



**LOUISIANA STATE UNIVERSITY SYSTEM
and
UNIVERSITY OF NEW ORLEANS
Financial Report**

As of and for the Year Ended June 30, 2011



LOUISIANA STATE UNIVERSITY
AND RELATED CAMPUSES
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED FEBRUARY 29, 2012

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

**FIRST ASSISTANT LEGISLATIVE AUDITOR
AND STATE AUDIT SERVICES**
PAUL E. PENDAS, CPA

DIRECTOR OF FINANCIAL AUDIT
THOMAS H. COLE, CPA

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

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$4.16. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3478 or Report ID No. 80110026 for additional information.

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EXECUTIVE SUMMARY

Our procedures at Louisiana State University (LSU) and Related Campuses for the period July 1, 2010, through June 30, 2011, disclosed the following:

- An LSU internal audit report, dated September 20, 2011, disclosed that the LSU Student Health Center (SHC) management allowed practitioners (doctors or nurse practitioners) to get added benefits of paid time off, regardless of their leave accrual balances; allowed employees to take days off that were not deducted from any annual leave accruals that may or may not have been present; and did not accurately reflect the leave activity and correct leave balances in the employees' records.
- An LSU internal audit report, dated January 24, 2011, disclosed findings regarding the LSU Fire and Emergency Training Institute (FETI), including overbilling and underbilling customers for training classes. Additional testing of FETI expenses identified purchases that were artificially divided to bypass the competitive process required by Louisiana law and LSU policy.
- Other than the findings previously noted, no significant control deficiencies, errors, or noncompliance were identified in our procedures on various account balances and classes of transactions that would require reporting under *Government Auditing Standards*.
- No significant control deficiencies or noncompliance issues were identified that would require reporting under Office of Management and Budget Circular A-133 for the following federal programs for the fiscal year ended June 30, 2011:
 - State Fiscal Stabilization Fund - Education State Grants, Recovery Act (CFDA 84.394)
 - Research and Development Cluster (various)

This report is a public report and has been distributed to state officials. We appreciate the universities' assistance in the successful completion of our work.

Background

LSU and Related Campuses are components of the LSU System. The LSU System is dedicated to advancing teaching, research, health care, and medical education with facilities and programs in each of Louisiana's 64 parishes. Each institution plays a vital role in preparing students to incorporate new knowledge and new technologies into their daily lives. LSU researchers are working on developing innovations that increase the national prominence of the university system.

As the Flagship institution of the state, the vision of LSU is to be a leading research-extensive university, challenging undergraduate and graduate students to achieve the highest levels of intellectual and personal development. Designated as a Land, Sea, and Space Grant institution, the mission of LSU is the generation, preservation, dissemination, and application of knowledge and cultivation of the arts.

In implementing its mission, LSU is committed to:

- (1) offering a broad array of undergraduate degree programs and extensive graduate research opportunities designed to attract and educate highly qualified undergraduate and graduate students;
- (2) employing faculty who are excellent teacher-scholars, nationally competitive in research and creative activities, and who contribute to a world-class knowledge base that is transferable to educational, professional, cultural, and economic enterprises; and
- (3) using its extensive resources to solve economic, environmental, and social challenges.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

February 6, 2012

**LOUISIANA STATE UNIVERSITY BOARD OF SUPERVISORS,
LOUISIANA STATE UNIVERSITY,
LOUISIANA STATE UNIVERSITY AGRICULTURAL CENTER,
PENNINGTON BIOMEDICAL RESEARCH CENTER,
PAUL M. HEBERT LAW CENTER,
LOUISIANA STATE UNIVERSITY AT ALEXANDRIA,
AND LOUISIANA STATE UNIVERSITY AT EUNICE
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana**

As required by Louisiana Revised Statute 24:513 and as a part of our audit of the Louisiana State University System's (System) financial statements and the Single Audit of the State of Louisiana for the fiscal year ended June 30, 2011, we conducted certain procedures at Louisiana State University Board of Supervisors, Louisiana State University, Louisiana State University Agricultural Center, Pennington Biomedical Research Center, Paul M. Hebert Law Center, Louisiana State University at Alexandria, and Louisiana State University at Eunice for the period from July 1, 2010, through June 30, 2011.

- Our auditors obtained and documented an understanding of LSU and Related Campuses' operations and system of internal controls, including internal controls over major federal award programs administered by LSU and Related Campuses, through inquiry, observation, and review of LSU and Related Campuses' policies and procedures, including a review of the laws and regulations applicable to the university.
- Our auditors performed analytical procedures consisting of a comparison of the most current and prior year financial activity using LSU and Related Campuses' financial information provided to the LSU System and obtained explanations from management for any significant variances.
- Our auditors reviewed the status of the findings identified in the prior year engagement. The findings identified in our prior year management letter dated January 19, 2011, relating to an energy efficiency contract contrary to state law and inadequate controls over purchasing within the School of Music have been resolved by management.

- Our auditors considered internal control over financial reporting and examined evidence supporting certain accounts and balances material to the System's financial statements as follows:

Statement of Net Assets - Cash and cash equivalents, investments, capital assets, deferred revenue, bonds payable, capital lease obligations, compensated absences payable, other postemployment benefits payable, and net assets

Statement of Revenues, Expenses, and Changes in Net Assets - Student tuition and fee revenues, federal revenues, auxiliary revenues, state appropriations, education and general expenses, and auxiliary expenses

We also tested LSU and Related Campuses' compliance with laws and regulations that could have a direct and material effect on the System's financial statements. These procedures were performed in accordance with *Government Auditing Standards* as part of our audit of the System's financial statements for the fiscal year ended June 30, 2011.

- Our auditors performed internal control and compliance testing in accordance with *Government Auditing Standards* and Office of Management and Budget (OMB) Circular A-133 on the State Fiscal Stabilization Fund - Education State Grants, Recovery Act (CFDA 84.394) and the Research and Development Cluster (various) for the fiscal year ended June 30, 2011, as part of the Single Audit of the State of Louisiana.

The financial information provided to the System by LSU and Related Campuses was not audited or reviewed by us, and, accordingly, we do not express an opinion on that financial information. LSU and Related Campuses' accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. We found no significant control deficiencies or noncompliance that would require reporting under OMB Circular A-133 for the State Fiscal Stabilization Fund - Education State Grants, Recovery Act (CFDA 84.394) and the Research and Development Cluster (various) for the fiscal year ended June 30, 2011.

Noncompliance With Leave and Time and Attendance Policies Within Student Health Center

An LSU internal audit report, dated September 20, 2011, disclosed that the LSU Student Health Center (SHC) management used improper leave management and time and attendance practices resulting in practitioners (doctors or nurse practitioners) getting added benefits of paid time off, regardless of their leave accrual balances, while ensuring that each SHC practitioner would not be placed on Leave Without Paid (LWOP) status; employees being given days off that were not deducted from any annual leave accruals that may or may not have been present; and LSU records not accurately reflecting the leave activity and correct leave balances. These practices were noncompliant with LSU policies and state regulations.

The LSU internal audit report included, but was not limited to, the following exceptions:

- Practitioners were ensured they would be given paid time off work (leave) during the semester and during semester breaks, regardless of the practitioners' accrued leave balances. The former SHC director, who began his employment in 1973, confirmed that these procedures were in place both before and during his tenure at the SHC. As days-off-work were taken, if accrued leave balances were less than what was requested on the leave request form(s), the leave system would not be updated. During subsequent months, attempts would be made to enter the hours to the degree possible as additional leave accrued. This resulted in leave being advanced to employees and, in some situations, not being accounted for in LSU's leave and payroll systems at all. In fiscal year 2011, all practitioners except the chief of staff were advanced leave at least once.
- The chief of staff acknowledged creating and controlling a set of documents to track practitioners' leave activity in the Primary Care Clinic. These documents differed from the leave activity actually reported in LSU systems that are used for calculation of employee compensation and benefits. For most practitioners, these documents reflect negative leave balances indicating leave taken exceeding accrued leave balances.
- On 70 occasions from fiscal year 2009 to fiscal year 2011, the employee responsible for entering leave into the leave system complied with the former SHC director's instructions to refrain from immediately posting leave requests that would place practitioners in LWOP status.
- As of July 21, 2011, at least 16 leave slips totaling 456 hours for seven different practitioners were not entered into the leave system.

In addition to the above exceptions, the LSU internal audit report also disclosed the following:

- Annually, SHC management granted paid time off to all SHC employees without requiring the use of leave. These days were designated as "shopping days" and were described as days off for staffers to conduct personal business during November, December, or January. An analysis of leave data for all classified staff over the past three fiscal years revealed that 33 employees in 2009, 34 employees in 2010, and 33 employees in 2011 took a day of leave that was classified as "other" and no documentation was provided to demonstrate that these days were something other than a "shopping day." There was no documentation that showed when the first "shopping days" began at the SHC, but an administrator of the SHC confirmed that they had been in place when he began his employment 20 years ago.
- SHC management granted nurses two-hour lunch breaks during semester breaks. Nurses are classified employees and, according to policy, are only allowed a 30-minute lunch and two 15-minute breaks. Nurses were not required to clock

out if an extended lunch was taken. The nurse manager confirmed that these procedures were approved by the former director and had been in place at least since 2005.

LSU policies, through Permanent Memoranda 20 and Policy Statement 12, state that employees should not be advanced leave and that if paid leave is neither available nor appropriate, leave without pay shall be charged. Louisiana Civil Service Rule 15.2 states that “agencies should have established systems for recording time worked, leave taken, and the fact that actual service was rendered during work times.”

Management should follow the recommendations outlined in the LSU internal audit report that included (1) ensuring that practitioners’ work schedules and leave practices comply with LSU policy and state regulations; (2) establishing work schedules and leave practices for classified employees which comply with applicable policy and Civil Service regulations; (3) reinforcing with managers and supervisors their responsibilities related to compliance with relevant LSU policies and Civil Service regulations; and (4) evaluating whether key SHC administrative functions are properly managed and staffed. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 1).

Noncompliance With Billing and Procurement Processes Within the LSU Fire and Emergency Training Institute

An LSU internal audit report, dated January 24, 2011, disclosed the following findings regarding the LSU Fire and Emergency Training Institute (FETI):

- In a review of the “Cost Plus” billing process for 45 invoices to students and/or company employees during July 2009 to June 30, 2010, class costs were underbilled \$106,685. In addition, consumables were incorrectly billed for 38 of 65 invoices. There were 32 instances of overbilling for consumables totaling \$5,086 and six instances of underbilling totaling \$2,884.
- In a review of the “Student Rate” billing process for the selected 54 classes, students were underbilled by \$2,516.

FETI invoices are based on established billing rates for two types of billing categories. The “Cost Plus” billing type consists of a price assigned by the FETI manager using a preapproved scale based on the number of students and length of classes plus the cost of consumables used in the course. In the “Student Rates” category, each student is charged a preapproved fixed price per class and the price list is detailed on FETI’s Web site. Employees within FETI did not adhere to the established billing rates and did not bill for the correct amount of consumables used in the course. Noncompliance with established billing rates and procedures has resulted in incorrect billing and loss of revenues.

As a result of the deficiencies noted in the internal audit report, we performed audit procedures on certain revenue and expense transactions at FETI. Testing of FETI expenses identified purchases that were divided to bypass the competitive process required by Louisiana law and LSU policy. FETI paid a total of \$4,143 to a vendor for a camera system installed at FETI's Baton Rouge facility. The total was divided into five separate payments of under \$1,000 per payment. Documentation obtained from LSU indicated that the former FETI director was related to the vendor's owner.

Executive Order BJ 08-67 (effective through August 26, 2010) requires that price quotations shall be solicited from three or more qualified vendors for purchases exceeding \$1,000 but not exceeding \$5,000. The executive order further states that "In the absence of a good faith business basis, no purchase or procurement shall be artificially divided within a cost center, or its equivalent, to avoid the competitive process or the solicitation of competitive sealed bids."

Management should follow the recommendations outlined in the LSU internal audit report, which included that FETI management should exercise appropriate central oversight of all invoicing to include a review of each invoice for compliance with approved price list and that FETI management should address the staff noncompliance with preapproved price lists when preparing invoices. In addition, management should monitor procurement activity and periodically perform tests to determine if staff is complying with internal policies and state law. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 2-3).

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of LSU and Related Campuses. The nature of the recommendations, their implementation costs, and their potential impact on the operations of the LSU and Related Campuses should be considered in reaching decisions on courses of action. The findings relating to the university's compliance with applicable laws and regulations should be addressed immediately by management.

This letter is intended for the information and use of the university and its management, others within the university, the LSU System, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document and it has been distributed to appropriate public officials.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

JPT:NMW:EFS:THC:ch

APPENDIX A

Management's Corrective Action Plans and Responses to the Findings and Recommendations



LOUISIANA STATE UNIVERSITY

Finance & Administrative Services

Mr. Daryl G. Purpera, CPA
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

January 12, 2012

Dear Mr. Purpera:

In conjunction with the legislative audit of LSU, we wish to respond to the audit finding concerning non-compliance with leave and time and attendance policies within the LSU Student Health Center (SHC). We concur with the finding addressed in the letter dated January 3, 2012. As requested in the letter, the following response is issued for the finding:

Finding:

Leave management practices and time and attendance practices implemented and administered by management at the Student Health Center were not in compliance with PM-20, PS-12, PS-61 and Civil Service Rule 15.2

Response to Finding:

Anticipated Completion Date: 03/31/2012

- Management will ensure compliance with PM-20, PS-12, PS-61 and Civil Service Rule 15.2.
- Effective May 16, 2011, the Student Health Center came under the leadership of a new Director who has implemented work schedules and leave practices that comply with LSU policy.
- An SHC Overtime Policy is being created to address overtime procedures.
- The SHC Director will also ensure the following:
 - SHC employees are trained and made aware of University policies and Civil Service Regulations regarding work schedules and leave.
 - Managers and supervisors are trained and made aware of their responsibilities related to employee compliance with University and Civil Service work schedules and leave.
 - Evaluation of the management and staff of key administrative functions is undertaken and established as an ongoing process.

