funds | \$46,005,874 | \$12,669,203 |
| Chair and professorship endowment funds | 46,631,222 | 18,000,000 |
| | <u>\$92,637,096</u> | <u>\$30,669,203</u> |

*Fiscal year ended December 31, 2015

18. CONDENSED FINANCIAL INFORMATION

Following is condensed financial information for the System's eight blended component units.

Statement of Net Position

| | Black and Gold Facilities, Inc. | Innovative Student Facilities, Inc. | Cowboy Facilities, Inc. | NSU Facilities Corporation |
|--------------------------------------|---------------------------------------|-------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------|
| Assets: | | | | |
| Current assets | \$8,397,300 | \$68,439 | \$935,000 | \$1,919,071 |
| Capital assets | 62,795,906 | 84,040,504 | 21,118,872 | 56,655,537 |
| Other assets | 17,295,559 | 11,721,073 | 5,612,243 | 6,907,056 |
| Total assets | \$88,488,765 | \$95,830,016 | \$27,666,115 | \$65,481,664 |
| Liabilities: | | | | |
| Current liabilities | \$5,826,737 | \$3,064,744 | \$1,248,475 | \$9,281,221 |
| Long-term liabilities | 94,316,291 | 75,765,594 | 26,860,797 | 57,688,509 |
| Total liabilities | \$100,143,028 | \$78,830,338 | \$28,109,272 | \$66,969,730 |
| Net Position: | | | | |
| Net investment in capital assets | (\$11,527,418) | \$11,493,705 | (\$3,550,396) | \$3,173,409 |
| Restricted net position - expendable | | | 3,107,239 | 2,914,323 |
| Unrestricted net position | (126,845) | 5,505,973 | | (7,575,798) |
| Total net position | (\$11,654,263) | \$16,999,678 | (\$443,157) | (\$1,488,066) |
| | University Facilities, Inc. | Ragin' Cajun Facilities, Inc. | University of Louisiana at Monroe Facilities, Inc. | University of New Orleans Research and Technology Foundation, Inc.* |
| Assets: | | | | |
| Current assets | \$13,626,259 | \$33,435 | \$8,285,783 | \$14,189,819 |
| Capital assets | 95,940,257 | 217,513,335 | 54,833,820 | 56,499,068 |
| Other assets | 7,941,890 | 36,735,789 | 15,148,765 | 36,055,244 |
| Total assets | \$117,508,406 | \$254,282,559 | \$78,268,368 | \$106,744,131 |
| Liabilities: | | | | |
| Current liabilities | \$6,717,667 | \$9,504,809 | \$4,107,692 | \$9,661,802 |
| Long-term liabilities | 81,212,995 | 203,164,258 | 65,865,000 | 45,165,951 |
| Total liabilities | \$87,930,662 | \$212,669,067 | \$69,972,692 | \$54,827,753 |
| Net Position: | | | | |
| Net investment in capital assets | \$18,956,235 | \$38,816,109 | (\$13,541,180) | \$51,568,666 |
| Restricted net position - expendable | 8,214,366 | 5,101,696 | 1,200,000 | |
| Unrestricted net position | 2,407,143 | (2,304,313) | 20,636,856 | 347,712 |
| Total net position | \$29,577,744 | \$41,613,492 | \$8,295,676 | \$51,916,378 |

*Fiscal year ended December 31, 2015

Statement of Revenues, Expenses, and Changes in Net Position

| | Black and Gold Facilities, Inc. | Innovative Student Facilities, Inc. | Cowboy Facilities, Inc. | NSU Facilities Corporation |
|---------------------------------------------------------------------|---------------------------------------|-------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------|
| Operating revenues | \$10,289,012 | \$5,230,905 | \$4,173,774 | \$5,693,119 |
| Operating expenses | (3,615,970) | | (1,595,821) | (699,926) |
| Depreciation expense | (3,309,159) | (2,543,261) | (968,618) | (3,383,618) |
| Net operating income | 3,363,883 | 2,687,644 | 1,609,335 | 1,609,575 |
| Nonoperating revenues (expenses): | | | | |
| Investment income | 1,772 | 2,104 | 4,956 | 141,666 |
| Interest expense | (4,677,624) | (7,573,360) | (1,373,306) | (2,694,719) |
| Other (net) | (208,133) | (432,630) | (60,477) | (372,918) |
| Capital contributions/additions to permanent and term endowments | | | | |
| Changes in net position | (1,520,102) | (5,316,242) | 180,508 | (1,316,396) |
| Net position beginning of the year | (10,134,161) | 22,315,920 | (623,665) | (171,670) |
| Net position end of the year | <u>(\$11,654,263)</u> | <u>\$16,999,678</u> | <u>(\$443,157)</u> | <u>(\$1,488,066)</u> |
| | University Facilities, Inc. | Ragin' Cajun Facilities, Inc. | University of Louisiana at Monroe Facilities, Inc. | University of New Orleans Research and Technology Foundation, Inc.* |
| Operating revenues | \$16,626,260 | \$13,816,553 | \$13,122,831 | \$11,667,359 |
| Operating expenses | (6,800,717) | (38,384) | (3,064,350) | (7,101,071) |
| Depreciation expense | (2,983,009) | (7,986,971) | (2,006,930) | (2,733,293) |
| Net operating income | 6,842,534 | 5,791,198 | 8,051,551 | 1,832,995 |
| Nonoperating revenues (expenses): | | | | |
| Investment income | 32,078 | 12,746 | 4,690 | 27,747 |
| Interest expense | (2,654,478) | (9,450,863) | (1,855,866) | (1,532,133) |
| Other (net) | (122,217) | | (1,092,564) | (723,625) |
| Capital contributions/additions to permanent and term endowments | | 14,140,235 | 3,144,702 | |
| Changes in net position | 4,097,917 | 10,493,316 | 8,252,513 | (395,016) |
| Net position beginning of the year, restated | 25,479,827 | 31,120,176 | 43,163 | 52,311,394 |
| Net position end of the year | <u>\$29,577,744</u> | <u>\$41,613,492</u> | <u>\$8,295,676</u> | <u>\$51,916,378</u> |

*Fiscal year ended December 31, 2015

Statement of Cash Flows

| | Black and Gold Facilities, Inc. | Innovative Student Facilities, Inc. | Cowboy Facilities, Inc. | NSU Facilities Corporation |
|------------------------------------|---------------------------------------|-------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------|
| Net cash flows provided (used) by: | | | | |
| Operating activities | \$5,581,022 | \$5,230,905 | \$2,577,953 | \$5,163,956 |
| Noncapital financing | | | | |
| Capital and related financing | (7,073,506) | (11,016,648) | (2,342,620) | (6,288,128) |
| Investing activities | 1,111,071 | 2,104 | 4,956 | 1,124,172 |
| Net increase (decrease) in cash | (381,413) | (5,783,639) | 240,289 | NONE |
| Cash, beginning of the year | 1,455,144 | 16,133,127 | 5,576,491 | |
| Cash, end of the year | \$1,073,731 | \$10,349,488 | \$5,816,780 | NONE |
| | | | | |
| | University Facilities, Inc. | Ragin' Cajun Facilities, Inc. | University of Louisiana at Monroe Facilities, Inc. | University of New Orleans Research and Technology Foundation, Inc.* |
| Net cash flows provided (used) by: | | | | |
| Operating activities | \$8,945,923 | \$19,034,249 | \$10,220,227 | \$3,487,964 |
| Noncapital financing | | | (590,000) | 222,251 |
| Capital and related financing | (12,161,552) | (14,562,549) | (989,644) | (2,420,580) |
| Investing activities | 3,220,868 | 4,493,104 | 4,690 | 1,852,129 |
| Net increase in cash | 5,239 | 8,964,804 | 8,645,273 | 3,141,764 |
| Cash, beginning of the year | 195,918 | 22,389,582 | 12,951,045 | 1,437,612 |
| Cash, end of the year | \$201,157 | \$31,354,386 | \$21,596,318 | \$4,579,376 |

*Fiscal year ended December 31, 2015

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

| Function | Employee Compensation | Benefits | Utilities | Supplies and Services | Scholarships and Fellowships | Depreciation | Total |
|-------------------------------------|-----------------------|----------------------|---------------------|-----------------------|------------------------------|---------------------|------------------------|
| Instruction | \$252,856,028 | \$103,102,632 | \$88,315 | \$36,164,705 | \$427,959 | | \$392,639,639 |
| Research | 50,203,178 | 14,490,807 | 1,562,306 | 18,620,069 | 108,184 | | 84,984,544 |
| Public service | 17,065,104 | 5,970,594 | (240,100) | 6,893,159 | | | 29,688,757 |
| Academic support | 45,552,019 | 19,145,448 | 504,156 | 18,495,190 | 49,483 | | 83,746,296 |
| Student services | 34,262,942 | 12,870,918 | 1,065,914 | 20,911,150 | 59,098 | | 69,170,022 |
| Institutional support | 64,386,941 | 30,634,986 | 949,846 | 26,151,309 | 1,014,450 | | 123,137,532 |
| Operations and maintenance of plant | 24,489,179 | 11,894,572 | 25,633,741 | 32,506,815 | 12,252 | | 94,536,559 |
| Depreciation | | | | | | \$80,403,395 | 80,403,395 |
| Scholarships and fellowships | 282,375 | 565,376 | | 22,969 | 76,969,384 | | 77,840,104 |
| Auxiliary enterprises | 51,892,065 | 17,727,638 | 10,614,204 | 93,715,654 | 7,878,538 | | 181,828,099 |
| Other | 1,419,922 | 1,914,814 | 614,186 | 4,193,469 | 14,139 | | 8,156,530 |
| Total operating expenses | <u>\$542,409,753</u> | <u>\$218,317,785</u> | <u>\$40,792,568</u> | <u>\$257,674,489</u> | <u>\$86,533,487</u> | <u>\$80,403,395</u> | <u>\$1,226,131,477</u> |

20. CONTINGENT LIABILITIES AND RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies such as guaranty of mortgage loans on sorority and fraternity houses are considered state liabilities and paid upon appropriation by the legislature and not the university. Therefore, the System, through its respective universities' legal advisors, estimates that potential claims not covered by insurance would not materially affect the financial statements. In addition, the System had not incurred any claims and/or litigation cost in the current year. Other losses of the System 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 appropriation from the state's General Fund. The Office of Risk Management insures all of these lawsuits.

21. ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS

On-behalf payments for salaries and fringe benefits are direct payments made by one entity to a third party recipient for the employees of another legally separate entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends. For example, a nongovernmental fundraising foundation affiliated with a governmental university may supplement salaries of certain university employees. Those payments constitute on-behalf payments for purposes of reporting by the System.

The amount of on-behalf payments for salaries and fringe benefits included in the accompanying financial statements for the fiscal year ended June 30, 2016, was \$2,617,268.

22. DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the University of Louisiana System Board of Supervisors to authorize expenditure of the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

At June 30, 2016, net appreciation of donor-restricted endowments is equal to \$53,276,826, which is available to be spent for restricted purposes. The System limits endowment spending to the income earned in a given year for purposes specified by donors. The donated portion of the endowments is reported in restricted net position - nonexpendable in the Statement of Net Position; the endowment income is reported in restricted net position - expendable.

23. FOUNDATIONS

The accompanying financial statements do not include the accounts of the following foundations:

- Grambling University Athletic Foundation
- Grambling University Foundation, Inc.
- Louisiana Tech University Foundation
- Louisiana Tech University Alumni Association
- McNeese State University Foundation
- McNeese State University Alumni Association
- Nicholls State University Foundation
- Nicholls Alumni Federation
- PRO NSU
- Northwestern State University Foundation
- Southeastern Athletic Association
- Southeastern Development Foundation
- Southeastern Louisiana University Alumni Association
- The University of Louisiana at Lafayette Alumni Association
- The University of Louisiana at Monroe Foundation
- The University of Louisiana at Monroe Athletic Scholarship Foundation
- The University of Louisiana at Monroe Alumni Association
- University of New Orleans Alumni Association

These foundations are separate corporations whose financial statements are subject to audit by other independent certified public accountants.

Certain universities of the System have contracted with their respective foundations to invest the universities' Endowed Chair/Professorship Program endowment funds in accordance with the Board of Regents for Higher Education's investment policies. The Endowed Chair endowment funds are established for \$1,000,000 each, with \$600,000 of private contributions and \$400,000 of state matching portion allocated by the Board of Regents for Higher Education. The Endowed Professorship Program endowment funds are established for \$100,000 each, with \$60,000 of private contributions and \$40,000 of state matching portion allocated by the Board of Regents

for Higher Education. At June 30, 2016, the foundations held in custody \$218,307,716 of Endowed Chair and Endowed Professorship Program funds. Amounts invested by private foundations for the System are included as investments held by private foundations in the disclosures in note 3.

24. DEFERRED COMPENSATION PLAN

Certain employees of the System participate in the Louisiana Public Employees' Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available on the Internet at www.la.la.gov.

25. COOPERATIVE ENDEAVOR AGREEMENTS

University of Louisiana at Lafayette

General

In August 2014, the Ragin' Cajun Facilities Corporation entered into a cooperative endeavor agreement (CEA) with; the state of Louisiana (State), the Louisiana Department of Economic Development, the University of Louisiana at Lafayette, the Lafayette Economic Development Authority, and CGI Federal, Inc., in order to induce CGI Federal, Inc., to relocate to Lafayette, Louisiana to establish and operate an information technology center of excellence. The other parties to the CEA agreed to provide an operational cost grant, a facility cost grant, a land lease grant and a University of Louisiana at Lafayette (ULL) grant and other considerations.

Obligations

Pursuant to the CEA, Ragin' Cajun Facilities, Inc., is a party to the facility cost grant portion of the facility agreement, which provides for a grant of \$13.1 million for facility cost reimbursements by the state through the Louisiana Office of Economic Development. As part of the agreement, Ragin' Cajun Facilities will own and operate the facility throughout the term of the agreement and lease the facility to CGI Federal, Inc., at a cost of \$7 per square foot per year for the first 10 years, with provisions for two five-year extensions. ULL will lease the facility site to Ragin' Cajun Facilities at \$1 per year during the construction phase and for the terms of the facility lease agreement.

The university is funding the construction costs incurred by Ragin' Cajun Facilities, Inc., as a funding mechanism until such costs are reimbursed by the state. Through June 30, 2016, project payments totaling \$13,567,280 were paid and reimbursed by the state for the project. At June 30, 2016, Ragin' Cajun Facilities, Inc., had costs totaling \$32,853 paid by the university that had not been reimbursed by the state and had not been remitted to the university. At June 30, 2016, the project had no outstanding payables for the facility.