Contact Person(s): Donna K. Torres, Associate Vice Chancellor for Accounting and Financial Services
Leah Arnett, Director, Student Health Center

If you have any questions or need any additional information, please feel free to contact me.

A handwritten signature in black ink, appearing to read "Eric Monday", is written over a horizontal line.

Eric Monday
Vice Chancellor for Finance & Administrative Services and CFO



LOUISIANA STATE UNIVERSITY

Finance & Administrative Services

Mr. Daryl G. Purpera, CPA
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

January 12, 2012

Dear Mr. Purpera:

In conjunction with the legislative audit of LSU, we wish to respond to the audit findings concerning non-compliance with billing and procurement processes within the LSU Fire and Emergency Training Institute. We concur with the findings addressed in the letter dated January 3, 2012. As requested in the letter, the following responses are issued for each finding:

Findings:

In a review of the "Cost Plus" billing process for 45 invoices during the period of July 2009 to June 30, 2010, class costs were under billed \$106,685. In addition, consumables were incorrectly billed for 38 of 65 invoices. There were 32 instances of overbilling for consumables totaling \$5,086 and 6 instances of under billing totaling \$2,884.

In a review of the "Student Rate" billing process for the selected 54 classes, customers were under billed by \$2,516

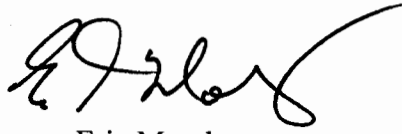
Response to Findings:

Anticipated Completion Date: 03/31/2012

- The job descriptions and job requirements of the Manager will be verified to the duties being performed and the skill set of the incumbent employee. Appropriate action will be taken to provide training to the incumbent employee and to monitor their progress in the position.
- Billings for FY 10 will be reviewed and discrepancies will be investigated and corrected, if appropriate.
- Management will develop an operating policy that will define the procedures required from the initial quote to the collection of the accounts receivable, including, but not limited to:
 - For a quote to a client
 - Action necessary once a quote is accepted
 - Preparation of consumable inventory for a class
 - Invoicing the client once the class is complete
 - Collection of accounts receivable

Contact Person(s): Donna K. Torres, Associate Vice Chancellor for Accounting and Financial Services
Michael Donahue, Director, Fire & Emergency Training Institute

If you have any questions or need any additional information, please feel free to contact me.

A handwritten signature in black ink, appearing to read 'Eric Monday', with a long, sweeping flourish extending to the right.

Eric Monday
Vice Chancellor for Finance & Administrative Services and CFO



**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Basic Financial Statements
and Independent Auditor's Report**

As of and for the Year Ended June 30, 2011

LOUISIANA STATE UNIVERSITY SYSTEM
A COMPONENT UNIT OF THE
STATE OF LOUISIANA



FINANCIAL STATEMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2011
ISSUED FEBRUARY 29, 2012

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
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**FIRST ASSISTANT LEGISLATIVE AUDITOR
AND STATE AUDIT SERVICES**
PAUL E. PENDAS, CPA

DIRECTOR OF FINANCIAL AUDIT
THOMAS H. COLE, CPA

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Exhibit

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* A

EXECUTIVE SUMMARY

Our procedures at the Louisiana State University System (LSU System) for the period July 1, 2010, through June 30, 2011, disclosed the following:

- Based on our audit, the LSU System's financial statements, as adjusted, present fairly, in all material respects, the financial position of the LSU System as of June 30, 2011, and the respective changes in its financial position and cash flows for the year then ended.
- Based on our audit, we did not identify any significant or material internal control deficiencies or instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* at the LSU System level.
- Findings on individual campuses within the LSU System are reported in those campuses' management letters.

This report is a public report and has been distributed to state officials. We appreciate the assistance from the LSU System and its campuses in the successful completion of our work.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 18, 2012

Independent Auditor's Report

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Louisiana State University (LSU) System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of LSU System's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Louisiana State University School of Medicine in New Orleans Faculty Group Practice doing business as LSU Healthcare Network and Subsidiaries, the Eunice Student Housing Foundation, Inc., and the Health Care Services Foundation and its subsidiary, which are nonprofit corporations included as blended component units in the basic financial statements representing approximately 1.7% of total assets, 2.5% of total liabilities, 2.0% of total revenues, and 1.9% of total expenses of the LSU System. We also did not audit the financial statements of the LSU Foundation, the Tiger Athletic Foundation, and the University of New Orleans Research and Technology Foundation, which are all of the discretely presented component units presented in the basic financial statements of the LSU System. The financial statements of the blended and discretely presented component units were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for these component units, are based 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 LSU Foundation and the Tiger Athletic Foundation, which were audited by other auditors, were audited in accordance with standards generally accepted in the United States of America but not in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by

management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the LSU System as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2012, on our consideration of LSU 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* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 6 through 15 and the Schedule of Funding Progress for the Other Postemployment Benefits Plans on page 81 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LSU System's basic financial statements. The accompanying supplementary information schedules including the Combining Schedule of Net Assets; the Combining Schedule of Revenues, Expenses, and Changes in Net Assets; and the Combining Schedule of Cash Flows on pages 83 through 94 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following discussion and analysis has been prepared by management and is written to provide an overview of the financial position and activities of the Louisiana State University System (System) for the year ended June 30, 2011. It should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The annual report consists of a series of financial statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, as amended by GASB Statement Nos. 37 and 38.

The System applies GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This statement addresses which support organizations, such as foundations, should be included as component units and how these component units should be presented in the financial statements. The State of Louisiana has set a threshold for including component units if their total assets equal 3% or more of the total assets of the university system they support. A component unit that falls below this threshold may be excluded if it has been included in the financial report for at least three consecutive years and currently does not meet the reporting threshold.

The System has three foundations that will be discretely presented in its financial statements. These are the LSU Foundation, the Tiger Athletic Foundation, and the University of New Orleans Research and Technology Foundation. The financial data of each of these foundations are presented separately in the Statement of Financial Position and Statement of Activities. Additional information about the foundations is contained in the notes to the financial statements.

BACKGROUND

The System is the state's flagship system. It is also one of the most diverse and comprehensive higher education systems in the country. Headcount enrollment during the fall 2010 semester was 54,869, up 1.1% from the 54,262 reported in the previous year.

Degrees conferred by System campuses range from associate degree to doctor of philosophy. In addition, professional degrees in law, veterinary medicine, medicine, dentistry, and the complete spectrum of allied health professions are conferred.

The System also includes such dedicated centers as the Pennington Biomedical Research Center, which specializes in nutrition research and preventive medicine, and the LSU Agricultural Center, which plays a vital and integral role in supporting agricultural industries, sustaining rural

areas, and encouraging efficient use of resources through research and educational programs conducted by its 20 experiment stations and extension service.

The System is also charged with the responsibility of administering 10 public hospitals. These hospitals are the primary source of health care services for the indigent population of the state and account for over one million in-patient and out-patient visits each year. In addition, these hospitals are used by the LSU Health Sciences centers as teaching hospitals wherein the medical and dental faculty and medical education students are used to provide the necessary medical care to patients.

FINANCIAL HIGHLIGHTS

GENERAL

Total operating revenues decreased from the prior fiscal year by \$98 million, while operating expenses only declined by \$8 million, thereby increasing the operating loss by \$90 million. The operating loss restated for fiscal 2010 was \$840 million; the operating loss for fiscal 2011 was \$930 million.

Since the change in operating expense over last year was minimal, the increase in operating loss can be attributed to the large decrease in hospital revenue of \$120 million, and the decrease of state and local grants and contracts of \$16 million being offset by an increase in net tuition and fees of \$36 million. LSU Health patient revenues, cost reports and uncompensated care settlements were all down due to Medicaid inpatient per diem reductions, outpatient rate reductions, and other changes in federal reimbursement regulations. The increase in tuition and fee revenue is attributable to the Louisiana Granting Resources and Autonomy for Diplomas (LA GRAD) Act. In exchange for a commitment to meet clearly defined statewide performance goals, including boosting graduation rates, the universities were given increased autonomy and flexibility including authority to increase tuition and fees by up to 10 percent.

If you include nonoperating revenues and expenses, the System shows a loss before other revenues, expenses, gains, and losses of \$115 million for fiscal year 2010-2011. This represents a significant change from the \$138 million restated gain posted in the previous year. In addition to the increase in operating revenue loss of \$90 million addressed above, the nonoperating revenue decreased by approximately \$163 million. This decrease is due to the transfer of approximately \$190 million of uncompensated care and Medicaid cost report settlement liabilities to the Louisiana Department of Health and Hospitals during the fiscal year 2009-2010, and a mid-year budget reduction of \$22 million that was partially offset by increases in state fiscal stabilization funding provided under the American Recovery and Reinvestment Act, gifts, and federal non-operating revenue.

Despite the losses noted above, overall net assets, which represent the residual interest in the System's assets after liabilities are deducted, increased by \$25 million from the previous fiscal year. This increase is the result of capital appropriations and capital gifts and grants offsetting the operating losses plus nonoperating revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

The System's financial report consists of three sections: Management's Discussion and Analysis (this section), the basic financial statements including the notes to the financial statements, and supplementary information. The basic financial statements are the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows, as well as the financial statements related to the discrete component units.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for the System as a whole. The Statement of Net Assets presents the financial position of the System at the end of the fiscal year and includes all assets and liabilities of the System. The difference between total assets and total liabilities is one way to measure the System's financial health or position, while the change in net assets is a useful indicator of whether the financial condition of the System is improving or deteriorating. Over time, increases or decreases in the System's net assets can be useful in assessing whether its financial health is improving. Other non-financial factors such as the trend in enrollment and the condition of the physical plant are also useful in evaluating the overall financial health of the System. Finally, the Statement of Cash Flows presents the significant sources and uses of cash.

STATEMENT OF NET ASSETS

Net assets are divided into three major categories.

Invested in capital assets, net of related debt represents the university 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.

Restricted net assets represent the university system's assets that are available for spending only as legally or contractually obligated by legislative requirements, donor agreements, grant requirements, etc.

Unrestricted net assets represent the university system's assets that may be used at the discretion of the governing board to meet current expenses and for any lawful purpose.

From the data presented, readers of the Statement of Net Assets are able to determine the following:

- Assets available to continue the operations of the System
- Liabilities of the System that include the amount owed vendors and lending institutions
- Net assets and their availability for expenditure by the System

Current assets total \$1.3 billion and consist primarily of cash and cash equivalents, net receivables, investments, and inventories. Current liabilities total \$333 million and consist mainly of accounts payable and accrued liabilities, deferred revenues, amounts due to state treasury as a result of seed funding for LSU Health, notes payable, the current portion of bonds payable, capital lease obligations, and a contingent amount for uncompensated absences.

Noncurrent assets total \$2.3 billion and include capital assets of \$1.8 billion. Other noncurrent assets include cash and investments that are externally restricted to make debt service payments or to maintain sinking or reserve funds that total \$449 million.

Noncurrent liabilities total \$1.3 billion and include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; (3) the Other Postemployment Benefits (OPEB) liability; and (4) other liabilities that while scheduled to be paid within one year are to be paid from funds classified as noncurrent assets.

Restricted nonexpendable net assets total \$205 million and consist of endowment and similar type funds, which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained intact and invested for the purpose of producing income that may either be expended or added to principal.

Restricted expendable net assets total \$320 million and include resources that the System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

A summarized listing of the System's assets, liabilities, and net assets at June 30, 2011, and June 30, 2010, is shown below.

Statement of Net Assets

	As of		Change	Percentage Change
	June 30, 2011	June 30, 2010 (Restated)		
Assets:				
Current assets	\$1,299,337,640	\$1,217,023,805	\$82,313,835	6.8%
Capital assets	1,842,129,373	1,737,835,504	104,293,869	6.0%
Other assets	448,619,898	471,708,769	(23,088,871)	4.9%
Total Assets	3,590,086,911	3,426,568,078	163,518,833	4.8%
Liabilities:				
Current liabilities	333,160,867	299,375,809	33,785,058	11.3%
Noncurrent liabilities	1,276,001,783	1,171,026,679	104,975,104	9.0%
Total Liabilities	1,609,162,650	1,470,402,488	138,760,162	9.4%
Net Assets:				
Invested in capital assets, net of related debt	1,411,654,571	1,320,200,711	91,453,860	6.9%
Restricted - nonexpendable	205,418,211	192,483,212	12,934,999	6.7%
Restricted - expendable	320,336,309	322,208,493	(1,872,184)	0.6%
Unrestricted	43,515,170	121,273,174	(77,758,004)	64.1%
Total Net Assets	\$1,980,924,261	\$1,956,165,590	\$24,758,671	1.3%

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses, and Changes in Net Assets (SRECNA) displays information on how the System's assets changed as a result of current year operations. This statement presents the revenues received by the System, both operating and nonoperating, the expenses paid by the System, operating and nonoperating, and capital grants, contributions, and other net inflows or outflows.

Generally, operating revenues are received for providing goods and services to various customers and constituencies of the System. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the System. Nonoperating revenues are revenues received for which goods and services are not provided as an exchange transaction. For example, state appropriations are required to be reported as nonoperating because they are provided by the legislature to the System without the legislature directly receiving commensurate goods and services for those revenues.

The System's consolidated SRECNA at June 30, 2011, indicates a net operating loss of \$930 million determined without including state appropriations, gifts, or investment earnings and before subtracting interest expenses on debt. As mentioned earlier, the net operating loss increased from the prior year by \$90 million.

While operating revenues decreased by some \$98 million, operating expenses decreased by \$8 million. Explanations for the major changes in operating revenues and operating expenses are provided in the paragraphs that follow.

After including nonoperating revenues such as state appropriations (\$589 million), gifts (\$31 million), and net investment income (\$26 million) and after subtracting interest expense (\$24 million) and other nonoperating expenses, the System had a loss before other revenues, expenses, gains, and losses of \$115 million.

Summarized below is the SRECNA.

Statement of Revenues, Expenses, and Changes in Net Assets

	As of		Change	Percentage Change
	June 30, 2011	June 30, 2010 (Restated)		
Operating revenues	\$2,449,659,070	\$2,547,442,546	(\$97,783,476)	3.8%
Operating expenses	3,379,598,303	3,387,277,722	(7,679,419)	0.2%
Operating loss	(929,939,233)	(839,835,176)	(90,104,057)	10.7%
Nonoperating revenues (expenses)	814,925,885	978,171,408	(163,245,523)	16.7%
Income (loss) before other revenues, expenses, gains, and losses	(115,013,348)	138,336,232	(253,349,580)	183.1%
Other revenues, expenses, gains, and losses	139,772,019	155,010,459	(15,238,440)	9.8%
Increase in net assets	24,758,671	293,346,691	(268,588,020)	91.6%
Net assets at beginning of year - restated	1,956,165,590	1,662,818,899	293,346,691	17.6%
Net assets at end of year	\$1,980,924,261	\$1,956,165,590	\$24,758,671	1.3%

Operating Revenues

Operating revenues for the System total \$2.4 billion at June 30, 2011. Major components of operating revenues are hospital income, representing 51.9% of the total; sales and services of educational departments, representing 8.4%; and net tuition and fees, representing 12.6% of the total. Funds from the federal government inclusive of operating stimulus funds totaled \$227 million and represented 9.3% of the total.

As of June 30, 2011, hospital income had decreased by \$120 million from the previous year. Of this amount, \$58 million was due to reductions in Medicaid inpatient per diem and outpatient rates, and a net \$57 million was due to reductions in cost reports and uncompensated care settlements due to new federal reimbursement rules. In addition, net tuition and fees increased by 13.2% or approximately \$36 million. This is mainly due to increases authorized under the LA GRAD Act which allows a 10% increase in resident tuition and fees and a 15% increase in non-resident tuition and fees.

The following table summarizes the System's operating revenue for the year ending June 30, 2011.

Operating Revenues (in millions)

	As of		Change	Percentage Change
	June 30, 2011	June 30, 2010		
Tuition and fees, net	\$308.7	\$272.7	\$36.0	13.2%
Grants and contracts	441.8	458.0	(16.2)	3.5%
Federal appropriations	11.3	11.1	0.2	1.8%
Sales and services of educational departments	206.1	202.6	3.5	1.7%
Auxiliary enterprises, net	184.9	187.6	(2.7)	1.4%
Hospital income	1,271.4	1,390.9	(119.5)	8.6%
Other	25.5	24.5	1.0	4.1%
Total operating revenues	<u>\$2,449.7</u>	<u>\$2,547.4</u>	<u>(\$97.7)</u>	3.8%

Operating Expenses

Total operating expenses for the System amounted to \$3.4 billion as of June 30, 2011. Hospital expenses represented 40.6% of all operating expenses and represented the largest functional component. Other major components are instructional expenses, 17.1%; research expenses, 10.8%; and public service expenses, 9.9%. Shown on the next page in tabular format is a summary of the System's operating expenses for the fiscal year ending June 30, 2011.

Operating Expenses (in millions)

	As of		Change	Percentage Change
	June 30, 2011	June 30, 2010 (Restated)		
Instruction	\$578.0	\$594.3	(\$16.3)	2.7%
Research	365.6	372.0	(6.4)	1.7%
Public service	335.8	349.7	(13.9)	4.0%
Academic support	135.0	129.5	5.5	4.2%
Student services	45.2	42.8	2.4	5.6%
Institutional support	139.5	125.9	13.6	10.8%
Operation and maintenance of plant	184.5	177.3	7.2	4.1%
Scholarships and fellowships	63.4	60.0	3.4	5.7%
Auxiliary enterprises	161.3	167.5	(6.2)	3.7%
Hospital	1,371.3	1,368.2	3.1	0.2%
	<u>1,371.3</u>	<u>1,368.2</u>	<u>3.1</u>	
Total operating expenses	<u>\$3,379.6</u>	<u>\$3,387.2</u>	<u>(\$7.6)</u>	0.2%

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2011, the System has \$1.8 billion invested in a broad range of capital assets, including land, buildings and improvements, equipment, and infrastructure, which is net of accumulated depreciation of \$2.0 billion (see table below).

Capital Asset Summary

	As of		Change	Percentage Change
	June 30, 2011	June 30, 2010 (Restated)		
Capital assets not being depreciated	<u>\$381,560,751</u>	<u>\$325,479,393</u>	<u>\$56,081,358</u>	17.2%
Other Capital Assets:				
Infrastructure	54,247,852	54,247,852		0.0%
Land improvements	113,679,921	102,823,307	10,856,614	10.6%
Buildings	2,151,149,741	2,017,007,460	134,142,281	6.7%
Equipment	1,144,343,039	1,147,388,618	(3,045,579)	0.3%
Intangibles	6,964,628	5,639,507	1,325,121	23.5%
Total Other Capital Assets	<u>3,470,385,181</u>	<u>3,327,106,744</u>	<u>143,278,437</u>	4.3%
Total cost of capital assets	3,851,945,932	3,652,586,137	199,359,795	5.5%
Less accumulated depreciation	<u>(2,009,816,559)</u>	<u>(1,914,750,633)</u>	<u>(95,065,926)</u>	5.0%
Capital assets, net	<u>\$1,842,129,373</u>	<u>\$1,737,835,504</u>	<u>\$104,293,869</u>	6.0%

Capital assets not being depreciated total \$381.6 million. This represents land, capitalized collections, software development-in-progress, and construction-in-progress.

Capital additions at the LSU Health Sciences Center New Orleans for fiscal year 2010-2011 included \$1.7 million to the Allied Health/Nursing School building; \$1.6 million of renovations

to the Student Residence Hall; \$1.6 million for renovations to the Medical School building; \$1.5 million of renovations to the Resources Center building; \$1.1 million for air handling units at the Dental school, and \$1.1 million for air handling units in the Allied Health/Nursing School building.

At the LSU Health Sciences Center Shreveport, capital additions for fiscal year 2010-2011 included \$1.6 million for the Emergency Care Center expansion and \$500 thousand for the hospital X wing renovation.

Major capital expenditures at the Health Care Services Division (HCSO) for fiscal year 2010-2011 included \$56.2 million in construction-in-progress for the new University Medical Center of New Orleans, and \$1.1million for the Residency clinic at Washington-St. Tammany Medical Center paid from bond proceeds.

At LSU, major capital expenditures that were recorded in fiscal year 2010-2011 were \$8.1 million for the Student Union Theatre renovation project; \$7.2 million for Lavoie Honors College renovations; \$5.6 million for the Band Hall; \$4.6 million for Choppin Hall Annex; \$4.1 million for the Bernie Moore track stadium; \$22.8 million for the Business Education Complex; and \$3.8 million for the Residential College.

At LSU Alexandria, \$6.4 million in capital expenditures were recorded in fiscal year 2010-2011 for the multi-purpose academic center and at LSU Eunice, \$3.3 million for the Community Education building.

LONG-TERM DEBT

At June 30, 2011, the System has \$450.9 million in bonds outstanding, \$2.0 million in notes payable outstanding, \$87.5 million in capital lease obligations outstanding and \$621.0 million in OPEB obligations. Bonds outstanding decreased from June 30, 2010, as principal payments were made and no new debt was issued. The OPEB liability increased by approximately \$122 million as the cost of retiree health care continued to exceed the amount currently funded.

ECONOMIC OUTLOOK

As Louisiana's economy declined from the deep, national recession, the state has imposed several budget reductions to the LSU System since the beginning of the fiscal year 2008-2009. A mid-year budget reduction that occurred in fiscal year 2008-2009 was followed by a larger reduction in state appropriations for the new fiscal year 2009-2010. These cuts were then followed by another mid-year reduction in December 2009, an end of the year cut in June 2010, and a mid-year reduction in December 2010. These reductions were mitigated to some extent by a combination of additional state support from one time funds, federal stimulus funds, and additional authority to increase student tuition and fees.

In fiscal year 2010-2011, the LSU System was provided approximately \$133 million in federal stimulus funds. Those funds expired on June 30, 2011. In an effort to mitigate the loss of these funds, the state increased state general funds support, increased allowable tuition authority, and

provided one-time carryover funds of approximately \$42 million. It should be noted, however, that in fiscal year 2011-2012, these one-time funds will need to be replaced with permanent funds or reductions in operations will have to be made.

In addition, Act 419 of the 2011 Regular Legislative Session provides for the transfer of the University of New Orleans from the LSU System to the University of Louisiana System. Upon receipt of approval from the Southern Association for Colleges and Schools, Commission on Colleges (SACS), for the requested change in governance, the LSU System is directed to immediately transfer all assets, funds, facilities, property, obligations, liabilities, programs, and functions of the University of New Orleans to the University of Louisiana System. SACS approved the transfer on December 5, 2011.

On December 16, 2011, the Joint Legislative Committee on the Budget and the governor adopted a plan to close a \$251 million state operating budget deficit in fiscal year 2011-2012 that would make \$144 million in statewide reductions and use newly available federal and state funds to make up the rest. The plan required a \$50 million reduction from higher education including a reduction of \$21 million from the higher education entities of the LSU System. Continued reductions to those LSU entities that are dependent on state general funds for their main source of revenue increase the pressure on those entities to implement significant employee reduction plans that will likely require the inclusion of tenured or contract faculty and to cut research programs and community outreach services in an effort to live within its allocated budget expectations.

In addition, because of projected over-expenditures in the state Medicaid Private Provider Program and the projected state revenue shortfall, the LSU Health enterprise has been advised by the state Administration that LSU will not be able to use \$35 million in state funds appropriated for the LSU hospitals in the Department of Health and Hospitals (DHH) budget for fiscal year 2011-2012. These funds and the federal matching funds above the appropriated level were to be used to avoid program reductions in the current fiscal year. The state Administration has also advised that DHH will not pay cost reports totaling over \$40 million due to LSU. The loss of this anticipated revenue will require significant service reductions for LSU Health to live within its allocated budget expectations.

CONTACTING THE LOUISIANA STATE UNIVERSITY SYSTEM'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the LSU System's finances and to show the LSU System's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at 3810 West Lakeshore Drive, Suite 111, Baton Rouge, Louisiana 70808.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Statement of Net Assets, June 30, 2011

ASSETS

Current Assets:

Cash and cash equivalents (note 2)	\$605,461,786
Investments (note 3)	347,514,390
Receivables, net (note 4)	254,431,120
Due from federal government, net (note 4)	33,677,238
Inventories	37,384,004
Deferred charges and prepaid expenses	15,428,156
Notes receivable	3,602,200
Other current assets	1,838,746
Total current assets	<u>1,299,337,640</u>

Noncurrent Assets:

Restricted Assets:

Cash and cash equivalents (note 2)	110,309,965
Investments (note 3)	295,576,056
Notes receivable	27,394,110
Other restricted assets	11,981,058
Investments (note 3)	2,549,540
Other noncurrent assets	809,169
Capital assets, net (note 5)	<u>1,842,129,373</u>
Total noncurrent assets	<u>2,290,749,271</u>
Total assets	<u>3,590,086,911</u>

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities (note 7)	197,122,927
Due to state treasury, net (note 15)	12,991,982
Deferred revenues	84,264,644
Amounts held in custody for others	7,177,127
Compensated absences (note 11)	11,973,333
Capital lease obligations (note 14)	3,668,142
Notes payable (note 14)	538,549
Bonds payable (note 14)	12,280,417
Other current liabilities	3,143,746
Total current liabilities	<u>333,160,867</u>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Net Assets, June 30, 2011**

LIABILITIES (CONT.)