University of New Orleans Research and Technology Foundation (Foundation)**University of New Orleans/Avondale Maritime Technology Center of Excellence (Avondale)***General*

Avondale, a subsidiary of Huntington-Ingalls, donated certain property to the University of New Orleans (University), which is leased to the Foundation pursuant to the terms of a ground lease. A ship design facility (facility), including a laboratory and support area for the UNO School of Naval Architecture and Marine Engineering, has been built on such property by the Foundation and is subleased to Avondale.

Obligations

The Foundation has equipped the facility and leased such equipment to Avondale. Avondale agreed that it will use the facility for the design and construction of vessels pursuant to the Navy LPD-17 contract and other contracts. Furthermore, Avondale agrees that it will provide support to the UNO School of Naval Architecture and Marine Engineering by providing a right-of-use of space to UNO constituting 21,000 square feet in the Facility subleased by Avondale from the Foundation.

On May 16, 1997, the University entered into a nontransferable ground lease agreement with the Foundation. The terms of the lease agreement provide that the University will lease a tract of approximately 4.57 acres of land that is located in Jefferson Parish to the Foundation that will in turn develop, construct, maintain, operate, manage, and lease improvements on such land for the purpose set forth in Cooperative Endeavor Agreement. The lease agreement is for a term of fifty years.

On May 16, 1997, the Foundation and Avondale entered into a sublease agreement, for a term of 50 years, which provides for Avondale to lease from the Foundation the land located in Jefferson Parish together with the facilities to be constructed on the land, the facility equipment and the right of uninterrupted access to and from all streets and roads adjoining the land. This property is subject to the ground lease between the University and the Foundation mentioned above.

At the expiration of the lease, the facilities and all furniture, fixtures, equipment, and furnishings permanently affixed to the facilities shall become the property of the University, which is recorded in property and equipment in the Statement of Financial Position, with a remaining net book value of \$7,059,320 as of December 31, 2015.

**National Center for Advanced Manufacturing
Michoud Assembly Facility Research Administration Building***General*

On December 18, 2007, the State, the Foundation, and NASA entered into another Cooperative Endeavor Agreement for a period of 30 years.

The Agreement provides for the use of State funds to pay approximately \$40 million of project costs associated with the planning, design, construction and equipping of a new NASA Research and Development Administration Building to be built at MAF. The building will be used collaboratively by the Foundation and NASA for research and development administration, production work on the Orion Project, education, training, and related matters for NASA, its contractors, the University, other federal and state agencies, other higher educational institutions, and private industry.

At December 31, 2011, the Agreement for this project was on hold until further notice. The Foundation has a balance of \$705,896 in construction-in-progress as of December 31, 2015, related to the Agreement. Management will reassess this project annually to determine if such costs are impaired. As of December 31, 2015, no impairment has been recognized by the Foundation.

University of New Orleans Foundation/Robert E. Nims Center for Entertainment Arts

General

In July 2001, the University of New Orleans Foundation purchased from a private company a 108,000 square foot building in support of the University of New Orleans' film program and named the building in honor of its primary benefactor, Robert E. Nims.

The property was purchased for approximately \$1.8 million, which was entirely financed through the issuance of bonds. The Foundation entered into a cooperative endeavor agreement with the University, whereby the University reimburses the Foundation \$200,000 annually for the use of the Nims Center from July 1, 2000, through June 30, 2016.

26. SUBSEQUENT EVENTS

Board of Supervisors for the University of Louisiana System

On October 6, 2016, the Board of Supervisors appointed Dr. James B. Henderson as President of the University of Louisiana System effective January 1, 2017. Dr. Daniel Reneau, Interim President, will remain with the System through December 31, 2016.

Louisiana Tech University (LA Tech)

On November 12, 2015, the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) agreed to issue revenue bonds for Innovative Student Facilities, Inc., a nonprofit corporation, to finance the cost of acquisition, design, development, construction, renovation, and reconstruction of certain housing facilities and parking on the main campus of the University and to pay the cost of issuance relating to the bonds. On August 16, 2016, LCDA issued tax-exempt Series 2016A bonds totaling \$36,695,000 for new campus student housing and parking projects and to pay cost of issuance related to the bond issue.

Southeastern Louisiana University (SLU)

In June 2016, University Facilities, Inc., requested issuance by the Louisiana Local Government Environmental Facilities and Community Development Authority, of \$42,000,000 of its revenue bonds to finance the development of replacement student housing and related facilities and issuance of \$4,250,000 of its refunding bonds to refund its Series 2007 Bonds. On August 12, 2016, the System's Board of Supervisors approved the proposed bond issuance. Management expects the bond closing to occur in Fall 2016, and construction to begin in 2017, with a projected opening date of Spring 2018.

University of Louisiana at Lafayette (ULL)

In August 2016, ULL, on behalf of the Cajundome Commission, refunded outstanding bonds for the Cajundome Convention Center, Lease Revenue Refunding Bonds, Series 2006, by issuing bonds to include an additional \$1,500,000 for Cajundome arena improvements. LCDA Revenue Bonds Ragin' Cajun Facilities, Inc. (RCFI) - University of Louisiana at Lafayette Cajundome Refunding Lease Revenue Bonds, Series 2016 were issued in the amount of \$11,005,000 through RCFI. The refunding of the Series 2006 bonds will result in a reduction in total debt service requirements through the RCFI fiscal year 2030 of approximately \$1.15 million. The combined refunding and \$1,500,000 in new indebtedness will result in an increase in annual debt service requirements of approximately \$48,000 per fiscal year over the requirements for the 2006 bonds.

On July 21, 2016, RCFI entered into an athletic revenue contribution agreement with the University of Louisiana at Lafayette Foundation, Inc. (Foundation). On July 22, 2016, RCFI entered into a \$10,000,000 construction and term loan agreement with MidSouth Bank to construct and renovate ULL's baseball field. The loan is secured by the Foundation athletic revenue.

The Foundation has pledged \$1,600,000 per year of unrestricted revenues from specific athletic endowment accounts to RCFI to support RCFI's costs for construction and renovation of the baseball field. In addition, the Foundation granted a security interest to RCFI for up to \$1,600,000 in the athletic endowment accounts as collateral to for the MidSouth Bank loan.

Grambling State University (GSU)

On November 30, 2016, GSU refunded its Series 2006 and Series 2007 Black and Gold Facilities Project Series bonds and the 2013 Revenue Bonds totaling approximately \$100,000,000. The bonds were refinanced with Revenue Bonds not to exceed \$100,000,000. GSU is expected to save \$1.2 million annually.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the System's Proportionate Share of the Net Pension Liability

Schedule 1 is required supplementary information that presents certain specific data regarding the proportionate share of the net pension liability.

Schedule of System Contributions

Schedule 2 is required supplementary information that presents required employer contributions to the retirement systems, as well as covered payroll amounts.

Schedule of Funding Progress for the Other Postemployment Benefits Plan

Schedule 3 presents funding progress is required supplementary information that presents certain specific data regarding the funding progress for the Other Postemployment Benefits Plan, including the unfunded actuarial accrued liability.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Schedule of the System's Proportionate Share
of the Net Pension Liability
Fiscal Year Ended June 30, 2016**

| <u>Fiscal Year*</u> | <u>System's proportion of the net pension liability (asset)</u> | <u>System's proportionate share of the net pension liability (asset)</u> | <u>System's covered-employee payroll</u> | <u>System's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u> | <u>Plan fiduciary net position as a percentage of the total pension liability</u> |
|-------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Louisiana State Employees' Retirement System (LASERS) | | | | | |
| 2015 | 4.31059% | \$269,536,389 | \$83,429,752 | 323% | 65.0% |
| 2016 | 4.12766% | \$280,742,848 | \$80,240,614 | 350% | 62.7% |
| Teachers' Retirement System of Louisiana (TRSL) | | | | | |
| 2015 | 7.24707% | \$759,154,018 | \$356,854,834 | 213% | 63.7% |
| 2016 | 7.46121% | \$802,250,555 | \$360,842,983 | 222% | 62.5% |

*Amounts presented were determined as of the measurement date (previous fiscal year end).

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information

Changes of Benefit Terms include:

LASERS Fiscal Year 2015:

- A. A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session; and,
- B. Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections as established by Act 852 of 2014.

TRSL Fiscal Year 2016:

- A. Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after 7/1/15 may retire with a 2.5% benefit factor after attaining age 62 with at least five years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Schedule of System Contributions
Fiscal Year Ended June 30, 2016**

| Fiscal Year* | (a) Statutorily Required Contribution | (b) Contributions in relation to the statutorily required contribution | (a-b) Contribution Deficiency (Excess) | System's covered-employee payroll | Contributions as a percentage of covered-employee payroll |
|-------------------------------------------------------|------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------------|--------------------------------------------------------------------|
| Louisiana State Employees' Retirement System (LASERS) | | | | | |
| 2015 | \$29,253,345 | \$29,253,345 | NONE | \$80,240,614 | 36.5% |
| 2016 | \$28,723,881 | \$28,723,881 | NONE | \$77,646,503 | 37.0% |
| Teachers' Retirement System of Louisiana (TRSL) | | | | | |
| 2015 | \$88,336,007 | \$88,336,007 | NONE | \$360,842,983 | 24.5% |
| 2016 | \$87,173,106 | \$87,173,106 | NONE | \$369,791,054 | 23.6% |

*Amounts presented were determined as of the end of the fiscal year.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information

Changes of Benefit Terms include:

LASERS Fiscal Year 2015:

- A. A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session; and,
- B. Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections as established by Act 852 of 2014.

TRSL Fiscal Year 2016:

- A. Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after 7/1/15 may retire with a 2.5% benefit factor after attaining age 62 with at least five years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Schedule of Funding Progress for the
Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 2016**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Projected Unit Cost (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|--------------------------------|----------------------------------------|-------------------------------------------------------------------------------|------------------------------------|--------------------------|---------------------------|---------------------------------------------------------------|
| July 1, 2013 | NONE | \$889,696,439 | \$889,696,439 | 0.0% | \$345,205,228 | 258% |
| July 1, 2014 | NONE | \$932,643,066 | \$932,643,066 | 0.0% | \$323,840,500 | 288% |
| July 1, 2015 | NONE | \$976,507,277 | \$976,507,277 | 0.0% | \$402,973,774 | 242% |

Office of Group Benefits plan:

The determination of the July 1, 2015, accrued liability uses the valuation results and information in the July 22, 2015, valuation report. The demographics of the population have not changed significantly in aggregate, nor by agency, therefore, no adjustments were made to the liabilities with exception of the addition or removal of a few agencies.

LSU System Health Plan:

The determination of the July 1, 2015, accrued liability uses the valuation results and information in the August 19, 2015, valuation report.

SUPPLEMENTAL INFORMATION SCHEDULES

Combining Schedule of Net Position, by University, for the year ended June 30, 2016

Schedule 4 presents the current and long-term portions of assets and liabilities and net position for each university.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University, for the year ended June 30, 2016

Schedule 5 presents information showing how the assets of each university changed as a result of current year operations.

Combining Schedule of Cash Flows, by University, for the year ended June 30, 2016

Schedule 6 presents information showing how each university's cash changed as a result of current year operations.

Combining Schedule of Net Position, by University, for the year ended June 30, 2015

Schedule 7 presents the current and long-term portions of assets and liabilities and net position for each university.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University, for the year ended June 30, 2015

Schedule 8 presents information showing how the assets of each university changed as a result of current year operations.

Combining Schedule of Cash Flows, by University, for the year ended June 30, 2015

Schedule 9 presents information showing how each university's cash changed as a result of current year operations.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Net Position, by University
June 30, 2016**

| | GRAMBLING STATE UNIVERSITY | LOUISIANA TECH UNIVERSITY | MCNEESE STATE UNIVERSITY | NICHOLLS STATE UNIVERSITY | NORTHWESTERN STATE UNIVERSITY | SOUTHEASTERN LOUISIANA UNIVERSITY |
|---------------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$4,642,846 | \$26,247,614 | \$37,130,710 | \$14,426,557 | \$28,813,995 | \$26,176,567 |
| Investments | 4,621,329 | | | 1,802,157 | | 4,674,770 |
| Receivables (net) | 6,365,214 | 5,400,055 | 5,178,096 | 3,993,537 | 5,216,140 | 5,088,635 |
| Due from State Treasury | 347,984 | 658,634 | 558,414 | 372,930 | 435,060 | 686,484 |
| Due from federal government | 605,518 | 2,502,324 | 597,196 | 21,654 | 165,888 | 2,784,182 |
| Inventories | 145,901 | 541,338 | 1,731,087 | 110,265 | 278,796 | 679,033 |
| Prepaid expenses and advances | 268,134 | 3,076,567 | 367,093 | 1,016,696 | 388,413 | 49,823 |
| Notes receivable (net) | | 782,288 | 354,854 | | | 295,571 |
| Other current assets | 794,821 | 190,397 | | | 172,317 | 122,217 |
| Total current assets | <u>17,791,747</u> | <u>39,399,217</u> | <u>45,917,450</u> | <u>21,743,796</u> | <u>35,470,609</u> | <u>40,557,282</u> |
| Noncurrent assets: | | | | | | |
| Restricted: | | | | | | |
| Cash and cash equivalents | 4,899,768 | 19,840,853 | 7,224,176 | 4,454,490 | 1,449,198 | 20,301,731 |
| Investments | 19,276,176 | 36,279,628 | 17,069,696 | 20,948,908 | 12,675,981 | 21,010,630 |
| Receivables (net) | | 15 | 500,000 | | 111,894 | |
| Notes receivable (net) | 341 | 5,002,789 | 1,282,364 | | 1,504,357 | 1,934,803 |
| Other | | | | | 8,133 | |
| Investments | | | | | | |
| Capital assets (net) | 130,232,574 | 205,418,355 | 114,595,599 | 114,655,686 | 64,615,724 | 185,544,279 |
| Other noncurrent assets | 3,922,929 | 1,371,585 | 730,463 | 1,829,195 | | 1,948,009 |
| Total noncurrent assets | <u>158,331,788</u> | <u>267,913,225</u> | <u>141,402,298</u> | <u>141,888,279</u> | <u>80,365,287</u> | <u>230,739,452</u> |
| Total assets | <u>176,123,535</u> | <u>307,312,442</u> | <u>187,319,748</u> | <u>163,632,075</u> | <u>115,835,896</u> | <u>271,296,734</u> |
| Deferred outflows of Resources | | | | | | |
| Deferred outflows related to pensions | 7,224,030 | 17,101,740 | 8,139,933 | 11,615,952 | 15,730,116 | 18,839,600 |
| Total deferred outflows of resources | <u>7,224,030</u> | <u>17,101,740</u> | <u>8,139,933</u> | <u>11,615,952</u> | <u>15,730,116</u> | <u>18,839,600</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accruals | 7,909,580 | 4,704,054 | 4,076,473 | 3,783,954 | 5,002,434 | 7,579,590 |
| Unearned revenues | 9,139 | 8,036,930 | 3,554,586 | 1,708,601 | 4,037,875 | 3,458,994 |
| Compensated absences payable | 322,485 | 453,453 | 178,420 | 300,273 | 284,514 | 421,966 |
| Capital lease obligations | | 89,560 | 11,869 | | | 490,000 |
| Amounts held in custody for others | 1,590,886 | 1,161,699 | 486,536 | 366,525 | 32,572 | 963,465 |
| Notes payable | 143,243 | | | | | |
| Contracts payable | | | | | | |
| Bonds payable | 2,255,000 | 2,564,383 | 1,190,000 | 1,855,000 | 330,000 | 4,130,000 |
| Other current liabilities | 870,278 | 993,522 | | | | 7,989 |
| Total current liabilities | <u>13,100,611</u> | <u>18,003,601</u> | <u>9,497,884</u> | <u>8,014,353</u> | <u>9,687,395</u> | <u>17,052,004</u> |