Noncurrent Liabilities:

Compensated absences (note 11)	\$127,504,546
Capital lease obligations (note 14)	83,877,938
Notes payable (note 14)	1,506,087
Other postemployment benefits payable (note 9)	620,657,869
Bonds payable (note 14)	438,621,666
Other noncurrent liabilities	3,833,677
Total noncurrent liabilities	<u>1,276,001,783</u>
Total liabilities	<u><u>1,609,162,650</u></u>

NET ASSETS

Investment in capital assets, net of related debt	1,411,654,571
Restricted for:	
Nonexpendable (note 16)	205,418,211
Expendable (note 16)	320,336,309
Unrestricted	<u>43,515,170</u>
Total net assets	<u><u>\$1,980,924,261</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

COMPONENT UNITS

Statement of Financial Position, June 30, 2011

	LSU Foundation	Tiger Athletic Foundation*	University of New Orleans Research and Technology Foundation	Total Foundations
ASSETS				
Current Assets:				
Cash and cash equivalents (note 2)	\$4,254,871	\$2,791,816	\$7,483,970	\$14,530,657
Restricted cash and cash equivalents (note 2)	16,113,723	54,599,432		70,713,155
Investments (note 3)	14,407,513		568,342	14,975,855
Accrued interest receivable	930,857			930,857
Accounts receivable, net	592,088	2,072,507	4,846,768	7,511,363
Unconditional promises to give (note 27)	8,358,437	9,629,420		17,987,857
Deferred charges and prepaid expenses	73,562	916,855	501,542	1,491,959
Other current assets		12,012,057	288,526	12,300,583
Total current assets	44,731,051	82,022,087	13,689,148	140,442,286
Noncurrent Assets:				
Restricted assets:				
Cash and cash equivalents (note 2)		45,653		45,653
Investments (note 3)	443,029,357	7,832,449	3,123,291	453,985,097
Other	576,466			576,466
Investments (note 3)	18,141,732		1,632,991	19,774,723
Unconditional promises to give (note 27)	15,547,143	1,982,341		17,529,484
Property and equipment, net (note 5)	15,033,081	137,855,929	73,545,189	226,434,199
Other noncurrent assets	994,556	35,660,023	36,282,021	72,936,600
Total noncurrent assets	493,322,335	183,376,395	114,583,492	791,282,222
Total assets	\$538,053,386	\$265,398,482	\$128,272,640	\$931,724,508
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	\$2,964,740	\$297,853	\$652,145	\$3,914,738
Deferred revenues		21,251,636	675,275	21,926,911
Amounts held in custody for others (note 25)	12,525,743	7,836,526	60,756	20,423,025
Other liabilities	251,859		7,297,424	7,549,283
Compensated absences payable (note 14)	286,523			286,523
Current portion of notes payable (note 14)	1,380,067		247,326	1,627,393
Current portion of bonds payable (note 14)	675,000	3,490,000	275,000	4,440,000
Other current liabilities	9,967,414	2,574		9,969,988
Total current liabilities	28,051,346	32,878,589	9,207,926	70,137,861

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
COMPONENT UNITS
Statement of Financial Position, June 30, 2011**

	LSU Foundation	Tiger Athletic Foundation*	University of New Orleans Research and Technology Foundation	Total Foundations
LIABILITIES (CONT.)				
Noncurrent Liabilities:				
Amounts held in custody for others (note 25)	\$90,454,883			\$90,454,883
Notes payable (note 14)	733,333		\$6,333,382	7,066,715
Bonds payable (note 14)	6,225,000	\$120,285,000	38,910,596	165,420,596
Other noncurrent liabilities	63,300	31,747,455		31,810,755
Total noncurrent liabilities	<u>97,476,516</u>	<u>152,032,455</u>	<u>45,243,978</u>	<u>294,752,949</u>
Total liabilities	<u>125,527,862</u>	<u>184,911,044</u>	<u>54,451,904</u>	<u>364,890,810</u>
NET ASSETS				
Unrestricted	31,881,024	50,443,844	73,820,736	156,145,604
Temporarily restricted (note 16)	182,485,753	21,777,410		204,263,163
Permanently restricted (note 16)	198,158,747	8,266,184		206,424,931
Total net assets	<u>412,525,524</u>	<u>80,487,438</u>	<u>73,820,736</u>	<u>566,833,698</u>
Total liabilities and net assets	<u>\$538,053,386</u>	<u>\$265,398,482</u>	<u>\$128,272,640</u>	<u>\$931,724,508</u>

*As of December 31, 2010

(Concluded)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended June 30, 2011**

OPERATING REVENUES

Student tuition and fees	\$375,626,187
Less scholarship allowances	(66,896,884)
Net student tuition and fees	<u>308,729,303</u>
Federal appropriations	11,267,034
Federal grants and contracts	197,203,067
American Recovery and Reinvestment Act revenues	18,719,672
State and local grants and contracts	86,619,720
Nongovernmental grants and contracts	139,310,865
Sales and services of educational departments	206,068,672
Hospital income	1,271,382,957
Auxiliary enterprise revenues (including revenues pledged to secure debt per note 23)	199,758,639
Less scholarship allowances	(14,873,721)
Net auxiliary revenues	<u>184,884,918</u>
Other operating revenues	<u>25,472,862</u>
Total operating revenues	<u><u>2,449,659,070</u></u>

OPERATING EXPENSES

Educational and general:	
Instruction	577,970,324
Research	365,569,764
Public service	335,779,145
Academic support	135,047,530
Student services	45,201,933
Institutional support	139,504,445
Operation and maintenance of plant	184,494,665
Scholarships and fellowships	63,402,353
Auxiliary enterprises	161,347,110
Hospital	1,371,281,034
Total operating expenses	<u><u>3,379,598,303</u></u>

Operating Loss (929,939,233)

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Assets, June 30, 2011**

NONOPERATING REVENUES (Expenses)

State appropriations	\$589,065,977
Gifts	30,564,430
Federal nonoperating revenues	62,087,830
American Recovery and Reinvestment Act - State Fiscal Stabilization Funds	148,503,061
Net investment income	26,374,431
Interest expense	(24,306,331)
Other nonoperating expenses	(17,363,513)
Net nonoperating revenues	<u>814,925,885</u>

Loss Before Other Revenues, Expenses, Gains, and Losses (115,013,348)

Capital appropriations	119,317,208
Capital gifts and grants	20,427,465
Additions to permanent endowments	7,033,329
Other deductions, net	<u>(7,005,983)</u>

Increase in Net Assets 24,758,671

Net Assets at Beginning of Year, Restated (note 17) 1,956,165,590

Net Assets at End of Year \$1,980,924,261

(Concluded)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**COMPONENT UNITS
Statement of Activities
For the Year Ended June 30, 2011**

	LSU Foundation	Tiger Athletic Foundation*	University of New Orleans Research and Technology Foundation	Total Foundations
Changes in unrestricted net assets:				
Contributions	\$1,912,085	\$21,961,773		\$23,873,858
Investment earnings, net	4,878,034	391,841	\$87,616	5,357,491
Grants and contracts			5,640,573	5,640,573
Other revenues	1,024,250	6,926,822	7,430,531	15,381,603
Total unrestricted revenues	<u>7,814,369</u>	<u>29,280,436</u>	<u>13,158,720</u>	<u>50,253,525</u>
Net assets released from restrictions -				
Reclassification of net assets due to change in law		(1,358,588)		(1,358,588)
Satisfaction of program expenses	28,884,831	4,557,811		33,442,642
Total unrestricted revenues and other support	<u>36,699,200</u>	<u>32,479,659</u>	<u>13,158,720</u>	<u>82,337,579</u>
Expenses:				
Amounts paid to benefit Louisiana State University for:				
Projects specified by donors	25,188,227			25,188,227
Projects specified by Board of Directors	1,456,180	8,416,359		9,872,539
Other:				
Grants and contracts			3,536,836	3,536,836
Property operations			3,442,987	3,442,987
Other		9,965,529	2,890,079	12,855,608
Total program expenses	<u>26,644,407</u>	<u>18,381,888</u>	<u>9,869,902</u>	<u>54,896,197</u>
Supporting services:				
Salaries and benefits	5,877,623	1,914,764		7,792,387
Occupancy	166,494	154,612		321,106
Office operations	1,109,608	168,705		1,278,313
Travel	71,070	126,753	1,365	199,188
Professional services	569,449	135,236	1,301,316	2,006,001
Dues and subscriptions	76,569	25,939	2,116	104,624
Meetings and development	419,347	17,831		437,178
Depreciation	30,057		2,584,817	2,614,874
Other		(227,505)	144,028	(83,477)
Total supporting services	<u>8,320,217</u>	<u>2,316,335</u>	<u>4,033,642</u>	<u>14,670,194</u>
Fund-raising expenses	NONE	1,218,134	NONE	1,218,134
Total expenses	<u>34,964,624</u>	<u>21,916,357</u>	<u>13,903,544</u>	<u>70,784,525</u>
Increase (decrease) in unrestricted net assets	<u>1,734,576</u>	<u>10,563,302</u>	<u>(744,824)</u>	<u>11,553,054</u>

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
COMPONENT UNITS
Statement of Activities, June 30, 2011

	LSU Foundation	Tiger Athletic Foundation*	University of New Orleans Research and Technology Foundation	Total Foundations
Changes in temporarily restricted net assets:				
Contributions	\$18,400,990	\$4,850,255		\$23,251,245
Investment earnings	49,817,911	344,402		50,162,313
Changes in value of split interest agreements	(117,408)			(117,408)
Other	(66,468)			(66,468)
Total temporarily restricted revenues	68,035,025	5,194,657	NONE	73,229,682
Net assets released from restrictions:				
Reclassification of net assets due to change in law		1,358,588		1,358,588
Satisfaction of program expenses	(27,192,319)	(4,557,811)		(31,750,130)
Increase in temporarily restricted net assets	40,842,706	1,995,434	NONE	42,838,140
Changes in permanently restricted net assets:				
Contributions	10,404,613	1,539,237		11,943,850
Investment earnings	68,943			68,943
Net assets released from donor restrictions	(1,692,512)	NONE	NONE	(1,692,512)
Increase in permanently restricted net assets	8,781,044	1,539,237	NONE	10,320,281
Increase (decrease) in net assets	51,358,326	14,097,973	(\$744,824)	64,711,475
Net assets at beginning of year, restated (note 17)	361,167,198	66,389,465	74,565,560	502,122,223
Net assets at end of year	\$412,525,524	\$80,487,438	\$73,820,736	\$566,833,698

*For the year ended December 31, 2010

(Concluded)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Statement of Cash Flows
For the Year Ended June 30, 2011**

Cash flows from operating activities	
Student tuition and fees	\$307,437,807
Federal appropriations	12,970,982
American Recovery and Reinvestment Act receipts	18,623,368
Grants and contracts	457,948,828
Sales and services of educational departments	209,625,655
Hospital income	1,363,116,805
Auxiliary enterprise receipts	183,152,440
Payments for employee compensation	(1,606,670,593)
Payments for benefits	(433,446,361)
Payments for utilities	(59,184,040)
Payments for supplies and services	(884,569,389)
Payments for scholarships and fellowships	(63,612,729)
Loans to students	(4,069,701)
Collection of loans to students	3,724,836
Other receipts	10,871,520
Net cash used by operating activities	<u>(484,080,572)</u>
Cash flows from noncapital financing activities	
State appropriations	546,381,372
Gifts and grants for other than capital purposes	30,417,138
Private gifts for endowment purposes	1,776,413
Taylor Opportunity Program for Students receipts	64,127,952
Taylor Opportunity Program for Students disbursements	(64,215,290)
Federal Emergency Management Association receipts	18,987,663
Federal Emergency Management Association disbursements	(6,495,549)
American Recovery and Reinvestment Act receipts	146,680,010
Direct lending receipts	182,216,713
Direct lending disbursements	(182,216,713)
Federal Family Education Loan program receipts	201,145
Federal Family Education Loan program disbursements	(201,145)
Other receipts	27,428,652
Net cash provided by noncapital financing sources	<u>765,088,361</u>
Cash flows from capital and related financing activities	
Capital appropriations received	12,013,316
Capital gifts and grants received	7,748,714
Proceeds from sale of capital assets	274,653
Purchase of capital assets	(113,120,401)
Principal paid on capital debt and leases	(20,393,771)
Interest paid on capital debt and leases	(24,307,528)
Other sources	(7,271,166)
Net cash used by capital financing activities	<u>(145,056,183)</u>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2011**

Cash flows from investing activities	
Proceeds from sales and maturities of investments	\$244,866,973
Interest received on investments	17,679,654
Purchase of investments	(335,612,493)
Net cash used by investing activities	<u>(73,065,866)</u>
Net increase in cash and cash equivalents	62,885,740
Cash and cash equivalents at the beginning of the year	<u>652,886,011</u>
Cash and cash equivalents at the end of the year	<u><u>\$715,771,751</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	(\$929,939,233)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	146,648,487
Changes in assets and liabilities:	
Decrease in accounts receivable	83,294,974
Decrease in inventories	622,361
(Increase) in deferred charges and prepaid expenses	(633,037)
(Increase) in notes receivable	(161,734)
Decrease in other assets	1,991,736
Increase in accounts payable and accrued liabilities	37,562,702
Increase in deferred revenue	4,147,277
Increase in amounts held in custody for others	1,448,404
(Decrease) in compensated absences	(1,073,110)
Increase in other postemployment benefits payable	121,738,164
Increase in other liabilities	<u>50,272,437</u>
Net cash used by operating activities	<u><u>(\$484,080,572)</u></u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:	
Cash and cash equivalents classified as current assets	\$605,461,786
Cash and cash equivalents classified as noncurrent assets	<u>110,309,965</u>
Cash and cash equivalents at the end of the year	<u><u>\$715,771,751</u></u>
Schedule of Noncash Investing, Capital and Financing Activities:	
Capital appropriations	\$107,378,323
Capital gifts	14,174,214

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Louisiana State University (LSU) 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 System is under the management and supervision of the LSU Board of Supervisors; however, certain items such as the annual budgets of the universities and changes to the degree programs and departments of instruction require the approval of the Board of Regents for Higher Education. The Board of Supervisors is comprised of 15 members appointed for a six-year term 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. 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 university system is the president.

The university system is comprised of 11 campuses in five cities and 10 state hospitals. The System includes LSU and A&M College (LSU), the Paul M. Hebert Law Center, and the Pennington Biomedical Research Center, all in Baton Rouge; the LSU Agricultural Center (including the Louisiana Agricultural Experiment Stations and the Louisiana Cooperative Extension Service) with headquarters in Baton Rouge; the University of New Orleans; LSU Shreveport; LSU Alexandria; LSU Eunice, a two-year institution; the LSU Health Sciences Center in New Orleans, which includes schools of Medicine, Dentistry, Nursing, and Allied Health Professions, and a Graduate School in New Orleans, and the Louisiana State University School of Medicine in New Orleans Faculty Group Practice (a Louisiana nonprofit corporation doing business as LSU Healthcare Network); the Health Care Services Division; and the LSU Health Sciences Center in Shreveport, which includes a School of Medicine in Shreveport with hospitals in Shreveport, Monroe, and Pineville. Student enrollment as of the fourteenth class day for the university system for the 2010 fall semester totaled approximately 54,900. As of November 1, 2010, the university system had approximately 5,000 full- and part-time faculty members with the academic rank of instructor or above, including those positions with equivalent rank.

Louisiana Revised Statute 17:1519.1 provides for the operation of Louisiana's public hospitals by the LSU Health Sciences Center - Health Care Services Division, under the overall management of the LSU Board of Supervisors. The LSU Health Sciences Center - Health Care Services Division is comprised of seven hospitals throughout the state and a central administrative unit located in Baton Rouge. The state hospitals include Earl K. Long Medical Center in Baton Rouge, University Medical Center in Lafayette, W.O. Moss Regional Medical Center in Lake Charles, Lallie Kemp Regional Medical Center in Independence, Washington-St. Tammany Regional Medical Center in Bogalusa, Leonard J. Chabert Medical Center in Houma, and Medical Center of Louisiana at New Orleans.

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 the GASB.

The discrete component unit foundations, which are the LSU Foundation, the Tiger Athletic Foundation, and the University of New Orleans Research and Technology Foundation, follow the provisions of the Financial Accounting Standards Board for not-for-profit organizations.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The university 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) a 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 university system primarily serves state residents. The accompanying financial statements present information only as to the transactions of the programs of the LSU System.

Blended Component Units

The LSU School of Medicine in New Orleans Faculty Group Practice [a Louisiana nonprofit corporation doing business as LSU Healthcare Network (LSUHN)] is considered a blended component unit of the university system and is included in the financial statements. The component unit is included in the reporting entity because of the significance of its operational and financial relationships with the LSU System and the LSU Health Sciences Center in New Orleans. Although LSUHN is legally separate, it is reported as a part of the university system because its purpose is to assist the LSU Health Sciences Center in carrying out its medical, educational, and research functions.

The governing board of LSUHN was established in August 1995 and is comprised of 15 members, seven of whom are appointed by LSU and eight of whom are from the community and not members or employees of the LSU Board of Supervisors. LSUHN began operations in March 1997 providing health care to the general public.

A cooperative endeavor agreement, dated November 1, 2000, documents the relationship between the LSU Health Sciences Center and LSUHN. The agreement provides for the LSU Health Sciences Center and LSUHN to continue as autonomous organizations with separate but complementary missions. The agreement establishes a relationship in which the LSU Health Sciences Center will lease certain faculty, staff, and specific office space and equipment to LSUHN as its part of the agreement. LSUHN will reimburse the LSU Health Sciences Center for the use of its employees, facilities, and equipment; provide support to the academic programs; and provide access to a patient base that would not otherwise be available, as its part of the agreement.

To obtain the latest audit report of the LSU Healthcare Network, write to the LSU Healthcare Network, 1340 Poydras Street, Suite 1640, New Orleans, Louisiana 70112.

The Eunice Student Housing Foundation, a nonprofit corporation with an August 31 fiscal year-end, is considered a blended component unit of the university system and is included in the basic financial statements. The component unit is included in the reporting entity because it is fiscally dependent on the LSU System and LSU Eunice. Although the Eunice Student Housing Foundation is a legally separate, not-for-profit organization as outlined in the Internal Revenue Code Section 501(c)(3), it is reported as a part of the university system because its purpose is to assist LSU Eunice in carrying out its educational functions.

The foundation constructed a student apartment complex, known as Bengal Village, on the LSU Eunice campus. Bengal Village consists of 58 units and is managed by Century Development Housing Management, L.P. (Century). The management agreement between the foundation and Century commenced August 1, 2002, and ends July 31, 2017. Thereafter, the agreement shall be automatically renewed for one-year periods unless terminated. All personnel employed in the leasing, management, maintenance, and operation of Bengal Village are employees of Century.

To obtain the latest audit report of the Eunice Student Housing Foundation, write to the Eunice Student Housing Foundation, 2048 Johnson Highway, Eunice, Louisiana 70535.

The Health Care Services Foundation (HCSF) and its subsidiary, Bogalusa Community Medical Center (BCMC), are blended component units of the university system and are included in the financial statements. The component units are included in the reporting entity because they are fiscally dependent on the LSU System and the LSU Health Care Services Division. HCSF is a nonprofit organization incorporated in the State of Louisiana that provides support and appropriate services to the Health Care Services Division, including purchasing, leasing, owning, operating, managing, and selling property and

services to maximize healthcare capabilities in Louisiana. BCMC is a nonprofit, nonstock corporation incorporated in Louisiana. On April 25, 2002, HCSF became the sole member of the BCMC, which leases the hospital's facilities to the Health Care Services Division. Although HCSF and BCMC are legally separate entities, they are reported as a part of the university system because their purposes are to assist the LSU Health Care Services Division in carrying out its medical, educational, and research functions.

To obtain the latest audit report of the HCSF and the BCMC, write to Health Care Services Foundation, Post Office Box 91308, Baton Rouge, Louisiana 70821-1308.

Discretely Presented Component Units

The LSU Foundation, the Tiger Athletic Foundation, and the University of New Orleans Research and Technology Foundation are included as discretely presented component units of the university system in the System's basic financial statements, in accordance with the criteria outlined in GASB Statement 14, as amended by GASB Statement 39. The foundations are legally separate, tax-exempt organizations supporting the university system. The foundations have been organized to solicit, receive, hold, invest, and transfer funds for the benefit of the university system. In addition, the foundations assist the university in meeting the criteria for accreditation as outlined by the Commission on Colleges for the Southern Association of Colleges and Schools. The university and the LSU Foundation are also in management agreements related to endowed chairs and professorships. These agreements are in compliance with Board of Regents policy and allow the foundation to manage funds on behalf of the university.

Each of these foundations is a nonprofit organization that reports under the Financial Accounting Standards Board (FASB) standards as set forth in its codification (ASC), including FASB ASC Topic 958. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundations' financial information in the university system's financial report for these differences.

Furthermore, each of these foundations is a legally separate, tax-exempt organization supporting the LSU System. They are included in the university's financial statements because their assets, individually, equaled 3% or more of the assets of the university system or the assets had equaled 3% or more of the assets of the university system in the past three years.

Each discretely presented component unit is described as follows:

The LSU Foundation supports LSU A&M. During the year ended June 30, 2011, the foundation made distributions to or on behalf of the university for both restricted and unrestricted purposes for \$26,644,407. Complete financial statements for the foundation can be obtained at 3838 West Lakeshore Drive, Baton Rouge, Louisiana 70808.

The Tiger Athletic Foundation (TAF) supports LSU A&M. During the year ended December 31, 2010, TAF made distributions to or on behalf of the university for both restricted and unrestricted purposes for \$8,416,359. Of that amount, \$1,371,196 was from booster clubs and \$469,513 was from affiliated chapters. Complete financial statements for TAF can be obtained from Post Office Box 711, Baton Rouge, Louisiana 70821, or from the foundation's Web site at www.lsutaf.org.

The University of New Orleans (UNO) Research and Technology Foundation supports the University of New Orleans. During the year ended June 30, 2011, the foundation made distributions to or on behalf of the university for either restricted or unrestricted purposes for \$6,124,704. Complete financial statements for the foundation can be obtained at 2000 Lakeshore Drive, New Orleans, Louisiana 70148.

The LSU System is a component unit of the State of Louisiana. Annually, the State of Louisiana issues a comprehensive annual financial report, which includes the activity contained in the accompanying financial statements. These financial statements are audited by the Louisiana Legislative Auditor.

C. BASIS OF ACCOUNTING

For financial reporting purposes, the university system is considered a special-purpose government engaged only in business-type activities (enterprise fund). Accordingly, the university 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-campus transactions have been eliminated.

The university system has the option to apply all FASB pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The university system has elected to not apply FASB pronouncements issued after the applicable date. However, in the current fiscal year, the university system has included three nongovernmental discrete component units that follow FASB 117, which is codified in FASB ASC Topic 958.

Discrete Component Units

The foundations follow the provisions of FASB ASC Topic 958, 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 - Net assets which 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 - Net assets whose use by the foundation is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the foundation pursuant to those stipulations.
- Permanently Restricted - Net assets whose use by the foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the foundation.

D. BUDGET PRACTICES

The appropriations made for the General Fund of the LSU System are annual lapsing appropriations 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 agencies of state government. The Joint Legislative Committee on the Budget grants budget revisions. 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 and other postemployment benefits 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 in the General Fund are recorded as expenditures at the time of purchase.

The original approved budget and subsequent amendments approved are as follows:

Original approved budget	\$2,424,262,398
Increases (decreases):	
State General Fund	15,995,755
Self-generated	(6,124,000)
Interagency transfers	50,665,877
Federal funds	<u>3,810,000</u>
Final budget	<u><u>\$2,488,610,030</u></u>

The other funds of the university system, although subject to internal budgeting, are not required to submit budgets for approval through the legislative budget process.

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and money market funds. All highly liquid investments with an original maturity of three months or less are considered cash equivalents. Under state law, the LSU 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.

The university system may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In accordance with Louisiana Revised Statute (R.S.) 49:327, the university system is authorized to invest funds in direct U.S. government obligations, U.S. government agency obligations, mutual funds, direct security repurchase agreements, and time certificates of deposit. In addition, funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture. The majority of these investments are U.S. Treasury securities, mutual funds, and investments held by private foundations and are reported at fair value on the balance sheet. Changes in the carrying value of investments, resulting in unrealized gains or losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

In accordance with provisions of Article VII, Section 14 of the Louisiana Constitution and R.S. 49:327(C)(3)(b), the university may invest publicly funded permanently endowed funds in the stock of any corporation listed on the New York Stock Exchange, the American Stock Exchange, or authorized for quotations display on the National Association of Securities Dealers Automated Quotations System, provided that the total investment in such stocks at any one time shall not exceed 35% of the market value of all publicly endowed funds of the university. The university system's investment of endowed chairs and professorships funded by the Board of Regents and maintained by

the foundations are authorized by policies and procedures established by the Board of Regents.

F. INVENTORIES

Inventories are valued at cost or replacement cost, except for livestock at LSU and the LSU Agricultural Center and the inventory of the Dental School of the LSU Health Sciences Center in New Orleans. These inventories are valued at current market prices. The university system uses periodic and perpetual inventory systems and values its various other inventories using the first-in, first-out and weighted-average valuation methods. The university system accounts for its 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 Assets.

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 university 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 total \$100,000 or more and significantly increase the value or extend the useful life of the structure are 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, and 3 to 10 years for most movable property. Depreciation expense is charged directly to the various functional categories of operating expenses on the Statement of Revenues, Expenses, and Changes in Net Assets. The LSU System uses the group or composite method for library book depreciation if the books are considered to have a useful life of greater than one year.

Hospitals and medical units within the LSU Health Sciences Centers are subject to federal cost reporting requirements and use capitalization and depreciation policies of the Centers for Medicare and Medicaid Services (CMS) to ensure compliance with federal regulations. These capitalization policies include capitalizing all assets above \$5,000, depreciable lives greater than 40 years on some assets, and recognizing one-half year of depreciation in the year of acquisition and in the final year of useful life.

I. DEFERRED REVENUES

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

J. NONCURRENT LIABILITIES

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other postemployment benefit liabilities that will not be paid within the next fiscal year; and (3) other liabilities that will not be paid within the next fiscal year.

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. Faculty with 12-month appointments who have over 10 years of state service, nonclassified employees with over 10 years of state service, and classified employees regardless of years of state service accumulate leave without limitation. According to the university system leave schedule, faculty with 12-month appointments who have less than 10 years of state service and nonclassified employees with less than 10 years of state service can only accumulate 176 hours of annual leave; sick leave is accumulated without limitation. Effective January 1, 1994, academic and unclassified employees were given the opportunity to elect to remain under the university leave schedule or change to the Louisiana State Civil Service annual leave accrual schedule under which there is no limit on the accumulation of annual leave. Nine-month faculty members accrue sick leave but do not accrue annual leave; however, they are granted faculty leave during holiday periods when students are not in classes. 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 unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

L. NET ASSETS

The university system's net assets are classified as follows:

(1) Invested in Capital Assets, Net of Related Debt

This represents the university 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 Assets - Expendable

Restricted expendable net assets include resources that the university system is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(3) Restricted Net Assets - Nonexpendable

Restricted nonexpendable net assets consist 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 Assets

Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and certain auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the university 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 university system's policy is to first apply the expense toward unrestricted resources, and then toward restricted resources.