(Continued)

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|---------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|----------------|----------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$43,980,146 | \$37,836,244 | \$25,976,959 | \$715,999 | \$245,947,637 |
| Investments | | | 5,057,465 | | 16,155,721 |
| Receivables (net) | 22,025,465 | 6,528,005 | 14,366,027 | | 74,161,174 |
| Due from State Treasury | 948,572 | 628,523 | 852,266 | | 5,488,867 |
| Due from federal government | 2,224,194 | 1,724,363 | 1,235,360 | | 11,860,679 |
| Inventories | 2,041,308 | 129,301 | 209,416 | | 5,866,445 |
| Prepaid expenses and advances | 2,358,188 | 1,240,446 | 786,983 | | 9,552,343 |
| Notes receivable (net) | 1,134,261 | 746,546 | 578,711 | | 3,892,231 |
| Other current assets | 582 | | 85,729 | | 1,366,063 |
| Total current assets | <u>74,712,716</u> | <u>48,833,428</u> | <u>49,148,916</u> | <u>715,999</u> | <u>374,291,160</u> |
| Noncurrent assets: | | | | | |
| Restricted: | | | | | |
| Cash and cash equivalents | 44,932,560 | 11,655,678 | 4,183,533 | | 118,941,987 |
| Investments | 87,496,882 | 27,728,898 | 19,634,126 | | 262,120,925 |
| Receivables (net) | | 652,731 | | | 1,264,640 |
| Notes receivable (net) | 7,642,244 | 4,230,430 | 3,857,739 | | 25,455,067 |
| Other | | | | | 8,133 |
| Investments | | | 36,211 | | 36,211 |
| Capital assets (net) | 404,768,585 | 138,676,462 | 229,671,051 | 7,627 | 1,588,185,942 |
| Other noncurrent assets | 5,381,403 | 1,720,182 | 628,971 | | 17,532,737 |
| Total noncurrent assets | <u>550,221,674</u> | <u>184,664,381</u> | <u>258,011,631</u> | <u>7,627</u> | <u>2,013,545,642</u> |
| Total assets | <u>624,934,390</u> | <u>233,497,809</u> | <u>307,160,547</u> | <u>723,626</u> | <u>2,387,836,802</u> |
| Deferred outflows of Resources | | | | | |
| Deferred outflows related to pensions | 38,617,170 | 13,726,641 | 13,528,136 | 483,500 | 145,006,818 |
| Total deferred outflows of resources | <u>38,617,170</u> | <u>13,726,641</u> | <u>13,528,136</u> | <u>483,500</u> | <u>145,006,818</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accruals | 13,806,651 | 4,862,491 | 6,592,453 | 110,089 | 58,427,769 |
| Unearned revenues | 16,297,269 | 5,029,867 | 4,018,115 | | 46,151,376 |
| Compensated absences payable | 775,282 | 524,522 | 618,043 | 39,897 | 3,918,855 |
| Capital lease obligations | | | 1,026,837 | | 1,618,266 |
| Amounts held in custody for others | 1,431,101 | 227,880 | 935,248 | 364,389 | 7,560,301 |
| Notes payable | 108,921 | | 679,938 | | 932,102 |
| Contracts payable | 36,882 | 366,336 | | | 403,218 |
| Bonds payable | 4,670,000 | 2,510,000 | 1,924,170 | | 21,428,553 |
| Other current liabilities | 2,705,755 | 2,076,891 | 5,251,380 | 351,610 | 12,257,425 |
| Total current liabilities | <u>39,831,861</u> | <u>15,597,987</u> | <u>21,046,184</u> | <u>865,985</u> | <u>152,697,865</u> |

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Position, by University
June 30, 2016

| | <u>GRAMBLING STATE UNIVERSITY</u> | <u>LOUISIANA TECH UNIVERSITY</u> | <u>MCNEESE STATE UNIVERSITY</u> | <u>NICHOLLS STATE UNIVERSITY</u> | <u>NORTHWESTERN STATE UNIVERSITY</u> | <u>SOUTHEASTERN LOUISIANA UNIVERSITY</u> |
|---------------------------------------|-------------------------------------------|------------------------------------------|-----------------------------------------|------------------------------------------|----------------------------------------------|--------------------------------------------------|
| LIABILITIES (CONT.) | | | | | | |
| Noncurrent liabilities: | | | | | | |
| Unearned revenues | | | | | | |
| Compensated absences payable | \$3,722,065 | \$3,810,544 | \$3,094,589 | \$3,065,765 | \$3,775,714 | \$6,554,304 |
| Capital lease obligations | | 51,472 | 11,869 | | | 2,605,000 |
| Notes payable | 1,042,663 | | | | | |
| Net Pension liability | 67,392,261 | 126,751,672 | 77,070,023 | 76,831,259 | 90,354,513 | 149,575,394 |
| Other postemployment benefits payable | 34,339,251 | 59,305,073 | 45,818,788 | 43,480,916 | 50,682,258 | 89,010,488 |
| Bonds payable | 93,985,212 | 77,875,594 | 31,260,797 | 57,688,509 | 2,695,000 | 82,552,995 |
| Other noncurrent liabilities | 288,360 | | | | 81,630 | |
| Total noncurrent liabilities | <u>200,769,812</u> | <u>267,794,355</u> | <u>157,256,066</u> | <u>181,066,449</u> | <u>147,589,115</u> | <u>330,298,181</u> |
| Total liabilities | <u>213,870,423</u> | <u>285,797,956</u> | <u>166,753,950</u> | <u>189,080,802</u> | <u>157,276,510</u> | <u>347,350,185</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows related to pensions | 5,760,775 | 4,851,797 | 4,704,729 | 3,259,127 | 3,119,866 | 5,643,908 |
| Total deferred inflows of resources | <u>5,760,775</u> | <u>4,851,797</u> | <u>4,704,729</u> | <u>3,259,127</u> | <u>3,119,866</u> | <u>5,643,908</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 54,723,344 | 130,220,524 | 85,690,456 | 61,173,558 | 61,590,724 | 103,826,266 |
| Restricted for: | | | | | | |
| Nonexpendable | 7,376,829 | 33,065,787 | 12,486,000 | 17,133,620 | 9,930,351 | 12,214,214 |
| Expendable | 15,469,447 | 18,292,683 | 23,303,573 | 9,624,878 | 10,817,203 | 30,864,879 |
| Unrestricted | <u>(113,853,253)</u> | <u>(147,814,565)</u> | <u>(97,479,027)</u> | <u>(105,023,958)</u> | <u>(111,168,642)</u> | <u>(209,763,118)</u> |
| Total net position | <u>(\$36,283,633)</u> | <u>\$33,764,429</u> | <u>\$24,001,002</u> | <u>(\$17,091,902)</u> | <u>(\$28,830,364)</u> | <u>(\$62,857,759)</u> |

(Concluded)

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|---------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|----------------------|-----------------------|
| LIABILITIES (CONT.) | | | | | |
| Noncurrent liabilities: | | | | | |
| Unearned revenues | | | \$3,828,665 | | \$3,828,665 |
| Compensated absences payable | \$10,424,717 | \$3,482,627 | 4,830,258 | \$199,755 | 42,960,338 |
| Capital lease obligations | | | 1,662,333 | | 4,330,674 |
| Notes payable | 1,112,901 | | 4,533,141 | | 6,688,705 |
| Net Pension liability | 250,146,615 | 107,276,125 | 133,582,157 | 4,013,384 | 1,082,993,403 |
| Other postemployment benefits payable | 109,108,202 | 57,885,375 | 70,970,592 | 1,176,792 | 561,777,735 |
| Bonds payable | 211,238,586 | 65,865,000 | 50,154,145 | | 673,315,838 |
| Other noncurrent liabilities | | | 9,453 | | 379,443 |
| Total noncurrent liabilities | 582,031,021 | 234,509,127 | 269,570,744 | 5,389,931 | 2,376,274,801 |
| Total liabilities | 621,862,882 | 250,107,114 | 290,616,928 | 6,255,916 | 2,528,972,666 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows related to pensions | 9,661,313 | 4,251,747 | 14,030,595 | 282,102 | 55,565,959 |
| Total deferred inflows of resources | 9,661,313 | 4,251,747 | 14,030,595 | 282,102 | 55,565,959 |
| NET POSITION | | | | | |
| Net investment in capital assets | 216,307,565 | 70,301,462 | 169,690,487 | 7,627 | 953,532,013 |
| Restricted for: | | | | | |
| Nonexpendable | 51,515,000 | 23,428,498 | 20,573,411 | | 187,723,710 |
| Expendable | 63,083,454 | 23,285,884 | 24,545,372 | | 219,287,373 |
| Unrestricted | (298,878,654) | (124,150,255) | (198,768,110) | (5,338,519) | (1,412,238,101) |
| Total net position | \$32,027,365 | (\$7,134,411) | \$16,041,160 | (\$5,330,892) | (\$51,695,005) |

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
For the Fiscal Year Ended June 30, 2016**

| | GRAMBLING STATE UNIVERSITY | LOUISIANA TECH UNIVERSITY | MCNEESE STATE UNIVERSITY | NICHOLLS STATE UNIVERSITY | NORTHWESTERN STATE UNIVERSITY | SOUTHEASTERN LOUISIANA UNIVERSITY |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| OPERATING REVENUES | | | | | | |
| Student tuition and fees (net of scholarship allowances of \$182,190,785) | \$21,094,994 | \$70,321,914 | \$42,136,559 | \$34,553,831 | \$42,365,556 | \$65,014,421 |
| Federal grants and contracts | 6,305,819 | 6,415,461 | 840,060 | 283,056 | 1,515,347 | 7,901,389 |
| State and local grants and contracts | 2,562,580 | 3,396,630 | 2,226,370 | 1,659,830 | 4,039,326 | 3,387,056 |
| Nongovernmental grants and contracts | 251,333 | 1,281,116 | 69,308 | 168,957 | 1,013,874 | 195,916 |
| Sales and services of educational departments | 294,889 | 472,298 | 463,401 | 198,839 | 3,565,849 | 499,672 |
| Auxiliary enterprise revenues (net of scholarship allowances of \$20,716,809 including revenues used as security for revenue bonds) | 21,369,841 | 24,686,457 | 12,358,617 | 19,185,428 | 2,844,514 | 18,434,760 |
| Other operating revenues | 590,896 | 1,123,406 | 3,783,176 | 1,110,077 | 3,202,347 | 3,196,036 |
| Total operating revenues | <u>52,470,352</u> | <u>107,697,282</u> | <u>61,877,491</u> | <u>57,160,018</u> | <u>58,546,813</u> | <u>98,629,250</u> |
| OPERATING EXPENSES | | | | | | |
| Educational and general: | | | | | | |
| Instruction | 19,517,136 | 44,459,291 | 27,701,426 | 27,524,017 | 39,706,397 | 60,752,704 |
| Research | 1,032,229 | 18,091,700 | 2,265,874 | 1,123,777 | 184,328 | 1,238,666 |
| Public service | 1,996 | 183,621 | 898,856 | 953,479 | 1,366,061 | 3,042,849 |
| Academic support | 5,488,533 | 10,868,549 | 8,865,097 | 6,468,919 | 8,301,453 | 11,385,864 |
| Student services | 5,201,070 | 6,155,024 | 5,223,613 | 5,072,346 | 8,352,716 | 10,041,522 |
| Institutional support | 12,560,081 | 11,943,813 | 8,544,264 | 7,559,150 | 10,009,326 | 12,357,839 |
| Operations and maintenance of plant | 6,782,534 | 9,218,302 | 8,177,372 | 6,350,085 | 7,718,614 | 13,833,325 |
| Depreciation | 6,862,130 | 10,220,655 | 5,724,779 | 6,676,947 | 5,922,847 | 8,140,226 |
| Scholarships and fellowships | 8,062,074 | 10,734,813 | 3,854,239 | 7,418,589 | 11,197,842 | 14,134,666 |
| Auxiliary enterprises | 19,460,254 | 32,725,086 | 16,015,737 | 13,827,257 | 10,179,628 | 13,126,357 |
| Other operating expenses | 325,599 | 166,496 | 166,496 | 496,296 | 2,025,115 | 227,797 |
| Total operating expenses | <u>84,968,037</u> | <u>154,926,453</u> | <u>87,437,753</u> | <u>83,470,862</u> | <u>104,964,327</u> | <u>148,281,815</u> |
| OPERATING LOSS | <u>(32,497,685)</u> | <u>(47,229,171)</u> | <u>(25,560,262)</u> | <u>(26,310,844)</u> | <u>(46,417,514)</u> | <u>(49,652,565)</u> |
| NONOPERATING REVENUES (Expenses) | | | | | | |
| State appropriations | 15,412,289 | 28,450,579 | 18,756,476 | 15,563,474 | 21,128,621 | 30,664,941 |
| Gifts | 438,255 | 8,149,485 | 2,922,611 | 504,042 | | 733,969 |
| Federal nonoperating revenues | 14,911,234 | 9,837,965 | 10,930,493 | 8,864,137 | 14,373,847 | 20,057,436 |
| Investment income, net | (680,997) | (2,858,958) | 234,735 | (229,572) | (371,142) | 373,586 |
| Interest expense | (4,716,337) | (7,637,543) | (1,566,596) | (2,694,719) | (126,920) | (2,794,801) |
| Payments to or on behalf of the university | | | | 122,559 | | |
| Other nonoperating revenues (expenses) | (30,349) | 2,265,559 | 139,416 | 542,246 | 88,194 | 545,595 |
| Net nonoperating revenues | <u>25,334,095</u> | <u>38,207,087</u> | <u>31,417,135</u> | <u>22,672,167</u> | <u>35,092,600</u> | <u>49,580,726</u> |