M. CLASSIFICATION OF REVENUES

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

- (a) **Operating Revenue** - 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; (3) hospital income; and (4) most federal, state, and local grants and contracts and federal appropriations.
- (b) **Nonoperating Revenue** - Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, investment income, and grants that do not have the characteristics of exchange transactions.

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 Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the university and the amount that is paid by students and/or third parties making payments on the student's behalf.

O. ELIMINATING INTERFUND ACTIVITY

All activities among departments, campuses, and auxiliary units of the LSU System are eliminated for purposes of preparing the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets.

P. 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.

Q. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2011, the LSU System implemented GASB Statement 59, *Financial Instruments Omnibus*. This pronouncement became effective for governments for years beginning after June 15, 2010. The adoption of this pronouncement had no significant impact to the System's financial statements; however, it did affect the investment disclosures presented in footnote 3.

2. CASH AND CASH EQUIVALENTS

At June 30, 2011, the university system has cash and cash equivalents (book balances) of \$715,771,751 as follows:

Petty cash	\$420,458
Demand deposits	617,718,248
Certificates of deposit	64,018,600
Money market funds	15,891,104
Open-end mutual fund	<u>17,723,341</u>
Total	<u><u>\$715,771,751</u></u>

Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be recovered. Under state law, the System's deposits 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, 2011, \$4,748,850 of the System's bank balance of \$785,812,719 was exposed to custodial credit risk as these balances were uninsured and uncollateralized.

Disclosures required for the open-end mutual fund reported above as cash equivalents are included in note 3.

CASH AND CASH EQUIVALENTS - COMPONENT UNITS

Cash and cash equivalents of the component units totaling \$85,289,465, as shown on the Statement of Financial Position, are reported under FASB ASC Topic 958, *Financial Reporting for Not-for-Profit Organizations*, which does not require the disclosures of GASB Statement 40, *Deposit and Investment Risk Disclosures*.

The LSU Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Occasionally, the LSU Foundation has deposits in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Foundation's management believes the credit risk associated with these deposits is minimal.

The Tiger Athletic Foundation periodically maintains cash in bank accounts in excess of insured limits. The Foundation has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

The UNO Research and Technology Foundation maintains its cash accounts in financial institutions. Occasionally, the UNO Research and Technology Foundation has deposits in excess of FDIC insured limits. The Foundation's management believes the credit risk associated with these deposits is minimal.

3. INVESTMENTS

At June 30, 2011, the System has investments totaling \$645,639,986.

The System's established investment policy follows state law (R.S. 49:327), which authorizes the System 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. In addition, 35% of the university's publicly funded permanent endowment funds may be invested in common stocks listed on the New York Stock Exchange, the American Stock

Exchange, or authorized for quotations on the National Association of Securities Dealers Automated Quotations System.

A summary of the System's investments follows:

Type of Investment:	Percentage of Investments	Carrying Value	Investment Maturities in Years					
			Less Than 1	1-5	6-10	11-20	21-30	
Negotiable certificates of deposit	0.02%	\$100,000	\$100,000					
Repurchase agreements	0.30%	1,944,082	1,944,082					
U.S. Treasury securities	3.06%	19,781,070		\$7,694,820	\$12,086,250			
U.S. Government Agency securities:								
Bonds and Notes:								
Federal Home Loan Mortgage Corporation	2.33%	15,054,122		11,016,922	4,037,200			
Federal National Mortgage Association	9.87%	63,709,779	1,919,138	32,860,983	25,795,942	\$3,133,716		
Federal Home Loan Bank	10.31%	66,558,482		18,957,048	46,574,803	1,026,631		
Federal Farm Credit Bank	8.10%	52,307,488		12,630,620	38,703,038	973,830		
Farmer Agriculture Mortgage Corporation	0.88%	5,693,653			5,693,653			
Collateralized Mortgage Obligations:								
Federal Home Loan Mortgage Corporation	1.85%	11,925,567		5,563,267	6,362,300			
Federal National Mortgage Association	1.11%	7,173,072		2,686,258	4,486,814			
Government National Mortgage Association	0.27%	1,724,952			1,724,952			
Federal Home Loan Bank	1.13%	7,323,169	632,421	6,690,748				
Mortgage-backed Securities:								
Federal Home Loan Mortgage Corporation	1.07%	6,927,625		1,364,967	5,562,658			
Federal National Mortgage Association	2.84%	18,352,668	7,607	9,157,030	9,188,031			
Government National Mortgage Association	0.05%	347,067		324,779		22,288		
Small Business Administration	0.31%	2,004,947			2,004,947			
Corporate debt obligations	12.48%	80,545,882	1,314,424	17,592,642	60,158,873	508,425	\$971,518	
Municipal obligations	1.79%	11,571,091	500,160	1,540,527	2,148,272	6,385,530	996,602	
Debt mutual funds	0.75%	4,847,823		695,488	4,152,335			
Other Mutual Funds:								
Equity mutual funds	1.03%	6,677,482						
Money market mutual funds	16.47%	106,351,323						
Other Non-debt:								
Common and preferred stock	0.18%	1,151,781						
Realty investments	1.40%	9,044,550						
Interest receivable	0.47%	3,035,687						
Other	0.45%	2,879,912						
Investments held by foundations (external investment pools)	21.47%	138,606,712						
Total investments	100.00%	\$645,639,986	\$6,417,832	\$128,776,099	\$228,680,068	\$12,050,420	\$1,968,120	

Interest rate risk is the risk applicable to debt instruments with fair values that are sensitive to changes in interest rate. One indicator of the measure of interest rate risk is the dispersion of maturity dates of debt instruments. The above table shows the System's fixed-income investments and maturities at June 30, 2011.

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 by type as described previously; however, the system does not have policies to further limit credit risk.

Ratings issued by the major rating agencies which indicate the level of credit risk for holdings of the System are as follows:

<u>Rating Agency Used</u>	<u>Rating</u>	<u>Fair Value</u>
	Unrated	\$193,451,082
Moody's	A1	5,862,719
Moody's	A2	2,285,440
Moody's	A3	5,273,110
Moody's	Aa2	5,693,717
Moody's	Aa3	2,230,350
Moody's	Aaa	7,323,169
Moody's	Aaa-mf	106,351,323
Moody's	Baa1	6,035,240
Moody's	Baa2	1,160,700
S&P	A	21,561,547
S&P	A+	10,857,019
S&P	A+f	695,488
S&P	A-	6,420,113
S&P	AA	767,174
S&P	AA+	1,199,507
S&P	AA-	7,100,457
S&P	AAA	202,765,303
S&P	BBB	499,952
S&P	BBB+	9,631,082
S&P	BBB-	1,728,046
		<u>\$598,892,538</u>
Total		

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. None of the System's investments are exposed to custodial credit risk. For U.S. Treasury obligations and U.S. government agency obligations, the system's 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. 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. The System has a policy to limit concentration of credit risk with regard to the investment of equities. However, it does not have a policy to limit interest rate risk or the concentration of debt securities with any one issuer.

The System's concentrations are as follows:

<u>Issuer</u>	<u>Amount</u>	<u>Percent of Total</u>
Federal Farm Credit Bank	\$52,307,488	8.10%
Federal Home Loan Bank	73,881,651	11.44%
Federal Home Loan Mortgage Corporation	33,907,314	5.25%
Federal National Mortgage Association	89,235,519	13.82%
Total	<u>\$249,331,972</u>	

The open-end mutual fund amount of \$17,723,341, included in cash and cash equivalents, consists of \$100,000 invested in the Federated Investors Government Obligations Fund; \$4,112,640 invested in Federated Prime Obligations Fund; \$2,870,943 invested in JP Morgan Treasury Money Market; \$10,067,263 invested in JPMorgan U.S. Government Plus Money Market Fund; \$259,424 invested in Fidelity Treasury Money Market Fund; and \$313,071 of other investments. The holdings for the Federated Investors Government Obligations Fund, the JP Morgan Treasury Money Market Fund, the Fidelity Treasury Money Market Fund, and the JPMorgan U.S. Government Money Market Fund consist primarily of short-term U.S. Treasury and U.S. government agency securities, including repurchase agreements collateralized fully by U.S. Treasury and government agency securities. The holdings for the Federated Prime Obligations Fund consist primarily of a portfolio of short-term, high quality, fixed income securities issued by banks, corporations, and the U.S. government. These funds all minimize interest rate risk with the purchase of short-term securities.

The investments in mortgage-backed securities are based on flows from payments on the underlying mortgages that contain prepayment options that cause them to be highly sensitive to changes in interest rates. Generally, when interest rates fall, obligees tend to prepay the assets, thus eliminating the stream of interest payments that would have been received under the original amortization schedule. This reduced cash flow diminishes the fair value of the asset-backed investment.

Investments held by private foundations in external investment pools are managed in accordance with the terms outlined in management agreements executed between the university and the foundations. Each university is a voluntary participant. The foundations hold and manage funds received by the university as state matching funds for the Eminent Scholars Endowed Chairs and Endowed Professorship Programs. All of these investments are held by the university's discretely presented component units.

INVESTMENTS - COMPONENT UNITS

The fair value of investments held by the component unit foundations at June 30, 2011, follows:

<u>Type of Investment</u>	<u>LSU Foundation</u>	<u>Tiger Athletic Foundation*</u>	<u>UNO Research and Technology Foundation</u>	<u>Total Investments</u>
Money markets/certificates of deposit	\$395,000		\$2,132,991	\$2,527,991
Government obligations	38,879,374			38,879,374
Corporate obligations	27,578,373			27,578,373
Corporate stocks, common stocks, and indexed mutual funds	113,130,904			113,130,904
Shaw Center for the Performing Arts	18,141,732			18,141,732
Royalty interest	154,084			154,084
Mutual funds	198,572,955			198,572,955
Bond reserves			3,123,291	3,123,291
LSU Foundation investment pool ¹		\$7,793,304		7,793,304
Charitable gift annuity		39,145		39,145
Short-term investments	496,730		68,342	565,072
Private equity	18,733,558			18,733,558
Hedged funds	47,045,976			47,045,976
Land	48,058			48,058
Municipal bonds	12,401,858			12,401,858
 Total investments	 <u>\$475,578,602</u>	 <u>\$7,832,449</u>	 <u>\$5,324,624</u>	 <u>\$488,735,675</u>

*As of December 31, 2010

¹Investments consist primarily of equity funds, corporate bonds, collateralized mortgage obligations, and government agency securities.

The LSU Foundation is a 50% investor in the Shaw Center for the Arts, LLC. The investment recorded on the Statement of Financial Position for \$18,141,732 at June 30, 2011, is accounted for by the equity method. The summarized unaudited financial information of the Shaw Center for the Arts, LLC, is as follows:

Total assets	<u><u>\$36,383,278</u></u>
Total liabilities	<u><u>\$99,814</u></u>
Net income (loss)	<u><u>(\$1,129,336)</u></u>

The LSU Foundation serves as trustee for various charitable remainder trusts for which the Foundation is not the irrevocable beneficiary. The funds are held and administered by a third-party financial institution as an agent of the Foundation. The fair market value of the funds held is reported as an asset and corresponding liability in the statements of financial position. As of June 30, 2011, the fair market value of these charitable remainder trusts totaled \$554,571.

The LSU Foundation is the irrevocable beneficiary of two split-interest agreements for which the funds are held and administered by third parties. The Foundation's interest in the funds held by the third parties is measured at its present value and reported as an asset in the statements of

financial position as other restricted noncurrent assets. As of June 30, 2011, the fair value of the beneficial interests totaled \$21,895.

The LSU Foundation has several charitable gift annuity arrangements with donors in which the Foundation has received assets from a donor in exchange for the Foundation's promise to pay the donor or his or her designee a fixed amount over a specified period of time. The assets are held as investments of the LSU Foundation and are reported within investments on the statements of financial position at their fair value of \$2,972,668 as of June 30, 2011. The present value of the amount due to these donors or their designees as of June 30, 2011, totaled \$1,688,871 and is included in the amounts held in custody liability.