(Continued)

Schedule 5

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|--------------------|----------------------|
| OPERATING REVENUES | | | | | |
| Student tuition and fees (net of scholarship allowances of \$182,190,785) | \$126,010,237 | \$54,064,211 | \$58,387,423 | | \$513,949,146 |
| Federal grants and contracts | 16,600,717 | 7,851,827 | 7,882,208 | | 55,595,884 |
| State and local grants and contracts | 4,333,063 | 8,937,184 | 11,865,023 | | 42,407,062 |
| Nongovernmental grants and contracts | 15,618,483 | 492,113 | 8,073,555 | | 27,164,655 |
| Sales and services of educational departments | 570,322 | 347,965 | 128,328 | | 6,541,563 |
| Auxiliary enterprise revenues (net of scholarship allowances of \$20,716,809 including revenues used as security for revenue bonds) | 40,553,649 | 17,886,119 | 11,058,656 | | 168,378,041 |
| Other operating revenues | 4,923,250 | 727,817 | 10,190,439 | \$2,611,748 | 31,459,192 |
| Total operating revenues | <u>208,609,721</u> | <u>90,307,236</u> | <u>107,585,632</u> | <u>2,611,748</u> | <u>845,495,543</u> |
| OPERATING EXPENSES | | | | | |
| Educational and general: | | | | | |
| Instruction | 89,496,080 | 39,237,307 | 44,245,281 | | 392,639,639 |
| Research | 45,146,494 | 4,870,165 | 11,031,311 | | 84,984,544 |
| Public service | 5,404,450 | 8,589,794 | 9,247,651 | | 29,688,757 |
| Academic support | 17,293,498 | 5,168,138 | 9,906,245 | | 83,746,296 |
| Student services | 14,050,604 | 8,032,935 | 7,040,192 | | 69,170,022 |
| Institutional support | 29,127,279 | 11,821,066 | 15,589,045 | 3,625,669 | 123,137,532 |
| Operations and maintenance of plant | 16,525,381 | 12,146,392 | 13,784,554 | | 94,536,559 |
| Depreciation | 18,857,099 | 5,982,178 | 12,012,626 | 3,908 | 80,403,395 |
| Scholarships and fellowships | 4,223,334 | 9,763,635 | 8,450,912 | | 77,840,104 |
| Auxiliary enterprises | 45,983,675 | 20,150,588 | 10,359,517 | | 181,828,099 |
| Other operating expenses | 561,594 | 196,840 | 4,156,793 | | 8,156,530 |
| Total operating expenses | <u>286,669,488</u> | <u>125,959,038</u> | <u>145,824,127</u> | <u>3,629,577</u> | <u>1,226,131,477</u> |
| OPERATING LOSS | <u>(78,059,767)</u> | <u>(35,651,802)</u> | <u>(38,238,495)</u> | <u>(1,017,829)</u> | <u>(380,635,934)</u> |
| NONOPERATING REVENUES (Expenses) | | | | | |
| State appropriations | 46,329,707 | 25,494,379 | 31,290,334 | 1,028,008 | 234,118,808 |
| Gifts | 3,781,528 | 458,995 | 1,479,997 | | 18,468,882 |
| Federal nonoperating revenues | 22,723,431 | 11,709,565 | 9,552,004 | | 122,960,112 |
| Investment income, net | 902,171 | 14,742 | 58,790 | 45,633 | (2,511,012) |
| Interest expense | (9,635,134) | (1,855,866) | (1,981,705) | | (33,009,621) |
| Payments to or on behalf of the university | | | | | 122,559 |
| Other nonoperating revenues (expenses) | 2,705,643 | 855,456 | (1,602,299) | 9,821 | 5,519,282 |
| Net nonoperating revenues | <u>66,807,346</u> | <u>36,677,271</u> | <u>38,797,121</u> | <u>1,083,462</u> | <u>345,669,010</u> |

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
For the Fiscal Year Ended June 30, 2016**

| | <u>GRAMBLING STATE UNIVERSITY</u> | <u>LOUISIANA TECH UNIVERSITY</u> | <u>MCNEESE STATE UNIVERSITY</u> | <u>NICHOLLS STATE UNIVERSITY</u> | <u>NORTHWESTERN STATE UNIVERSITY</u> | <u>SOUTHEASTERN LOUISIANA UNIVERSITY</u> |
|-------------------------------------------------------------|-------------------------------------------|------------------------------------------|-----------------------------------------|------------------------------------------|----------------------------------------------|--------------------------------------------------|
| INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES | (\$7,163,590) | (\$9,022,084) | \$5,856,873 | (\$3,638,677) | (\$11,324,914) | (\$71,839) |
| Capital appropriations | 1,934,810 | 5,392,242 | 8,547,271 | 5,207,461 | 1,041,510 | 3,963,722 |
| Capital grants and gifts | | 1,586,037 | 80,845 | 180,615 | 18,294 | 26,530 |
| Additions to permanent endowments | | 500,000 | (500,000) | 400,000 | 500,000 | 340,000 |
| Other expenses, net | | (1,666,654) | | | | |
| CHANGE IN NET POSITION | (5,228,780) | (3,210,459) | 13,984,989 | 2,149,399 | (9,765,110) | 4,258,413 |
| NET POSITION - BEGINNING OF YEAR (Restated) | (31,054,853) | 36,974,888 | 10,016,013 | (19,241,301) | (19,065,254) | (67,116,172) |
| NET POSITION - END OF YEAR | <u>(\$36,283,633)</u> | <u>\$33,764,429</u> | <u>\$24,001,002</u> | <u>(\$17,091,902)</u> | <u>(\$28,830,364)</u> | <u>(\$62,857,759)</u> |

(Concluded)

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|-------------------------------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|----------------------|-----------------------|
| INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES | (\$11,252,421) | \$1,025,469 | \$558,626 | \$65,633 | (\$34,966,924) |
| Capital appropriations | 355,275 | 6,644,591 | 3,163,697 | | 36,250,579 |
| Capital grants and gifts | 14,224,661 | 3,331,773 | 3,319,821 | | 22,768,576 |
| Additions to permanent endowments | 1,600,000 | 400 | 240,000 | | 3,080,400 |
| Other expenses, net | | | (450,313) | | (2,116,967) |
| CHANGE IN NET POSITION | 4,927,515 | 11,002,233 | 6,831,831 | 65,633 | 25,015,664 |
| NET POSITION - BEGINNING OF YEAR (Restated) | 27,099,850 | (18,136,644) | 9,209,329 | (5,396,525) | (76,710,669) |
| NET POSITION - END OF YEAR | <u>\$32,027,365</u> | <u>(\$7,134,411)</u> | <u>\$16,041,160</u> | <u>(\$5,330,892)</u> | <u>(\$51,695,005)</u> |

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2016**

| | GRAMBLING STATE UNIVERSITY | LOUISIANA TECH UNIVERSITY | MCNEESE STATE UNIVERSITY | NICHOLLS STATE UNIVERSITY | NORTHWESTERN STATE UNIVERSITY | SOUTHEASTERN LOUISIANA UNIVERSITY |
|-------------------------------------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Tuition and fees | \$33,576,689 | \$70,127,640 | \$42,119,384 | \$34,264,028 | \$43,673,375 | \$63,998,585 |
| Grants and contracts | 8,286,069 | 11,015,157 | 2,649,150 | 2,417,112 | 6,470,293 | 10,636,066 |
| Sales and services of educational departments | 294,889 | 471,494 | 463,401 | 229,549 | 3,565,849 | 399,378 |
| Auxiliary enterprise receipts | 21,928,898 | 24,775,131 | 12,295,489 | 19,207,454 | 2,844,514 | 18,363,598 |
| Payments for employee compensation | (31,346,381) | (66,402,438) | (36,737,104) | (34,866,846) | (45,221,068) | (71,572,624) |
| Payments for benefits | (14,586,327) | (26,596,527) | (15,375,392) | (15,318,226) | (18,116,849) | (29,501,300) |
| Payments for utilities | (3,556,328) | (5,576,411) | (2,457,196) | (3,094,289) | (2,270,954) | (4,373,485) |
| Payments for supplies and services | (21,791,650) | (33,541,593) | (19,262,756) | (14,316,605) | (18,257,542) | (25,634,071) |
| Payments for scholarships and fellowships | (20,893,628) | (12,563,808) | (7,490,250) | (7,418,588) | (11,197,842) | (9,242,462) |
| Loans to students | | (920,037) | (192,360) | | (120,530) | (160,210) |
| Collection of loans to students | | 740,338 | 198,519 | | 194,269 | 168,909 |
| Other receipts (payments) | (60,310) | 1,129,576 | 3,662,197 | 2,132,467 | 2,493,726 | 843,720 |
| Net cash used by operating activities | (28,148,079) | (37,341,478) | (20,126,918) | (16,763,944) | (35,942,759) | (46,073,896) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | |
| State appropriations | 15,165,128 | 27,982,773 | 18,357,519 | 15,298,594 | 20,819,613 | 30,175,278 |
| Gifts and grants for other than capital purposes | 1,016,475 | 8,170,168 | 2,922,611 | 504,042 | | 733,969 |
| Pell grant receipts | 14,333,015 | 9,631,194 | 10,930,493 | 8,864,137 | 14,373,847 | 19,779,661 |
| Private gifts for endowment purposes | | | (500,000) | 400,000 | 500,000 | 340,000 |
| Taylor Opportunity Program for Students receipts | 688,755 | 21,057,713 | 10,772,221 | 10,841,434 | 9,668,193 | 20,235,990 |
| Taylor Opportunity Program for Students disbursements | (688,755) | (20,541,579) | (10,772,221) | (10,841,434) | (9,668,193) | (20,047,606) |
| Federal Emergency Management Agency receipts | | | | | | |
| Federal Emergency Management Agency disbursements | | | | | | |
| Direct lending receipts | 54,735,232 | 32,780,586 | 24,123,232 | 24,828,213 | 40,144,744 | 42,569,295 |
| Direct lending disbursements | (54,735,232) | (32,853,005) | (24,123,232) | (24,828,213) | (40,144,744) | (42,429,984) |
| Other receipts (payments) | | 2,042,725 | | 846,230 | | 147,329 |
| Net cash provided by noncapital financing sources | 30,514,618 | 48,270,575 | 31,710,623 | 25,913,003 | 35,693,460 | 51,503,932 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES: | | | | | | |
| Proceeds from capital debt | | 47,020,000 | | 5,975,000 | | |
| Capital appropriations received | | 132,773 | | | | |
| Capital grants and gifts received | | | | | | 9,000 |
| Proceeds from the sale of capital assets | | | | | | 392,000 |
| Purchases of capital assets | (784,549) | (10,494,309) | (4,244,650) | (3,859,972) | (1,813,719) | (6,789,319) |
| Principal paid on capital debt and leases | (2,294,041) | (49,032,156) | (1,082,562) | (7,835,000) | (315,000) | (4,996,370) |
| Interest paid on capital debt and leases | (4,783,596) | (2,385,428) | (1,572,472) | (2,747,840) | (126,920) | (2,794,801) |
| Deposit with trustees | 1,869,156 | | | | | |
| Other receipts (payments) | 36,037 | (1,526,642) | (11,869) | (167,769) | | (818,637) |
| Net cash used by capital financing activities | (5,956,993) | (16,285,762) | (6,911,553) | (8,635,581) | (2,255,639) | (14,998,127) |

(Continued)

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|-------------------------------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|---------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Tuition and fees | \$128,261,676 | \$55,431,333 | \$58,005,182 | | \$529,457,892 |
| Grants and contracts | 33,006,777 | 16,543,990 | 28,144,653 | | 119,169,267 |
| Sales and services of educational departments | 568,357 | 175,477 | (269,503) | | 5,898,891 |
| Auxiliary enterprise receipts | 39,544,702 | 18,181,901 | 11,087,696 | | 168,229,383 |
| Payments for employee compensation | (140,355,948) | (45,865,815) | (63,304,975) | (\$1,668,488) | (537,341,687) |
| Payments for benefits | (46,205,922) | (21,207,342) | (24,308,163) | (586,354) | (211,802,402) |
| Payments for utilities | (7,072,564) | (2,629,973) | (6,100,448) | | (37,131,648) |
| Payments for supplies and services | (66,134,726) | (41,192,482) | (33,481,708) | (772,250) | (274,385,383) |
| Payments for scholarships and fellowships | (5,211,362) | (9,454,570) | (8,445,230) | | (91,917,740) |
| Loans to students | (2,620,891) | (308,813) | (237,520) | | (4,560,361) |
| Collection of loans to students | 3,950,766 | 802,212 | 561,490 | | 6,616,503 |
| Other receipts (payments) | 4,302,321 | 247,956 | 9,469,589 | 2,611,748 | 26,832,990 |
| Net cash used by operating activities | (57,966,814) | (29,276,126) | (28,878,937) | (415,344) | (300,934,295) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| State appropriations | 45,698,949 | 25,047,960 | 30,684,998 | 1,028,008 | 230,258,820 |
| Gifts and grants for other than capital purposes | 3,990,773 | 653,698 | 1,556,328 | | 19,548,064 |
| Pell grant receipts | 21,518,286 | 11,574,932 | 9,552,004 | | 120,557,569 |
| Private gifts for endowment purposes | 1,680,000 | 400 | 240,000 | | 2,660,400 |
| Taylor Opportunity Program for Students receipts | 33,179,725 | 13,756,911 | 9,239,166 | | 129,440,108 |
| Taylor Opportunity Program for Students disbursements | (33,278,714) | (13,375,959) | (9,107,588) | | (128,322,049) |
| Federal Emergency Management Agency receipts | | | 36,870 | | 36,870 |
| Federal Emergency Management Agency disbursements | | | (48) | | (48) |
| Direct lending receipts | 59,830,770 | 39,165,245 | 24,569,963 | | 342,747,280 |
| Direct lending disbursements | (60,459,763) | (39,165,245) | (24,574,650) | | (343,314,068) |
| Other receipts (payments) | 3,697,531 | | 490,050 | | 7,223,865 |
| Net cash provided by noncapital financing sources | 75,857,557 | 37,657,942 | 42,687,093 | 1,028,008 | 380,836,811 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES: | | | | | |
| Proceeds from capital debt | 19,611,703 | 6,000,000 | | | 78,606,703 |
| Capital appropriations received | | | 13,642 | | 146,415 |
| Capital grants and gifts received | 11,432,159 | 3,232,743 | 66,116 | | 14,740,018 |
| Proceeds from the sale of capital assets | | | | | 392,000 |
| Purchases of capital assets | (40,137,065) | (7,510,005) | (2,088,314) | | (77,721,902) |
| Principal paid on capital debt and leases | (4,003,178) | (2,135,000) | (2,454,092) | | (74,147,399) |
| Interest paid on capital debt and leases | (9,764,625) | (1,862,860) | (1,996,353) | | (28,034,895) |
| Deposit with trustees | | | | | 1,869,156 |
| Other receipts (payments) | | (91,696) | (201,287) | | (2,781,863) |
| Net cash used by capital financing activities | (22,861,006) | (2,366,818) | (6,660,288) | | (86,931,767) |

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University, 2016

| | GRAMBLING STATE UNIVERSITY | LOUISIANA TECH UNIVERSITY | MCNEESE STATE UNIVERSITY | NICHOLLS STATE UNIVERSITY | NORTHWESTERN STATE UNIVERSITY | SOUTHEASTERN LOUISIANA UNIVERSITY |
|----------------------------------------------------------------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Proceeds from sales and maturities of investments | \$1,761,046 | | (\$256,394) | \$1,537,826 | | \$16,388,725 |
| Interest received on investments | 334,134 | \$127,787 | 491,129 | (217,688) | (\$371,142) | 356,346 |
| Purchase of investments | (100,100) | | 886,669 | (200,457) | 641,182 | (11,256,828) |
| Net cash provided by investing activities | 1,995,080 | 127,787 | 1,121,404 | 1,119,681 | 270,040 | 5,488,243 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | | | | |
| | (1,595,374) | (5,228,878) | 5,793,556 | 1,633,159 | (2,234,898) | (4,079,848) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, RESTATED | | | | | | |
| | 11,137,988 | 51,317,345 | 38,561,330 | 17,247,888 | 32,498,091 | 50,558,146 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | | | | | | |
| | \$9,542,614 | \$46,088,467 | \$44,354,886 | \$18,881,047 | \$30,263,193 | \$46,478,298 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES: | | | | | | |
| Operating loss | (\$32,497,685) | (\$47,229,171) | (\$25,560,262) | (\$26,310,844) | (\$46,417,514) | (\$49,652,565) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | | | | | |
| Depreciation expense | 6,862,130 | 10,220,655 | 5,724,779 | 6,676,947 | 5,922,847 | 8,140,226 |
| Nonemployer contributing entity revenue | 177,784 | 332,146 | 199,893 | 191,493 | 232,457 | 377,602 |
| Amortization of bond issuance costs | | | | 140,388 | | |
| Cajundome rental income | | | | | | |
| Loss on impairment | | 448,581 | | | | |
| Changes in assets, deferred outflows, liabilities and deferred inflows: | | | | | | |
| (Increase) Decrease in accounts receivable, net | (1,954,636) | (562,326) | (656,049) | 868,438 | 235,081 | (1,298,873) |
| (Increase) Decrease in inventories | 2,361 | (55,233) | (120,277) | (373) | 21,501 | 90,154 |
| (Increase) Decrease in prepaid expenses and advances | (48,414) | (270,217) | (74,054) | 1,452,202 | (76,321) | 256,427 |
| Decrease in notes receivable, net | | 50,077 | 114,870 | | 73,739 | 8,699 |
| (Increase) Decrease in other assets | | (2,332) | | | (21,062) | |
| (Increase) in deferred outflows related to pensions | 294,436 | (3,086,708) | 263,100 | 8,780 | (1,951,639) | (200,107) |
| Increase (Decrease) in accounts payable and accrued liabilities | 3,967,288 | (381,218) | (227,933) | 215,590 | 1,268,521 | (1,701,803) |
| Increase (Decrease) in unearned revenue | (23,714) | 404,889 | 417,969 | (692,858) | 974,484 | (1,254,574) |
| Increase (Decrease) in amounts held in custody for others | 150,800 | 60,130 | (6,908) | (77,003) | (625) | (1,561,448) |
| Increase (Decrease) in compensated absences | (150,850) | 80,557 | 57,732 | (133,721) | 1,308,490 | (393,492) |
| Increase in other postemployment benefits payable | 2,483,300 | 4,946,857 | 3,937,541 | 3,255,102 | 3,795,033 | 6,848,542 |
| Increase (Decrease) in net pension liability | 2,449,929 | 9,646,854 | 2,521,643 | 4,676,510 | 7,266,473 | 8,558,574 |
| Increase (Decrease) in other liabilities | (3,285,975) | (159,143) | | | (986) | |
| (Decrease) in deferred inflows related to pensions | (6,574,833) | (11,785,876) | (6,718,962) | (7,034,595) | (8,573,238) | (14,291,258) |
| Net cash used by operating activities | (\$28,148,079) | (\$37,341,478) | (\$20,126,918) | (\$16,763,944) | (\$35,942,759) | (\$46,073,896) |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS: | | | | | | |
| Cash and cash equivalents classified as current assets | \$4,642,846 | \$26,247,614 | \$37,130,710 | \$14,426,557 | \$28,813,995 | \$26,176,567 |
| Cash and cash equivalents classified as noncurrent assets | 4,899,768 | 19,840,853 | 7,224,176 | 4,454,490 | 1,449,198 | 20,301,731 |
| Cash and cash equivalents at the end of the year | \$9,542,614 | \$46,088,467 | \$44,354,886 | \$18,881,047 | \$30,263,193 | \$46,478,298 |

(Continued)

Schedule 6

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|----------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|---------------------------|-------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Proceeds from sales and maturities of investments | \$4,083,961 | \$17,759,440 | \$1,661,008 | | \$42,935,612 |
| Interest received on investments | 859,421 | 756,328 | 376,927 | \$45,633 | 2,758,875 |
| Purchase of investments | | (17,452,067) | | | (27,481,601) |
| Net cash provided by investing activities | <u>4,943,382</u> | <u>1,063,701</u> | <u>2,037,935</u> | <u>45,633</u> | <u>18,212,886</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | | | |
| | (26,881) | 7,078,699 | 9,185,803 | 658,297 | 11,183,635 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, RESTATED | | | | | |
| | <u>88,939,587</u> | <u>42,413,223</u> | <u>20,974,689</u> | <u>57,702</u> | <u>353,705,989</u> |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | | | | | |
| | <u><u>\$88,912,706</u></u> | <u><u>\$49,491,922</u></u> | <u><u>\$30,160,492</u></u> | <u><u>\$715,999</u></u> | <u><u>\$364,889,624</u></u> |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES: | | | | | |
| Operating loss | (\$78,059,767) | (\$35,651,802) | (\$38,238,495) | (\$1,017,829) | (\$380,635,934) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | | | | |
| Depreciation expense | 18,857,099 | 5,982,178 | 12,012,626 | 3,908 | 80,403,395 |
| Nonemployer contributing entity revenue | 613,723 | 287,799 | 369,688 | 9,821 | 2,792,406 |
| Amortization of bond issuance costs | | | (239,742) | | (99,354) |
| Cajundome rental income | (946,943) | | | | (946,943) |
| Loss on impairment | | | | | 448,581 |
| Changes in assets, deferred outflows, liabilities and deferred inflows: | | | | | |
| (Increase) Decrease in accounts receivable, net | (7,097,344) | 1,714,104 | (169,940) | 610 | (8,920,935) |
| (Increase) Decrease in inventories | 514,102 | 15,406 | 11,780 | | 479,421 |
| (Increase) Decrease in prepaid expenses and advances | (79,544) | (844,764) | (62,471) | | 252,844 |
| (Increase) Decrease in notes receivable, net | 779,706 | 483,576 | 323,970 | | 1,834,637 |
| (Increase) Decrease in other assets | | (48,080) | (3,645) | | (75,119) |
| (Increase) Decrease in deferred outflows related to pensions | (1,411,356) | (292,620) | 1,323,157 | 109,742 | (4,943,215) |
| Increase (Decrease) in accounts payable and accrued liabilities | 2,612,932 | (327,092) | (245,639) | 8,260 | 5,188,906 |
| Increase (Decrease) in unearned revenue | 4,938,329 | (1,604,385) | (704,941) | | 2,455,199 |
| Increase (Decrease) in amounts held in custody for others | 304,447 | (1,670) | (869) | 335,714 | (797,432) |
| Increase (Decrease) in compensated absences | 551,584 | 196,840 | (515,456) | (46,046) | 955,638 |
| Increase (Decrease) in other postemployment benefits payable | 8,950,005 | 4,466,860 | 5,438,463 | 90,040 | 44,211,743 |
| Increase (Decrease) in net pension liability | 15,326,299 | 6,075,655 | (2,277,922) | 58,981 | 54,302,996 |
| Increase (Decrease) in other liabilities | (14,216) | 437,899 | 66,736 | 308,298 | (2,647,387) |
| Increase (Decrease) in deferred inflows related to pensions | (23,805,870) | (10,166,030) | (5,966,237) | (276,843) | (95,193,742) |
| Net cash used by operating activities | <u><u>(\$57,966,814)</u></u> | <u><u>(\$29,276,126)</u></u> | <u><u>(\$28,878,937)</u></u> | <u><u>(\$415,344)</u></u> | <u><u>(\$300,934,295)</u></u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS: | | | | | |
| Cash and cash equivalents classified as current assets | \$43,980,146 | \$37,836,244 | \$25,976,959 | \$715,999 | \$245,947,637 |
| Cash and cash equivalents classified as noncurrent assets | <u>44,932,560</u> | <u>11,655,678</u> | <u>4,183,533</u> | | <u>118,941,987</u> |
| Cash and cash equivalents at the end of the year | <u><u>\$88,912,706</u></u> | <u><u>\$49,491,922</u></u> | <u><u>\$30,160,492</u></u> | <u><u>\$715,999</u></u> | <u><u>\$364,889,624</u></u> |

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University, 2016**

| | GRAMBLING STATE UNIVERSITY | LOUISIANA TECH UNIVERSITY | MCNEESE STATE UNIVERSITY | NICHOLLS STATE UNIVERSITY | NORTHWESTERN STATE UNIVERSITY | SOUTHEASTERN LOUISIANA UNIVERSITY |
|------------------------------------------------------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | | | |
| Capital appropriations | \$1,934,810 | \$5,259,469 | \$8,547,271 | \$5,207,461 | \$1,041,510 | \$3,963,722 |
| Change in fair market value of assets | (\$546,620) | (\$2,985,984) | \$810,368 | (\$768,496) | | \$17,240 |
| Private gifts for endowment purposes | | \$500,000 | | | | |
| Capital gifts and grants | | \$1,586,037 | \$80,845 | \$180,615 | \$18,294 | \$17,530 |
| Capital assets acquired through capital leases and notes payable | | | | | | \$1,663,356 |
| Disposition of capital assets | | (\$47,459) | | | (\$144,263) | |
| Retirement contributions paid by third parties | \$177,784 | \$332,146 | \$199,893 | \$191,493 | \$232,457 | \$377,602 |
| TOPS Shortfall | (\$9,334) | (\$1,529,189) | (\$1,226,764) | (\$1,137,483) | (\$1,163,033) | (\$2,308,071) |
| Other | (\$98,226) | | | | | |

(Concluded)

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|---------|-----------------|
| SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | | |
| Capital appropriations | \$355,275 | \$6,644,591 | \$3,150,055 | | \$36,104,164 |
| Decrease in fair market value of assets | \$2,935,622 | (\$64,255) | | | (\$602,125) |
| Private gifts for endowment purposes | | | | | \$500,000 |
| Capital gifts and grants | \$2,759,649 | \$99,030 | \$3,253,705 | | \$7,995,705 |
| Capital assets acquired through capital leases and notes payable | | | | | \$1,663,356 |
| Disposition of capital assets | | (\$65,491) | (\$31,658) | | (\$288,871) |
| Retirement contributions paid by third parties | \$613,723 | \$287,799 | \$369,688 | \$9,821 | \$2,792,406 |
| TOPS Shortfall | (\$3,658,992) | (\$1,563,426) | (\$1,036,554) | | (\$13,632,846) |
| Other | (\$1,274,466) | | | | (\$1,372,692) |

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Net Position, by University
June 30, 2015**