4. RECEIVABLES

Receivables, most of which are scheduled for collection within one year, are shown on Statement A net of an allowance for doubtful accounts as follows:

	Receivables	Doubtful Accounts	Net Receivables
Student tuition and fees	\$18,829,021	\$112,265	\$18,716,756
Auxiliary enterprises	4,301,296	19,041	4,282,255
Contributions and gifts	2,708,393		2,708,393
Federal grants and contracts (net)	33,677,238		33,677,238
State and private grants and contracts	59,562,986		59,562,986
Sales and services/other	12,646,422	4,677	12,641,745
Clinics	42,288,867	26,413,318	15,875,549
Hospital	685,372,604	591,452,007	93,920,597
Other - UCC	53,796,268	7,073,429	46,722,839
Total	<u>\$913,183,095</u>	<u>\$625,074,737</u>	<u>\$288,108,358</u>

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

LSU SYSTEM

	Balance June 30, 2010	Prior Period Adjustment	Restated Balance June 30, 2010	Additions	Transfers	Retirements	Balance June 30, 2011
Capital assets not being depreciated:							
Land	\$119,695,743		\$119,695,743	\$180,250		(\$100,000)	\$119,775,993
Capitalized collections	3,458,720	\$75,000	3,533,720	337,169			3,870,889
Software - development-in-progress	12,523,942		12,523,942	307,290			12,831,232
Construction-in-progress	192,061,698	(2,335,710)	189,725,988	144,908,405	(\$89,551,756)		245,082,637
Total capital assets not being depreciated	\$327,740,103	(\$2,260,710)	\$325,479,393	\$145,733,114	(\$89,551,756)	(\$100,000)	\$381,560,751
Other capital assets:							
Infrastructure	\$73,322,891	(\$19,075,039)	\$54,247,852				\$54,247,852
Less accumulated depreciation	(28,070,223)	10,649,867	(17,420,356)	(\$1,309,895)			(18,730,251)
Total infrastructure	45,252,668	(8,425,172)	36,827,496	(1,309,895)	NONE	NONE	35,517,601
Land improvements	83,058,342	19,764,965	102,823,307	9,313,662	\$2,238,307	(\$695,355)	113,679,921
Less accumulated depreciation	(51,704,486)	(11,098,319)	(62,802,805)	(5,930,552)		486,381	(68,246,976)
Total land improvements	31,353,856	8,666,646	40,020,502	3,383,110	2,238,307	(208,974)	45,432,945
Buildings	2,028,927,489	(11,920,029)	2,017,007,460	50,162,234	87,188,740	(3,208,693)	2,151,149,741
Less accumulated depreciation	(986,303,667)	9,194,236	(977,109,431)	(64,119,234)		1,967,584	(1,039,261,081)
Total buildings	1,042,623,822	(2,725,793)	1,039,898,029	(13,957,000)	87,188,740	(1,241,109)	1,111,888,660
Equipment (including library books)	1,146,494,028	894,590	1,147,388,618	47,156,828	124,709	(50,327,116)	1,144,343,039
Less accumulated depreciation	(852,869,305)	20,259	(852,849,046)	(73,651,458)		49,128,596	(877,371,908)
Total equipment	293,624,723	914,849	294,539,572	(26,494,630)	124,709	(1,198,520)	266,971,131
Software (internally generated & purchased)	3,058,523		3,058,523	1,325,121			4,383,644
Other intangibles	2,580,984		2,580,984				2,580,984
Less accumulated amortization - software	(2,979,955)		(2,979,955)	(1,102,923)			(4,082,878)
Less accumulated amortization - other intangibles	(1,589,040)		(1,589,040)	(534,425)			(2,123,465)
Total intangible assets	1,070,512	NONE	1,070,512	(312,227)	NONE	NONE	758,285
Total other capital assets	\$1,413,925,581	(\$1,569,470)	\$1,412,356,111	(\$38,690,642)	\$89,551,756	(\$2,648,603)	\$1,460,568,622
Capital asset summary:							
Capital assets not being depreciated	\$327,740,103	(\$2,260,710)	\$325,479,393	\$145,733,114	(\$89,551,756)	(\$100,000)	\$381,560,751
Other capital assets, at cost	3,337,442,257	(10,335,513)	3,327,106,744	107,957,845	89,551,756	(54,231,164)	3,470,385,181
Total cost of capital assets	3,665,182,360	(12,596,223)	3,652,586,137	253,690,959	NONE	(54,331,164)	3,851,945,932
Less accumulated depreciation	(1,923,516,676)	8,766,043	(1,914,750,633)	(146,648,487)	NONE	51,582,561	(2,009,816,559)
Capital assets, net	\$1,741,665,684	(\$3,830,180)	\$1,737,835,504	\$107,042,472	NONE	(\$2,748,603)	\$1,842,129,373

The prior period adjustments represent corrections of errors in recorded capital assets from prior years. As discussed in note 6, certain capital assets were idle at year-end.

COMPONENT UNITS

	Balance June 30, 2010	Prior Period Adjustment	Restated Balance June 30, 2010	Additions	Transfers	Retirements	Balance June 30, 2011
Capital assets not being depreciated:							
Land	\$13,882,291		\$13,882,291	\$117,787		(\$101,000)	\$13,899,078
Capitalized collections	4,698,638		4,698,638	6,486		(441,562)	4,263,562
Construction-in-progress	16,160,536		16,160,536	8,095,061	(\$17,663,186)	(4,605,663)	1,986,748
Total capital assets not being depreciated	<u>\$34,741,465</u>	<u>NONE</u>	<u>\$34,741,465</u>	<u>\$8,219,334</u>	<u>(\$17,663,186)</u>	<u>(\$5,148,225)</u>	<u>\$20,149,388</u>
Other capital assets:							
Infrastructure							
Less accumulated depreciation							
Total infrastructure	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Land improvements	\$1,849,254		\$1,849,254		\$3,837,676	(\$896,817)	\$4,790,113
Less accumulated depreciation	(626,852)		(626,852)	(\$111,582)			(738,434)
Total land improvements	<u>1,222,402</u>	<u>NONE</u>	<u>1,222,402</u>	<u>(111,582)</u>	<u>3,837,676</u>	<u>(896,817)</u>	<u>4,051,679</u>
Buildings	262,035,705	(\$36,797,749)	225,237,956	423,672	13,787,300		239,448,928
Less accumulated depreciation	(36,108,170)	3,973,555	(32,134,615)	(6,522,431)		1,197,893	(37,459,153)
Total buildings	<u>225,927,535</u>	<u>(32,824,194)</u>	<u>193,103,341</u>	<u>(6,098,759)</u>	<u>13,787,300</u>	<u>1,197,893</u>	<u>201,989,775</u>
Equipment	19,011,506		19,011,506	17,879	38,210	(39,404)	19,028,191
Less accumulated depreciation	(18,687,844)		(18,687,844)	(104,323)		7,333	(18,784,834)
Total equipment	<u>323,662</u>	<u>NONE</u>	<u>323,662</u>	<u>(86,444)</u>	<u>38,210</u>	<u>(32,071)</u>	<u>243,357</u>
Total other capital assets	<u>\$227,473,599</u>	<u>(\$32,824,194)</u>	<u>\$194,649,405</u>	<u>(\$6,296,785)</u>	<u>\$17,663,186</u>	<u>\$269,005</u>	<u>\$206,284,811</u>
Capital asset summary:							
Capital assets not being depreciated	\$34,741,465		\$34,741,465	\$8,219,334	(\$17,663,186)	(\$5,148,225)	\$20,149,388
Other capital assets, at cost	282,896,465	(\$36,797,749)	246,098,716	441,551	17,663,186	(936,221)	263,267,232
Total cost of capital assets	<u>317,637,930</u>	<u>(36,797,749)</u>	<u>280,840,181</u>	<u>8,660,885</u>	<u>NONE</u>	<u>(6,084,446)</u>	<u>283,416,620</u>
Less accumulated depreciation	<u>(55,422,866)</u>	<u>3,973,555</u>	<u>(51,449,311)</u>	<u>(6,738,336)</u>	<u>NONE</u>	<u>1,205,226</u>	<u>(56,982,421)</u>
Capital assets, net	<u>\$262,215,064</u>	<u>(\$32,824,194)</u>	<u>\$229,390,870</u>	<u>\$1,922,549</u>	<u>NONE</u>	<u>(\$4,879,220)</u>	<u>\$226,434,199</u>

The prior period restatement represents a reclassification of capital assets to other assets for the asset owned by the UNO Research and Technology Foundation as the lessor of Pontchartrain Hall.

6. IMPAIRMENT OF CAPITAL ASSETS

In November 2003, the GASB issued Statement 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. It establishes accounting and financial reporting standards for impairment of capital assets. It requires evaluation of prominent events or changes in circumstances to determine whether an impairment loss has occurred.

A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset.

Hurricanes Katrina and Rita destroyed several buildings including the largest HCSD hospital (the Medical Center of Louisiana at New Orleans), which management believes cannot be repaired for use as a medical facility. Many of these buildings were old and largely depreciated.

Insurance recoveries received in fiscal year 2011 related to impairment losses occurring in previous years were \$822,900 for buildings and \$864,707 for movable property. These amounts are included as Other Nonoperating Revenues on the Statement of Revenues, Expenses, and Changes in Net Assets.

Information about the carrying amount of impaired capital assets idle at year-end is disclosed, regardless of whether the impairment is considered permanent or temporary. The carrying value of impaired movable property assets for fiscal year 2011 is \$111,813.

7. DISAGGREGATION OF ACCOUNTS PAYABLE

Accounts payable at June 30, 2011, are as follows:

<u>Activity</u>	<u>Amount</u>
Vendors	\$79,419,773
Salaries and benefits	99,546,143
Accrued interest	137,860
Uncompensated care payable	<u>18,019,151</u>
Total	<u><u>\$197,122,927</u></u>

8. PENSION PLANS

Plan Description. Substantially all employees of the university system are members of two statewide, public employee retirement systems. Academic and unclassified employees are generally members of the Teachers' Retirement System of Louisiana (TRSL), and classified state employees are members of the Louisiana State Employees' Retirement System (LASERS). Both plans are administered by separate boards of trustees. TRSL is a cost-sharing, multiple-employer defined benefit pension plan and LASERS is considered a single-employer plan because the material portion of its activity is with one employer--the State of Louisiana. TRSL and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after five years of service for TRSL and 10 years of service for LASERS. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446, and/or the Louisiana State Employees' Retirement

System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Funding Policy. The contribution requirements of employee plan members and the university system are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8% (TRSL) and 7.5% (LASERS) of covered salaries. Act 75 of the 2005 Regular Legislative Session now requires that employees hired on or after July 1, 2006, must contribute 8% of covered salaries to LASERS. In fiscal year 2011, the state contributed 20.2% of covered salaries to TRSL and 22% of covered salaries to LASERS. The employer contribution is funded by the State of Louisiana through the annual appropriation to the university system. The employer contributions to TRSL for the years ended June 30, 2011, 2010, and 2009, were \$54,653,046; \$47,892,142; and \$42,274,974, respectively, and to LASERS for the years ended June 30, 2011, 2010, and 2009, were \$111,587,270; \$99,778,312; and \$99,098,078, respectively, equal to the required contributions for each year.

Optional Retirement System

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid universities in recruiting employees who may not be expected to remain in 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.

Total contributions by the university system are 20.2% of the covered payroll. The participant's contribution (8.0%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRSL pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by the actuarial committee. The TRSL retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligations of the State of Louisiana or the TRSL. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled \$76,866,580 and \$30,514,025, respectively, for the year ended June 30, 2011.

9. 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 also offers a life insurance plan, and the other plan is with the LSU System Health Plan. GASB Statement 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 would be subject to the provisions of this statement. Information about each of these two plans is presented below.

Plan Descriptions

LSU System Health Plan

The System administers and offers eligible employees, retirees, and their beneficiaries the opportunity to participate in comprehensive health and preventive care coverage under its 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 Option 1 or Option 2. Option 1, shown in the schedule of total monthly premium rates on page 49, is more costly but features both lower yearly deductibles and out-of-network coinsurance requirements.

Employees in a limited number of other state agencies may also participate but that participation is not material and, as such, the plan is identified as a single-employer defined benefit healthcare plan that is not administered as a trust or equivalent arrangement.

The System selects claim and pharmaceutical administrators to administer its program. Both claim and pharmacy administrators are selected through a formal Request for Proposals process followed by negotiations between the System and qualified vendors.

The Health Plan originally began as a pilot program within OGB, the office that provides health benefits to state employees pursuant to the provisions of R.S. 42:851. The Health Plan does not issue a publicly available financial report, but it is included in the System's audited financial report.

State OGB Plan

System employees may also participate in the state's other OPEB Plan, an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. OGB administers the plan. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue

a publicly available financial report of the OPEB Plan; however, it 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 Web site at www.doa.la.gov/osrap.

Funding Policy

LSU System Health Plan

While actuarially determined, the plan rates must be approved by OGB under R.S. 42:851(B). Plan rates are in effect for one year and members have the opportunity to switch providers during the open enrollment period, which usually occurs in April.

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.

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 benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. OGB offers four standard plans for employees: the Preferred Provider Organization (PPO) Plan, the Consumer Driven Health Plan with Health Savings Account (CDHP w/ HSA), the Health Maintenance Organization (HMO) Plan, and the Medical Home HMO Plan. Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare Advantage plans.

The plan is financed on a pay-as-you-go basis. As of June 30, 2011, the State did not have 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.

OGB also provides eligible retirees and their spouses Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays fifty cents for retirees and twelve cents for spouses. 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 dismemberment coverage ceasing at age 70 for retirees.

Employees hired before January 1, 2002, pay approximately 25% of cost of medical coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). For both plans, employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on the following schedule:

<u>Service</u>	<u>Contribution Percentage</u>
Under 10 years	81%
10 - 14 years	62%
15 - 19 years	44%
20+ years	25%

Shown below are the total monthly premium rates in effect for plan year 2010-11.