| | <u>GRAMBLING STATE UNIVERSITY</u> | <u>LOUISIANA TECH UNIVERSITY</u> | <u>MCNEESE STATE UNIVERSITY</u> | <u>NICHOLLS STATE UNIVERSITY</u> | <u>NORTHWESTERN STATE UNIVERSITY</u> | <u>SOUTHEASTERN LOUISIANA UNIVERSITY</u> |
|---------------------------------------|-------------------------------------------|------------------------------------------|-----------------------------------------|------------------------------------------|----------------------------------------------|--------------------------------------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$6,362,485 | \$27,074,625 | \$31,716,190 | \$12,963,527 | \$30,962,846 | \$29,990,599 |
| Investments | 7,411,635 | | | 2,384,920 | | 10,074,642 |
| Receivables (net) | 6,217,302 | 5,399,047 | 4,566,607 | 4,746,827 | 5,552,317 | 5,152,276 |
| Due from State Treasury | 100,823 | 190,828 | 159,457 | 108,050 | 126,052 | 196,481 |
| Due from federal government | 550,585 | 2,290,088 | 652,636 | 148,686 | 67,634 | 1,727,675 |
| Inventories | 148,262 | 486,105 | 1,610,810 | 109,892 | 300,297 | 769,187 |
| Prepaid expenses and advances | 219,720 | 2,790,500 | 293,039 | 2,468,898 | 312,092 | 306,250 |
| Notes receivable (net) | | 796,542 | 366,508 | | | 334,258 |
| Other current assets | | 196,974 | | | 159,388 | 122,217 |
| Total current assets | <u>21,010,812</u> | <u>39,224,709</u> | <u>39,365,247</u> | <u>22,930,800</u> | <u>37,480,626</u> | <u>48,673,585</u> |
| Noncurrent assets: | | | | | | |
| Restricted: | | | | | | |
| Cash and cash equivalents | 790,775 | 24,242,720 | 6,845,140 | 4,284,361 | 1,535,245 | 20,567,547 |
| Investments | 23,146,675 | 38,773,851 | 17,956,365 | 21,703,515 | 13,317,163 | 20,725,415 |
| Receivables (net) | | 33 | 400,000 | | 109,052 | |
| Notes receivable (net) | 341 | 5,038,612 | 1,385,580 | | 1,578,096 | 1,904,815 |
| Other | | | | | | |
| Investments | | | | | | |
| Capital assets (net) | 134,424,067 | 198,854,678 | 107,447,612 | 111,881,163 | 67,347,448 | 181,344,139 |
| Other noncurrent assets | 4,118,377 | 1,599,880 | 790,939 | 2,087,950 | | 2,070,224 |
| Total noncurrent assets | <u>162,480,235</u> | <u>268,509,774</u> | <u>134,825,636</u> | <u>139,956,989</u> | <u>83,887,004</u> | <u>226,612,140</u> |
| Total assets | <u>183,491,047</u> | <u>307,734,483</u> | <u>174,190,883</u> | <u>162,887,789</u> | <u>121,367,630</u> | <u>275,285,725</u> |
| Deferred outflows of Resources | | | | | | |
| Deferred outflows related to pensions | 7,518,466 | 14,015,032 | 8,403,033 | 11,624,732 | 13,778,477 | 18,639,492 |
| Total deferred outflows of resources | <u>7,518,466</u> | <u>14,015,032</u> | <u>8,403,033</u> | <u>11,624,732</u> | <u>13,778,477</u> | <u>18,639,492</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accruals | 3,722,612 | 5,074,579 | 4,310,282 | 3,411,197 | 3,733,913 | 8,559,498 |
| Unearned revenues | 32,853 | 7,589,999 | 3,136,617 | 2,408,326 | 3,063,391 | 4,713,568 |
| Compensated absences payable | 359,546 | 421,539 | 218,226 | 352,922 | 251,714 | 463,262 |
| Capital lease obligations | | 107,156 | 11,869 | | | 485,000 |
| Amounts held in custody for others | 1,440,086 | 1,093,662 | 493,444 | 443,528 | 33,197 | 2,524,913 |
| Notes payable | 139,041 | | | | | |
| Contracts payable | | | | | | |
| Bonds payable | 2,155,000 | 2,192,668 | 1,150,000 | 1,695,000 | 315,000 | 3,985,000 |
| Other current liabilities | 3,810,031 | 1,220,174 | | | | 2,232 |
| Total current liabilities | <u>11,659,169</u> | <u>17,699,777</u> | <u>9,320,438</u> | <u>8,310,973</u> | <u>7,397,215</u> | <u>20,733,473</u> |

(Continued)

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|---------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|----------|-----------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$30,868,605 | \$29,703,709 | \$16,616,289 | \$57,702 | \$216,316,577 |
| Investments | | | 7,133,120 | | 27,004,317 |
| Receivables (net) | 17,739,130 | 8,573,720 | 14,236,422 | 610 | 72,184,258 |
| Due from State Treasury | 257,300 | 182,104 | 246,930 | | 1,568,025 |
| Due from federal government | 156,538 | 1,442,105 | 2,080,007 | | 9,115,954 |
| Inventories | 2,555,410 | 144,707 | 221,196 | | 6,345,866 |
| Prepaid expenses and advances | 2,353,337 | 395,682 | 694,642 | | 9,834,160 |
| Notes receivable (net) | 1,068,904 | 823,621 | 595,435 | | 3,985,268 |
| Other current assets | 41,679 | | 93,580 | | 613,838 |
| Total current assets | 55,040,903 | 41,265,648 | 41,917,621 | 58,312 | 346,968,263 |
| Noncurrent assets: | | | | | |
| Restricted: | | | | | |
| Cash and cash equivalents | 58,070,982 | 12,709,514 | 4,358,400 | | 133,404,684 |
| Investments | 91,400,828 | 28,036,271 | 19,631,083 | | 274,691,166 |
| Receivables (net) | 80,000 | 1,017,021 | | | 1,606,106 |
| Notes receivable (net) | 8,487,307 | 4,667,187 | 4,164,985 | | 27,226,923 |
| Other | 96,226 | | | | 96,226 |
| Investments | | | 30,397 | | 30,397 |
| Capital assets (net) | 384,331,613 | 128,715,013 | 232,770,154 | 11,535 | 1,547,127,422 |
| Other noncurrent assets | 5,247,715 | 1,672,102 | 709,651 | | 18,296,838 |
| Total noncurrent assets | 547,714,671 | 176,817,108 | 261,664,670 | 11,535 | 2,002,479,762 |
| Total assets | 602,755,574 | 218,082,756 | 303,582,291 | 69,847 | 2,349,448,025 |
| Deferred outflows of Resources | | | | | |
| Deferred outflows related to pensions | 37,205,814 | 13,434,021 | 14,851,293 | 593,242 | 140,063,602 |
| Total deferred outflows of resources | 37,205,814 | 13,434,021 | 14,851,293 | 593,242 | 140,063,602 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accruals | 15,725,998 | 5,196,577 | 6,708,378 | 101,829 | 56,544,863 |
| Unearned revenues | 11,694,382 | 6,634,252 | 4,631,861 | | 43,905,249 |
| Compensated absences payable | 845,722 | 568,955 | 636,385 | 48,022 | 4,166,293 |
| Capital lease obligations | | | 966,203 | | 1,570,228 |
| Amounts held in custody for others | 1,876,634 | 229,550 | 936,117 | 28,675 | 9,099,806 |
| Notes payable | | | 661,893 | | 800,934 |
| Contracts payable | | 348,972 | | | 348,972 |
| Bonds payable | 4,430,000 | 2,135,000 | 826,000 | | 18,883,668 |
| Other current liabilities | 2,509,068 | 1,638,992 | 5,184,644 | 43,312 | 14,408,453 |
| Total current liabilities | 37,081,804 | 16,752,298 | 20,551,481 | 221,838 | 149,728,466 |

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Position, by University
June 30, 2015

| | GRAMBLING STATE UNIVERSITY | LOUISIANA TECH UNIVERSITY | MCNEESE STATE UNIVERSITY | NICHOLLS STATE UNIVERSITY | NORTHWESTERN STATE UNIVERSITY | SOUTHEASTERN LOUISIANA UNIVERSITY |
|---------------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| LIABILITIES (CONT.) | | | | | | |
| Noncurrent liabilities: | | | | | | |
| Unearned revenues | | | | | | |
| Compensated absences payable | \$3,835,854 | \$3,761,901 | \$2,997,051 | \$3,496,181 | \$2,500,024 | \$6,906,500 |
| Capital lease obligations | | 141,032 | 23,738 | | | 3,095,000 |
| Notes payable | 1,185,906 | | | | | |
| Net Pension liability | 64,942,332 | 117,104,818 | 74,548,380 | 72,154,749 | 83,088,040 | 141,016,820 |
| Other postemployment benefits payable | 31,855,951 | 54,358,216 | 41,881,247 | 40,225,814 | 46,887,225 | 82,161,946 |
| Bonds payable | 96,249,546 | 75,054,039 | 32,383,359 | 59,621,727 | 3,025,000 | 87,209,365 |
| Other noncurrent liabilities | | | | | 82,616 | |
| Total noncurrent liabilities | <u>198,069,589</u> | <u>250,420,006</u> | <u>151,833,775</u> | <u>175,498,471</u> | <u>135,582,905</u> | <u>320,389,631</u> |
| Total liabilities | <u>209,728,758</u> | <u>268,119,783</u> | <u>161,154,213</u> | <u>183,809,444</u> | <u>142,980,120</u> | <u>341,123,104</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows related to pensions | <u>12,335,608</u> | <u>16,637,673</u> | <u>11,423,690</u> | <u>10,293,722</u> | <u>11,693,104</u> | <u>19,935,166</u> |
| Total deferred inflows of resources | <u>12,335,608</u> | <u>16,637,673</u> | <u>11,423,690</u> | <u>10,293,722</u> | <u>11,693,104</u> | <u>19,935,166</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 57,916,211 | 129,778,231 | 77,740,363 | 57,648,523 | 64,007,448 | 96,955,370 |
| Restricted for: | | | | | | |
| Nonexpendable | 7,231,979 | 32,521,884 | 12,986,000 | 17,508,376 | 9,430,351 | 11,790,724 |
| Expendable | 15,900,795 | 21,672,936 | 20,685,986 | 12,122,650 | 12,680,842 | 34,322,891 |
| Unrestricted | <u>(112,103,838)</u> | <u>(146,980,992)</u> | <u>(101,396,336)</u> | <u>(106,870,194)</u> | <u>(105,645,758)</u> | <u>(210,202,038)</u> |
| Total net position | <u><u>(\$31,054,853)</u></u> | <u><u>\$36,992,059</u></u> | <u><u>\$10,016,013</u></u> | <u><u>(\$19,590,645)</u></u> | <u><u>(\$19,527,117)</u></u> | <u><u>(\$67,133,053)</u></u> |

(Concluded)

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|---------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|----------------------|-----------------------|
| LIABILITIES (CONT.) | | | | | |
| Noncurrent liabilities: | | | | | |
| Unearned revenues | | | \$3,894,321 | | \$3,894,321 |
| Compensated absences payable | \$9,802,693 | \$3,241,354 | 5,327,372 | \$237,676 | 42,106,606 |
| Capital lease obligations | | | 2,689,170 | | 5,948,940 |
| Notes payable | | | 5,213,075 | | 6,398,981 |
| Net Pension liability | 234,820,316 | 101,200,470 | 135,860,079 | 3,954,403 | 1,028,690,407 |
| Other postemployment benefits payable | 100,158,197 | 53,418,515 | 65,532,129 | 1,086,752 | 517,565,992 |
| Bonds payable | 197,531,345 | 62,375,000 | 52,318,057 | | 665,767,438 |
| Other noncurrent liabilities | | | 210,739 | | 293,355 |
| Total noncurrent liabilities | 542,312,551 | 220,235,339 | 271,044,942 | 5,278,831 | 2,270,666,040 |
| Total liabilities | 579,394,355 | 236,987,637 | 291,596,423 | 5,500,669 | 2,420,394,506 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows related to pensions | 33,467,183 | 14,417,777 | 19,996,832 | 558,945 | 150,759,700 |
| Total deferred inflows of resources | 33,467,183 | 14,417,777 | 19,996,832 | 558,945 | 150,759,700 |
| NET POSITION | | | | | |
| Net investment in capital assets | 200,516,515 | 64,205,013 | 170,225,020 | 11,535 | 919,004,229 |
| Restricted for: | | | | | |
| Nonexpendable | 49,715,000 | 24,197,478 | 20,821,644 | | 186,203,436 |
| Expendable | 61,305,815 | 20,757,984 | 19,898,018 | | 219,347,917 |
| Unrestricted | (284,437,480) | (129,049,112) | (204,104,353) | (5,408,060) | (1,406,198,161) |
| Total net position | \$27,099,850 | (\$19,888,637) | \$6,840,329 | (\$5,396,525) | (\$81,642,579) |

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
For the Fiscal Year Ended June 30, 2015**

| | GRAMBLING STATE UNIVERSITY | LOUISIANA TECH UNIVERSITY | MCNEESE STATE UNIVERSITY | NICHOLLS STATE UNIVERSITY | NORTHWESTERN STATE UNIVERSITY | SOUTHEASTERN LOUISIANA UNIVERSITY |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| OPERATING REVENUES | | | | | | |
| Student tuition and fees (net of scholarship allowances of \$162,806,349) | \$19,328,694 | \$63,561,603 | \$37,785,651 | \$33,715,001 | \$43,540,661 | \$62,274,505 |
| Federal grants and contracts | 7,146,519 | 7,640,426 | 919,069 | 284,010 | 1,646,747 | 6,884,461 |
| State and local grants and contracts | 2,328,587 | 5,213,949 | 1,717,371 | 1,826,727 | 4,815,819 | 3,707,319 |
| Nongovernmental grants and contracts | 11,469 | 917,470 | 53,004 | 252,143 | 1,075,111 | 229,995 |
| Sales and services of educational departments | 464,856 | 435,248 | 572,376 | 165,218 | 3,418,236 | 499,842 |
| Auxiliary enterprise revenues (net of scholarship allowances of \$17,397,244 including revenues used as security for revenue bonds) | 21,331,528 | 25,605,608 | 12,258,971 | 19,405,599 | 3,524,191 | 22,742,403 |
| Other operating revenues | 195,975 | 1,069,364 | 3,054,587 | 1,439,464 | 4,433,184 | 2,709,789 |
| Total operating revenues | <u>50,807,628</u> | <u>104,443,668</u> | <u>56,361,029</u> | <u>57,088,162</u> | <u>62,453,949</u> | <u>99,048,314</u> |
| OPERATING EXPENSES | | | | | | |
| Educational and general: | | | | | | |
| Instruction | 20,486,880 | 46,125,162 | 28,144,538 | 26,976,338 | 37,778,415 | 61,019,623 |
| Research | 816,201 | 17,478,167 | 2,564,940 | 1,313,239 | 313,846 | 1,318,489 |
| Public service | 247,995 | 190,829 | 847,814 | 895,364 | 1,112,741 | 3,253,114 |
| Academic support | 6,360,818 | 10,133,986 | 8,365,702 | 6,959,775 | 7,808,873 | 11,372,025 |
| Student services | 4,891,554 | 5,515,406 | 4,924,000 | 4,885,872 | 7,113,579 | 9,906,614 |
| Institutional support | 12,872,607 | 9,863,461 | 8,608,235 | 7,293,503 | 9,704,838 | 12,474,094 |
| Operations and maintenance of plant | 6,122,411 | 9,646,411 | 7,769,682 | 8,915,919 | 7,563,551 | 13,489,828 |
| Depreciation | 7,311,594 | 9,783,509 | 5,369,136 | 6,573,799 | 4,635,901 | 8,137,195 |
| Scholarships and fellowships | 6,472,771 | 9,109,456 | 5,126,016 | 6,865,033 | 15,699,236 | 15,039,738 |
| Auxiliary enterprises | 18,921,956 | 33,068,721 | 16,159,931 | 14,059,960 | 10,988,146 | 16,082,559 |
| Other operating expenses | | 454,087 | 193,439 | 616,181 | 497,905 | 851,798 |
| Total operating expenses | <u>84,504,787</u> | <u>151,369,195</u> | <u>88,073,433</u> | <u>85,354,983</u> | <u>103,217,031</u> | <u>152,945,077</u> |
| OPERATING LOSS | <u>(33,697,159)</u> | <u>(46,925,527)</u> | <u>(31,712,404)</u> | <u>(28,266,821)</u> | <u>(40,763,082)</u> | <u>(53,896,763)</u> |
| NONOPERATING REVENUES (Expenses) | | | | | | |
| State appropriations | 14,565,704 | 28,757,777 | 18,904,969 | 15,733,026 | 21,350,321 | 30,993,609 |
| Gifts | 837,494 | 8,940,760 | 1,016,239 | 475,724 | | 1,003,117 |
| Federal nonoperating revenues | 14,353,831 | 8,887,238 | 11,431,199 | 9,329,517 | 14,037,207 | 20,339,420 |
| Investment income, net | 1,954,359 | (2,473,674) | 77,272 | 659,209 | 196,659 | 243,401 |
| Interest expense | (4,817,598) | (2,990,164) | (1,616,755) | (2,788,256) | (138,700) | (2,683,087) |
| Payments to or on behalf of the university | | | | 24,224 | | |
| Other nonoperating revenues (expenses) | (47,903) | 5,071,036 | 207,789 | 175,548 | 206,834 | (61,552) |
| Net nonoperating revenues | <u>26,845,887</u> | <u>46,192,973</u> | <u>30,020,713</u> | <u>23,608,992</u> | <u>35,652,321</u> | <u>49,834,908</u> |

(Continued)

Schedule 8

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|--------------------|----------------------|
| OPERATING REVENUES | | | | | |
| Student tuition and fees (net of scholarship allowances of \$162,806,349) | \$101,453,441 | \$49,122,553 | \$61,747,089 | | \$472,529,198 |
| Federal grants and contracts | 15,010,074 | 5,320,945 | 7,626,008 | | 52,478,259 |
| State and local grants and contracts | 5,574,407 | 9,688,076 | 12,901,051 | | 47,773,306 |
| Nongovernmental grants and contracts | 16,244,984 | 454,551 | 8,413,957 | | 27,652,684 |
| Sales and services of educational departments | 44,033 | 320,143 | 130,471 | | 6,050,423 |
| Auxiliary enterprise revenues (net of scholarship allowances of \$17,397,244 including revenues used as security for revenue bonds) | 36,756,463 | 18,099,100 | 14,310,107 | | 174,033,970 |
| Other operating revenues | 6,561,194 | 809,209 | 8,418,933 | \$2,255,212 | 30,946,911 |
| Total operating revenues | 181,644,596 | 83,814,577 | 113,547,616 | 2,255,212 | 811,464,751 |
| OPERATING EXPENSES | | | | | |
| Educational and general: | | | | | |
| Instruction | 75,055,188 | 39,222,241 | 50,048,571 | | 384,856,956 |
| Research | 42,161,029 | 4,095,007 | 12,556,076 | | 82,616,994 |
| Public service | 3,545,817 | 8,035,346 | 11,044,735 | | 29,173,755 |
| Academic support | 17,829,141 | 5,300,938 | 10,875,673 | | 85,006,931 |
| Student services | 20,083,318 | 8,944,066 | 7,296,663 | | 73,561,072 |
| Institutional support | 30,646,549 | 10,651,802 | 15,000,506 | 3,492,272 | 120,607,867 |
| Operations and maintenance of plant | 18,156,376 | 12,671,192 | 15,895,558 | | 100,230,928 |
| Depreciation | 15,999,531 | 5,976,132 | 15,602,287 | 3,908 | 79,392,992 |
| Scholarships and fellowships | 1,307,931 | 8,504,947 | 9,185,987 | | 77,311,115 |
| Auxiliary enterprises | 42,502,685 | 17,770,429 | 11,106,459 | | 180,660,846 |
| Other operating expenses | 821,875 | 84,940 | 2,987,371 | | 6,507,596 |
| Total operating expenses | 268,109,440 | 121,257,040 | 161,599,886 | 3,496,180 | 1,219,927,052 |
| OPERATING LOSS | (86,464,844) | (37,442,463) | (48,052,270) | (1,240,968) | (408,462,301) |
| NONOPERATING REVENUES (Expenses) | | | | | |
| State appropriations | 46,622,450 | 25,774,222 | 31,643,424 | 1,033,268 | 235,378,770 |
| Gifts | 5,519,293 | 1,785,470 | 1,673,341 | | 21,251,438 |
| Federal nonoperating revenues | 21,912,506 | 11,384,223 | 10,150,093 | | 121,825,234 |
| Investment income, net | 976,891 | 585,627 | 185,529 | 24,461 | 2,429,734 |
| Interest expense | (7,947,215) | (1,934,682) | (1,738,594) | | (26,655,051) |
| Payments to or on behalf of the university | | | | | 24,224 |
| Other nonoperating revenues (expenses) | 1,376,959 | (536,537) | (183,574) | 9,845 | 6,218,445 |
| Net nonoperating revenues | 68,460,884 | 37,058,323 | 41,730,219 | 1,067,574 | 360,472,794 |

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
For the Fiscal Year Ended June 30, 2015**

| | <u>GRAMBLING STATE UNIVERSITY</u> | <u>LOUISIANA TECH UNIVERSITY</u> | <u>MCNEESE STATE UNIVERSITY</u> | <u>NICHOLLS STATE UNIVERSITY</u> | <u>NORTHWESTERN STATE UNIVERSITY</u> | <u>SOUTHEASTERN LOUISIANA UNIVERSITY</u> |
|--------------------------------------------------------|-------------------------------------------|------------------------------------------|-----------------------------------------|------------------------------------------|----------------------------------------------|--------------------------------------------------|
| LOSS BEFORE OTHER REVENUES AND EXPENSES | (\$6,851,272) | (\$732,554) | (\$1,691,691) | (\$4,657,829) | (\$5,110,761) | (\$4,061,855) |
| Capital appropriations | 657,707 | 2,289,211 | 4,810,428 | 5,691,105 | 1,128,481 | 346,392 |
| Capital grants and gifts | | | 128,473 | 2,850,360 | 108,625 | 13,515 |
| Additions to permanent endowments | | 1,000,000 | 400,000 | 200,000 | 400,000 | 580,000 |
| Other expenses, net | | (1,744,966) | | | | |
| CHANGE IN NET POSITION | (6,193,565) | 811,691 | 3,647,210 | 4,083,636 | (3,473,655) | (3,121,948) |
| NET POSITION - BEGINNING OF YEAR (Restated) | (24,861,288) | 36,180,368 | 6,368,803 | (23,674,281) | (16,053,462) | (64,011,105) |
| NET POSITION - END OF YEAR | <u>(\$31,054,853)</u> | <u>\$36,992,059</u> | <u>\$10,016,013</u> | <u>(\$19,590,645)</u> | <u>(\$19,527,117)</u> | <u>(\$67,133,053)</u> |

(Concluded)

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|--------------------------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|---------------|-----------------|
| LOSS BEFORE OTHER REVENUES AND EXPENSES | (\$18,003,960) | (\$384,140) | (\$6,322,051) | (\$173,394) | (\$47,989,507) |
| Capital appropriations | 3,358,438 | 8,510,346 | 558,522 | | 27,350,630 |
| Capital grants and gifts | 6,438,817 | 29,014 | 172,284 | | 9,741,088 |
| Additions to permanent endowments | 200,000 | | (1,877,023) | | 902,977 |
| Other expenses, net | | | (11,203,187) | | (12,948,153) |
| CHANGE IN NET POSITION | (8,006,705) | 8,155,220 | (18,671,455) | (173,394) | (22,942,965) |
| NET POSITION - BEGINNING OF YEAR (Restated) | 35,106,555 | (28,043,857) | 25,511,784 | (5,223,131) | (58,699,614) |
| NET POSITION - END OF YEAR | \$27,099,850 | (\$19,888,637) | \$6,840,329 | (\$5,396,525) | (\$81,642,579) |

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2015**

| | GRAMBLING STATE UNIVERSITY | LOUISIANA TECH UNIVERSITY | MCNEESE STATE UNIVERSITY | NICHOLLS STATE UNIVERSITY | NORTHWESTERN STATE UNIVERSITY | SOUTHEASTERN LOUISIANA UNIVERSITY |
|-------------------------------------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Tuition and fees | \$31,398,306 | \$63,449,421 | \$37,312,405 | \$32,959,890 | \$41,462,230 | \$62,830,131 |
| Grants and contracts | 9,998,842 | 15,321,616 | 2,188,343 | 2,679,653 | 9,662,408 | 11,373,235 |
| Sales and services of educational departments | 464,856 | 427,383 | 572,376 | 141,949 | 3,418,236 | 344,376 |
| Auxiliary enterprise receipts | 23,183,854 | 25,177,195 | 12,809,822 | 19,971,918 | 3,524,191 | 22,332,453 |
| Payments for employee compensation | (31,853,141) | (64,809,452) | (36,927,183) | (34,997,844) | (41,918,189) | (70,584,770) |
| Payments for benefits | (12,463,614) | (25,354,932) | (15,167,617) | (15,205,998) | (14,090,596) | (28,499,762) |
| Payments for utilities | (4,030,681) | (6,882,776) | (2,857,759) | (3,080,957) | (2,432,201) | (4,616,816) |
| Payments for supplies and services | (21,968,252) | (32,212,844) | (17,402,937) | (15,853,936) | (22,176,823) | (27,971,330) |
| Payments for scholarships and fellowships | (19,420,201) | (10,755,116) | (8,110,002) | (6,865,033) | (15,699,236) | (9,810,559) |
| Loans to students | | (994,523) | (230,288) | | (299,618) | (344,326) |
| Collection of loans to students | | 879,386 | 234,262 | . | 360,062 | 341,198 |
| Other receipts (payments) | (1,016,957) | 1,191,319 | 3,031,556 | (1,044,783) | 4,267,065 | 6,980,944 |
| Net cash used by operating activities | (25,706,988) | (34,563,323) | (24,547,022) | (21,295,141) | (33,922,471) | (37,625,226) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | |
| State appropriations | 14,543,859 | 28,716,431 | 18,845,738 | 15,709,615 | 21,323,009 | 30,950,330 |
| Gifts and grants for other than capital purposes | 1,262,494 | 8,467,106 | 1,016,239 | 475,724 | | 1,003,117 |
| Pell grant receipts | 13,928,831 | 8,678,795 | 11,431,199 | 9,329,517 | 14,037,207 | 20,051,125 |
| Private gifts for endowment purposes | | | 400,000 | 200,000 | 400,000 | 580,000 |
| Taylor Opportunity Program for Students receipts | 778,845 | 19,591,416 | 11,160,680 | 11,477,319 | 9,866,015 | 20,081,367 |
| Taylor Opportunity Program for Students disbursements | (778,845) | (19,896,211) | (11,160,680) | (11,477,319) | (9,866,015) | (20,222,398) |
| Federal Emergency Management Agency receipts | | | | | | |
| Federal Emergency Management Agency disbursements | | | | | | |
| Direct lending receipts | 50,140,420 | 28,894,656 | 24,483,922 | 24,857,203 | 37,984,341 | 41,182,206 |
| Direct lending disbursements | (50,140,420) | (28,615,703) | (24,483,922) | (24,857,203) | (37,984,341) | (41,245,887) |
| Other receipts (payments) | | 4,712,354 | | 1,023,486 | (6,067) | (248,061) |
| Net cash provided by noncapital financing sources | 29,735,184 | 50,548,844 | 31,693,176 | 26,738,342 | 35,754,149 | 52,131,799 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES: | | | | | | |
| Proceeds from capital debt | | | | | | 8,061 |
| Capital grants and gifts received | | | | 1,853,360 | | |
| Proceeds from the sale of capital assets | | | | | | |
| Purchases of capital assets | (1,450,246) | (15,584,710) | (1,161,350) | (3,023,427) | (1,196,526) | (8,844,083) |
| Principal paid on capital debt and leases | (2,034,961) | (2,209,340) | (1,302,149) | (1,545,000) | (310,000) | (4,889,633) |
| Interest paid on capital debt and leases | (4,866,265) | (2,931,361) | (1,626,542) | (2,800,749) | (138,700) | (2,683,087) |
| Deposit with trustees | 581,710 | | | | | |
| Other receipts (payments) | (32,496) | (1,266,258) | 62,625 | (1,003,555) | | (461,286) |
| Net cash used by capital financing activities | (7,802,258) | (21,991,669) | (4,027,416) | (6,519,371) | (1,645,226) | (16,870,028) |

(Continued)

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|-------------------------------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|---------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Tuition and fees | \$103,038,205 | \$49,708,001 | \$59,109,289 | | \$481,267,878 |
| Grants and contracts | 36,715,126 | 15,945,029 | 29,670,754 | | 133,555,006 |
| Sales and services of educational departments | 44,033 | 320,143 | 345,460 | | 6,078,812 |
| Auxiliary enterprise receipts | 36,735,144 | 17,993,305 | 14,771,940 | | 176,499,822 |
| Payments for employee compensation | (128,434,114) | (45,641,981) | (69,237,322) | (\$1,718,717) | (526,122,713) |
| Payments for benefits | (44,117,099) | (20,787,170) | (26,434,969) | (1,091,034) | (203,212,791) |
| Payments for utilities | (8,445,550) | (2,791,432) | (6,449,187) | | (41,587,359) |
| Payments for supplies and services | (61,681,649) | (34,891,070) | (32,975,252) | | (267,134,093) |
| Payments for scholarships and fellowships | (3,302,260) | (8,299,893) | (9,210,356) | | (91,472,656) |
| Loans to students | (2,842,408) | (1,065,085) | (510,808) | | (6,287,056) |
| Collection of loans to students | 3,611,346 | 854,685 | 612,289 | | 6,893,228 |
| Other receipts (payments) | 4,910,093 | 812,078 | 8,373,527 | 1,704,112 | 29,208,954 |
| Net cash used by operating activities | (63,769,133) | (27,843,390) | (31,934,635) | (1,105,639) | (302,312,968) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| State appropriations | 46,566,701 | 25,734,766 | 31,589,922 | 1,033,268 | 235,013,639 |
| Gifts and grants for other than capital purposes | 8,140,088 | 1,770,532 | 1,789,539 | | 23,924,839 |
| Pell grant receipts | 21,529,308 | 11,238,644 | 10,150,093 | | 120,374,719 |
| Private gifts for endowment purposes | 120,000 | | (1,877,023) | | (177,023) |
| Taylor Opportunity Program for Students receipts | 29,508,077 | 12,003,190 | 9,359,902 | | 123,826,811 |
| Taylor Opportunity Program for Students disbursements | (29,508,919) | (12,272,289) | (9,457,453) | | (124,640,129) |
| Federal Emergency Management Agency receipts | | | 29,502 | | 29,502 |
| Federal Emergency Management Agency disbursements | | | (1,887) | | (1,887) |
| Direct lending receipts | 52,621,520 | 36,172,931 | 26,936,200 | | 323,273,399 |
| Direct lending disbursements | (52,599,567) | (36,172,931) | (26,651,671) | | (322,751,645) |
| Other receipts (payments) | (161,986) | (16,033) | | | 5,303,693 |
| Net cash provided by noncapital financing sources | 76,215,222 | 38,458,810 | 41,867,124 | 1,033,268 | 384,175,918 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES: | | | | | |
| Proceeds from capital debt | | 1,645,000 | 45,426,492 | | 47,079,553 |
| Capital grants and gifts received | 6,068,680 | (5,066) | 21,320 | | 7,938,294 |
| Proceeds from the sale of capital assets | | | 5,250,000 | | 5,250,000 |
| Purchases of capital assets | (60,964,859) | (4,090,461) | (3,986,467) | | (100,302,129) |
| Principal paid on capital debt and leases | (2,090,000) | (3,525,000) | (47,554,287) | | (65,460,370) |
| Interest paid on capital debt and leases | (9,413,580) | (1,946,294) | (6,528,338) | | (32,934,916) |
| Deposit with trustees | | | | | 581,710 |
| Other receipts (payments) | (184,786) | (106,776) | (866,815) | | (3,859,347) |
| Net cash used by capital financing activities | (66,584,545) | (8,028,597) | (8,238,095) | | (141,707,205) |

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University, 2015

| | GRAMBLING STATE UNIVERSITY | LOUISIANA TECH UNIVERSITY | MCNEESE STATE UNIVERSITY | NICHOLLS STATE UNIVERSITY | NORTHWESTERN STATE UNIVERSITY | SOUTHEASTERN LOUISIANA UNIVERSITY |
|----------------------------------------------------------------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Proceeds from sales and maturities of investments | \$1,347,360 | | (\$318,513) | \$431,356 | | \$10,991,390 |
| Interest received on investments | 975,456 | \$296,108 | 395,785 | 432,528 | \$196,659 | 8,883 |
| Purchase of investments | | | 574,543 | (1,151,454) | (1,615) | (4,053,450) |
| Net cash provided (used) by investing activities | 2,322,816 | 296,108 | 651,815 | (287,570) | 195,044 | 6,946,823 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,451,246) | (5,710,040) | 3,770,553 | (1,363,740) | 381,496 | 4,583,368 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 8,604,506 | 57,027,385 | 34,790,777 | 18,611,628 | 32,116,595 | 45,974,778 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | \$7,153,260 | \$51,317,345 | \$38,561,330 | \$17,247,888 | \$32,498,091 | \$50,558,146 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES: | | | | | | |
| Operating loss | (\$33,697,159) | (\$46,925,527) | (\$31,712,404) | (\$28,266,821) | (\$40,763,082) | (\$53,896,763) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | | | | | |
| Depreciation expense | 7,311,594 | 9,783,509 | 5,369,136 | 6,573,799 | 4,635,901 | 8,137,195 |
| Pension expense | 4,776,267 | 10,005,780 | 6,151,349 | 6,927,659 | 7,975,527 | 12,526,821 |
| Deferred outflows pensions | (7,356,501) | (13,713,796) | (8,257,937) | (8,277,556) | (10,146,204) | (16,373,993) |
| Amortization of bond issuance costs | | | | 145,744 | | |
| Cajundome rental income | | | | | | |
| Changes in assets and liabilities: | | | | | | |
| (Increase) Decrease in accounts receivable, net | 310,791 | 14,647 | (396,091) | 14,352 | 459,414 | 160,739 |
| (Increase) Decrease in inventories | (6,541) | (13,328) | 37,366 | 18,871 | 6,227 | 43,633 |
| (Increase) Decrease in prepaid expenses and advances | (16,068) | (432,800) | 37,568 | (1,283,306) | (115,073) | (11,206) |
| (Increase)Decrease in notes receivable | | 170,228 | 172,603 | | 60,444 | (3,128) |
| (Increase) Decrease in other assets | | 10,010 | | | (14,735) | 2,249,404 |
| Increase (Decrease) in accounts payable and accrued liabilities | (383,319) | 149,566 | (104,714) | (105,212) | 367,404 | 620,868 |
| Increase (Decrease) in unearned revenue | 7,184 | 1,243,300 | 192,627 | (600,897) | (267,887) | (273,581) |
| Increase (Decrease) in amounts held in custody for others | 336,404 | (33,336) | 67,666 | 60,958 | | 2,188,862 |
| Increase (Decrease) in compensated absences | 408,235 | 169,134 | 24,785 | 261,829 | 196,660 | 332,331 |
| Increase in other postemployment benefits payable | 2,490,191 | 4,874,905 | 3,871,024 | 3,235,439 | 3,685,983 | 6,673,592 |
| Increase (Decrease) in other liabilities | 111,934 | 134,385 | | | (3,050) | |
| Net cash used by operating activities | (\$25,706,988) | (\$34,563,323) | (\$24,547,022) | (\$21,295,141) | (\$33,922,471) | (\$37,625,226) |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS: | | | | | | |
| Cash and cash equivalents classified as current assets | \$6,362,485 | \$27,074,625 | \$31,716,190 | \$12,963,527 | \$30,962,846 | \$29,990,599 |
| Cash and cash equivalents classified as noncurrent assets | 790,775 | 24,242,720 | 6,845,140 | 4,284,361 | 1,535,245 | 20,567,547 |
| Cash and cash equivalents at the end of the year | \$7,153,260 | \$51,317,345 | \$38,561,330 | \$17,247,888 | \$32,498,091 | \$50,558,146 |

(Continued)

Schedule 9

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|----------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|----------------------|------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Proceeds from sales and maturities of investments | \$18,262,983 | \$13,154,271 | \$5,406,305 | | \$49,275,152 |
| Interest received on investments | 1,772,741 | 795,883 | 596,515 | \$24,461 | 5,495,019 |
| Purchase of investments | | (13,874,811) | | | (18,506,787) |
| Net cash provided (used) by investing activities | <u>20,035,724</u> | <u>75,343</u> | <u>6,002,820</u> | <u>24,461</u> | <u>36,263,384</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | | | |
| | (34,102,732) | 2,662,166 | 7,697,214 | (47,910) | (23,580,871) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | | | | | |
| | <u>123,042,319</u> | <u>39,751,057</u> | <u>13,277,475</u> | <u>105,612</u> | <u>373,302,132</u> |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | | | | | |
| | <u>\$88,939,587</u> | <u>\$42,413,223</u> | <u>\$20,974,689</u> | <u>\$57,702</u> | <u>\$349,721,261</u> |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES: | | | | | |
| Operating loss | (\$86,464,844) | (\$37,442,463) | (\$48,052,270) | (\$1,240,968) | (\$408,462,301) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | | | | |
| Depreciation expense | 15,999,531 | 5,976,132 | 15,602,287 | 3,908 | 79,392,992 |
| Pension expense | 22,382,994 | 9,083,074 | 11,454,706 | 375,124 | 91,659,301 |
| Deferred outflows pensions | (26,929,990) | (11,453,296) | (14,646,991) | (433,088) | (117,589,352) |
| Amortization of bond issuance costs | | | (101,939) | | 43,805 |
| Cajundome rental income | (938,919) | | | | (938,919) |
| Changes in assets and liabilities: | | | | | |
| (Increase) Decrease in accounts receivable, net | (984,534) | (1,259,371) | (1,759,783) | | (3,439,836) |
| (Increase) Decrease in inventories | (129,211) | (13,267) | 6,540 | | (49,710) |
| (Increase) Decrease in prepaid expenses and advances | (124,314) | (51,789) | (106,533) | | (2,103,521) |
| (Increase)Decrease in notes receivable | 900,640 | (210,400) | 101,480 | | 1,191,867 |
| (Increase) Decrease in other assets | | 44,108 | (64,940) | (610) | 2,223,237 |
| Increase (Decrease) in accounts payable and accrued liabilities | 1,418,082 | 344,329 | (229,937) | 106,368 | 2,183,435 |
| Increase (Decrease) in unearned revenue | 1,914,167 | 2,658,947 | 590,977 | | 5,464,837 |
| Increase (Decrease) in amounts held in custody for others | 1,961 | (71,079) | 39,542 | (62,552) | 2,528,426 |
| Increase (Decrease) in compensated absences | 487,285 | 84,939 | (190,673) | 30,560 | 1,805,085 |
| Increase in other postemployment benefits payable | 8,846,407 | 4,383,296 | 5,422,899 | 86,642 | 43,570,378 |
| Increase (Decrease) in other liabilities | (148,388) | 83,450 | | 28,977 | 207,308 |
| Net cash used by operating activities | <u>(\$63,769,133)</u> | <u>(\$27,843,390)</u> | <u>(\$31,934,635)</u> | <u>(\$1,105,639)</u> | <u>(\$302,312,968)</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS: | | | | | |
| Cash and cash equivalents classified as current assets | \$30,868,605 | \$29,703,709 | \$16,616,289 | \$57,702 | \$216,316,577 |
| Cash and cash equivalents classified as noncurrent assets | <u>58,070,982</u> | <u>12,709,514</u> | <u>4,358,400</u> | | <u>133,404,684</u> |
| Cash and cash equivalents at the end of the year | <u>\$88,939,587</u> | <u>\$42,413,223</u> | <u>\$20,974,689</u> | <u>\$57,702</u> | <u>\$349,721,261</u> |

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University, 2015**

| | GRAMBLING STATE UNIVERSITY | LOUISIANA TECH UNIVERSITY | MCNEESE STATE UNIVERSITY | NICHOLLS STATE UNIVERSITY | NORTHWESTERN STATE UNIVERSITY | SOUTHEASTERN LOUISIANA UNIVERSITY |
|------------------------------------------------------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | | | |
| Capital appropriations | \$657,707 | \$2,289,211 | \$4,810,428 | \$5,691,105 | \$1,128,481 | \$346,392 |
| Change in fair market value of assets | \$1,020,260 | (\$2,769,613) | \$918,400 | \$587,705 | | (\$234,518) |
| Private gifts for endowment purposes | | \$1,000,000 | | | | |
| Capital gifts and grants | | | \$128,473 | \$997,000 | \$108,625 | \$13,515 |
| Disposition of capital assets | | (\$66,950) | | (\$10,530) | | |
| Retirement contributions paid by third parties | \$172,845 | \$306,225 | \$195,680 | \$179,843 | \$212,901 | \$357,126 |
| Other | (\$48,667) | \$660,000 | | | | |

(Concluded)

| | UNIVERSITY OF LOUISIANA AT LAFAYETTE | UNIVERSITY OF LOUISIANA AT MONROE | UNIVERSITY OF NEW ORLEANS | BOARD | TOTAL SYSTEM |
|------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------|------------------------------|---------|-----------------|
| SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | | |
| Capital appropriations | \$3,358,438 | \$8,510,346 | \$558,522 | | \$27,350,630 |
| Change in fair market value of assets | (\$768,803) | (\$380,876) | | | (\$1,627,445) |
| Private gifts for endowment purposes | | | | | \$1,000,000 |
| Capital gifts and grants | \$370,137 | \$34,080 | \$150,964 | | \$1,802,794 |
| Disposition of capital assets | | (\$794,527) | (\$11,203,187) | | (\$12,075,194) |
| Retirement contributions paid by third parties | \$576,967 | \$272,845 | \$384,113 | \$9,845 | \$2,668,390 |
| Other | (\$1,209,580) | \$348,972 | | | (\$249,275) |

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Exhibit A

The following pages contain our report on internal control over financial reporting and on compliance with laws, regulations, and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The report is based solely on the audit of the financial statements and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 7, 2016

Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards*

Independent Auditor's Report

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited, in accordance with the 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, the financial statements of the business-type activities and discretely presented component units of the University of Louisiana System (System), a component unit of the State of Louisiana, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 7, 2016. Our report was modified to include an emphasis of matter paragraph regarding actuarial assumptions.

Our report includes a reference to other auditors who audited the financial statements of the Black and Gold Facilities, Inc.; Innovative Student Facilities, Inc.; Cowboy Facilities, Inc.; Nicholls State University Facilities Corporation; University Facilities, Inc.; Ragin' Cajun Facilities, Inc.; University of Louisiana at Monroe Facilities, Inc.; and University of New Orleans Research and Technology Foundation, Inc., which are nonprofit corporations included as blended component units in the basic financial statements of the System. Other auditors also audited the financial statements of the University of Louisiana at Lafayette Foundation, Inc., and University of New Orleans Foundation, which are discretely presented component units in the basic financial statements of the System as described in our report on the System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Black and Gold Facilities, Inc., Nicholls State University Facilities Corporation; and University Facilities, Inc., which were audited by other

auditors, were audited in accordance with auditing standards generally accepted in the United States of America but not in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Reports

Other external auditors audited the Black and Gold Facilities, Inc.; Innovative Student Facilities, Inc.; Cowboy Facilities, Inc.; Nicholls State University Facilities Corporation; University Facilities, Inc.; Ragin' Cajun Facilities, Inc.; University of Louisiana at Monroe Facilities, Inc.; and University of New Orleans Research and Technology Foundation, Inc., which are blended component units included in the System's basic financial statements for the year ended June 30, 2016. In addition, other external auditors audited the University of Louisiana at Lafayette

Foundation, Inc., and University of New Orleans Foundation, which are discretely presented component units included in the basic financial statements of the System. To obtain copies of those reports, refer to note 1-B to the basic financial statements for mailing addresses.

As a part of our audit of the System's basic financial statements for the year ended June 30, 2016, we performed certain procedures on campuses within the System. Our reports on those procedures for those campuses are listed as follows:

| Campus | Audit Type | Issued | Finding Title |
|--------------------------------------|-------------------|-------------------|------------------------------------------------------------------------------------|
| Grambling State University | Management Letter | December 12, 2016 | Untimely Determination of Student Withdrawal Dates |
| McNeese State University | Management Letter | November 23, 2016 | Failure to Submit Past Due Student Accounts Receivable for Collection |
| Northwestern State University | Management Letter | November 16, 2016 | Inappropriate System Access |
| Southeastern Louisiana University | Management Letter | December 12, 2016 | None |
| University of Louisiana at Lafayette | Management Letter | Pending | Pending |
| University of Louisiana at Monroe | Management Letter | December 14, 2016 | Inadequate Control over Athletic Travel Expenditures Athletic Ticket Sales Revenue |
| University of New Orleans | Management Letter | December 7, 2016 | None |

These reports contain compliance and internal control findings, where applicable, relating to those universities. Management's responses are also included in those reports. Management's responses are not audited. Copies of those reports are available for public inspection at the Baton Rouge office of the Legislative Auditor, and those reports can also be found on the Internet at www.lla.la.gov.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

BDM:CGEW:BH:EFS:aa

ULS 2016