	<u>State OGB Plans</u>					
	<u>LSU System Health Plan</u>		<u>PPO</u>	<u>CDHP w/ HSA</u>	<u>HMO</u>	<u>Medical Home HMO</u>
	<u>Option 1</u>	<u>Option 2</u>				
<u>Active</u>						
Single	\$532.38	\$460.32	\$558.64	\$433.64	\$527.76	\$532.00
With Spouse	949.84	821.26	1,186.56	921.04	1,120.84	1,129.96
With Children	653.22	583.68	681.32	529.04	643.64	649.04
Family	1,135.54	993.44	1,251.40	971.32	1,182.08	1,191.68
<u>Retired, No Medicare and Re-employed Retiree</u>						
Single	1,010.94	924.02	1,039.28	N/A	985.00	989.52
With Spouse	1,785.12	1,631.60	1,835.20	N/A	1,739.24	1,747.60
With Children	1,126.06	1,024.72	1,157.64	N/A	1,097.20	1,102.28
Family	1,776.52	1,619.30	1,826.32	N/A	1,730.92	1,739.12
<u>*Retired, with 1 Medicare</u>						
Single	309.86	\$267.90	337.96	N/A	325.88	321.84
With Spouse	1,070.14	925.30	1,248.72	N/A	1,190.92	1,189.00
With Children	588.60	529.74	584.96	N/A	560.52	557.00
Family	1,518.40	1,327.48	1,663.80	N/A	1,585.20	1,584.28
<u>*Retired, with 2 Medicare</u>						
With Spouse	540.74	467.56	607.48	N/A	584.12	578.28
Family	734.24	641.94	752.16	N/A	723.24	716.08

<u>Medicare Supplemental Rates</u>	<u>Calendar Year 2011</u>		<u>Calendar Year 2010</u>	
	<u>Retired with</u>		<u>Retired with</u>	
	<u>1 Medicare</u>	<u>2 Medicare</u>	<u>1 Medicare</u>	<u>2 Medicare</u>
Humana PPO/FFS	\$149.00	\$298.00	\$165.00	\$330.00
Humana HMO	145.00	290.00	149.00	298.00
People's Health	115.00	230.00	142.00	284.00
United Healthcare/Secure Horizons	198.00	397.00	198.50	397.00
Vantage	258.00	516.00	198.00	396.00

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of each plan's annual OPEB cost for the year ending June 30, 2011, the amount actually contributed to the plan, and changes in the plan's net OPEB obligation to the retiree health plan.

	LSU System Health Plan	State OGB Plan	Total
Annual required contribution (ARC)	\$66,424,353	\$101,089,900	\$167,514,253
Interest on Net OPEB Obligation (NOO)	6,738,873	14,565,700	21,304,573
ARC Adjustment	(5,400,800)	(13,914,500)	(19,315,300)
Annual OPEB cost	<u>67,762,426</u>	<u>101,741,100</u>	<u>169,503,526</u>
Employer contributions	(13,713,268)	(34,052,094)	(47,765,362)
Increase in net OPEB obligation	<u>54,049,158</u>	<u>67,689,006</u>	<u>121,738,164</u>
Net OPEB obligation - beginning of year	<u>134,776,602</u>	<u>364,143,103</u>	<u>498,919,705</u>
Net OPEB obligation - end of year	<u><u>\$188,825,760</u></u>	<u><u>\$431,832,109</u></u>	<u><u>\$620,657,869</u></u>

Funding Trend

	LSU System Health Plan			State OGB Plan		
	2011	2010	2009	2011	2010	2009
OPEB cost	\$67,762,426	\$63,307,895	\$55,720,684	\$101,741,100	\$124,090,261	\$169,938,982
Percent contributed	20.23%	19.91%	20.27%	33.47%	27.25%	19.08%
Ending NOO	188,825,760	134,776,602	84,070,940	431,832,109	364,143,103	273,865,598

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	LSU System Health Plan	State OGB Plan
Actuarial accrued liability (AAL)	\$663,677,884	\$1,354,116,000
Actuarial value of plan assets	NONE	NONE
Unfunded actuarial accrued liability (UAAL)	<u><u>\$663,677,884</u></u>	<u><u>\$1,354,116,000</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Annual covered payroll (active plan members)	\$622,239,300	\$397,889,610
UAAL as a percentage of covered payroll	106.7%	340.3%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Furthermore, actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability 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 benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

A summary of the actuarial assumptions is presented as follows:

	LSU System Health Plan	State OGB Plan
Actuarial valuation date	July 1, 2010	July 1, 2010
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of payroll	Level percentage of payroll
Amortization period	30 years, open	30 years, open
Asset valuation method	None	None
Actuarial assumptions:		
Investment rate of return	5% annual rate	4% annual rate
Projected salary increases	4% per annum	3% per annum
Healthcare inflation rate	9.5% initial 5.0% ultimate	8.0% - 9.1% initial 5.0% ultimate

10. CONTINGENT LIABILITIES, RISK MANAGEMENT, AND CLAIMS LIABILITY

Losses arising from judgments, claims, and similar contingencies are paid by either private insurance companies or through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by General Fund appropriation. The university system is involved in 17 lawsuits that are handled by contract attorneys as of June 30, 2011. The attorneys have estimated a possible liability of \$35,000 relating to four of the lawsuits. All other lawsuits are handled by either the Office of Risk Management or the Attorney General's Office.

In addition, the university is exposed to various risks of losses related to the self-insured and self-funded LSU System Health Plan, which provides health insurance benefits to active and retired university employees and which began as a pilot program for the fiscal year ended

June 30, 2003. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. According to the requirements of GASB Statement 10, as amended by Statements 17 and 30, total claims expenditures were \$116,198,314. Changes in the reported liability for the last three periods are summarized as follows:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Recoveries From Settled and Unsettled Claims	Balance at Fiscal Year-End
2008-09	\$7,281,000	\$105,819,002	(\$97,171,995)	(\$7,305,007)	\$8,623,000
2009-10	8,623,000	111,025,711	(104,071,915)	(6,535,796)	9,041,000
2010-11	9,041,000	124,053,622	(116,198,314)	(5,776,308)	11,120,000

CONTINGENCIES AND COMMITMENTS - COMPONENT UNITS

The New Orleans city property tax assessor has assessed the UNO Research and Technology Foundation with real estate property taxes, interest, and penalties for certain buildings owned by the foundation in the total amount of \$12,000,000 as of August 2011. The UNO Research and Technology Foundation believes that it is entitled to property tax exemptions under present law and jurisprudence because of its nonprofit status and because of the use of these buildings to further the nonprofit goals of the Foundation. The Foundation is engaged in ongoing discussions with the assessor and has begun litigation proceedings regarding this matter. Although the Foundation believes that it has adequate defenses against the assessment, if not successful, the assessment, interest, and penalties may have a significant impact on the financial condition of the Foundation. The Foundation's counsel is unable to predict the eventual outcome of this matter or the potential loss contingencies, if any, to which the Foundation may be subject. However, to begin litigation, the Foundation has paid \$196,734 in protest of the property tax assessment.

The LSU Foundation is currently involved in separate construction projects for the construction of a gym and performing arts center for the University Lab School, a lab and teaching facility for the College of Engineering, and improvements to the Hilltop Arboretum facilities. The total contract amounts for these projects total approximately \$4,560,000 and the remaining commitment as of June 30, 2011, totals approximately \$448,000.

The LSU Foundation committed \$1,350,000 to Louisiana Fund I, L.P., a Delaware Limited Partnership, in October 2004. As of June 30, 2011, capital contributions have totaled \$1,093,500. The Foundation also committed a total of approximately \$24,520,500 to various Private Equity Funds during the years from 2005 through 2011. As of June 30, 2011, capital contributions have totaled approximately \$16,143,000.

11. COMPENSATED ABSENCES

At June 30, 2011, employees of the university have accumulated and vested annual, sick, and compensatory leave benefits of \$101,057,326; \$30,288,874; and \$8,131,679, respectively, which were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

12. OPERATING LEASES

For the year ended June 30, 2011, the total rental expenses for all operating leases, except those with terms of a month or less that were not renewed, is \$15,715,780. The following is a schedule by years of future minimum annual rental payments required under operating leases that have initial or noncancelable lease terms in excess of one year as of June 30, 2011:

Nature of Operating Lease	Fiscal Year					Total Minimum Payments Required
	2012	2013	2014	2015	2016	
Office space	\$11,435,159	\$8,664,799	\$6,768,796	\$6,398,928	\$2,016,720	
Equipment	1,710,673	1,247,021	931,949	350,459		
Land	6,972	6,972	6,972	6,972	6,469	
Other	590,144	205,267	205,122	205,211	209,589	
Total	<u>\$13,742,948</u>	<u>\$10,124,059</u>	<u>\$7,912,839</u>	<u>\$6,961,570</u>	<u>\$2,232,778</u>	

Nature of Operating Lease	Fiscal Year					Total Minimum Payments Required	
	2017-2021	2022-2026	2027-2031	2032-2036	2037-2041		2042-2046
Office space	\$787,504						\$36,071,906
Equipment							4,240,102
Land							34,357
Other	913,458	\$400,000	\$400,000	\$400,000	\$400,000	\$160,000	4,088,791
Total	<u>\$1,700,962</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$160,000</u>	<u>\$44,435,156</u>

The lease agreements have non-appropriation exculpatory clauses that allow lease cancellation if the legislature does not make an appropriation for its continuation during any future fiscal period.

OPERATING LEASES - COMPONENT UNITS

Property, Facility and Equipment Lease Agreements - UNO Research and Technology Foundation

UNO/Avondale Maritime Technology Center for Excellence - On May 16, 1997, the UNO Research and Technology Foundation and Avondale Industries, Inc., entered into a sub-lease agreement that provides for Avondale Industries, Inc., 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.

The terms of the sub-lease agreement during the first 12 years (1997-2009) provides for Avondale Industries, Inc., to pay as rental the sum of \$100,000 per year by September 1 of each year provided that the state has made the annual appropriation provided for in the Cooperative Endeavor Agreement (note 24). Beginning September 1, 2009, and for each year thereafter

during the term of the sub-lease, rent for \$100,000 is due and payable by September 1 of each year without regard to the state appropriation.

Naval Reserve Information System Office - On January 15, 1998, the UNO Research and Technology Foundation entered into a sub-lease agreement (whose terms have been amended since that date) with the United States of America (the government) to lease from the Foundation, approximately 300,000 square feet of administrative space, 700 hard surface parking spaces, and 15.71 acres of land located at the UNO Research and Technology Park. The terms of the facility lease agreement provide that the government will have and hold the noted facility for the term beginning on the date of completion of the facility for an initial 10-year term with 15 individual one-year renewal terms. The lease agreement requires the government to pay a nominal amount for the lease of the premises and an amount for maintenance services. The annual rent for the premises and maintenance services was \$1 and \$2,116,404, respectively, for the year ended June 30, 2011.

LSU Foundation

The LSU Foundation leases office space from the LSU Alumni Association under an agreement which was renewed on December 1, 2009. The current lease agreement expires on November 30, 2012. For the year ended June 30, 2011, rent expense incurred under this agreement totaled \$137,995.

13. LESSOR LEASES

The System's leasing operations consist primarily of leasing property for the purposes of providing food services to students; bookstore operations; land for fraternity and sorority houses and parking spaces to foundations; office space for postal services, banking services, and university affiliated organizations; space on rooftops for communication towers; and mineral leases.

The following schedule provides an analysis of the cost and carrying amount of the university system's investment in property on operating leases and property held for lease as of June 30, 2011:

<u>Nature of Lease</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Office space	\$1,637,218	(\$792,955)	\$844,263
Buildings	15,838,935	(4,594,886)	11,244,049
Land	3,457,081		3,457,081
Other	188,579	(132,356)	56,223
Total	<u>\$21,121,813</u>	<u>(\$5,520,197)</u>	<u>\$15,601,616</u>

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2011:

Fiscal Year Ending June 30,	Nature of Lease				Total
	Office Space	Buildings	Land	Other	
2012	\$288,405	\$2,455,309	\$384,177	\$389,886	\$3,517,777
2013	117,030	2,012,660	394,710	309,770	2,834,170
2014	64,740	1,908,343	395,608	137,009	2,505,700
2015	49,440	1,937,667	402,335	67,948	2,457,390
2016	43,440	2,146,000	1,071,818	268,684	3,529,942
2017-2021	166,577	8,746,667	1,338,284		10,251,528
2022-2026		446,000	824,315		1,270,315
2027-2031			824,315		824,315
2032-2036			822,315		822,315
2037-2041			814,315		814,315
2042-2046			812,504		812,504
2047-2051			805,875		805,875
2052-2056			439,693		439,693
2057-2061			32,365		32,365
2062-2066			32,355		32,355
2067-2071			32,345		32,345
2072-2076			32,305		32,305
2077-2081			32,305		32,305
2082-2086			32,305		32,305
2087-2091			22,080		22,080
2092-2096			200		200
Total	<u>\$729,632</u>	<u>\$19,652,646</u>	<u>\$9,546,524</u>	<u>\$1,173,297</u>	<u>\$31,102,099</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume, customer usage of services provided, or drilling operations on mineral leases. Contingent rentals amounted to \$1,243,092 for the year ended June 30, 2011.

14. LONG-TERM LIABILITIES

The following is a summary of bond and other long-term debt transactions of the university for the year ended June 30, 2011:

LSU System

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Notes and bonds payable:					
Notes payable	\$2,844,742		\$800,106	\$2,044,636	\$538,549
Bonds payable	467,137,500		16,235,417	450,902,083	12,280,417
Subtotal	469,982,242	NONE	17,035,523	452,946,719	12,818,966
Other liabilities:					
Compensated absences payable	140,708,248	\$19,941,410	21,171,779	139,477,879	11,973,333
Capital lease obligations	87,057,730	3,846,597	3,358,247	87,546,080	3,668,142
OPEB payable	498,919,705	169,503,526	47,765,362	620,657,869	
Subtotal	726,685,683	193,291,533	72,295,388	847,681,828	15,641,475
Total long-term liabilities	\$1,196,667,925	\$193,291,533	\$89,330,911	\$1,300,628,547	\$28,460,441

Component Units

	Restated Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Notes and bonds payable:					
Notes payable	\$10,661,813	\$67,882	\$2,035,587	\$8,694,108	\$1,627,393
Bonds payable**	174,083,057		4,222,461	169,860,596	4,440,000
Subtotal	184,744,870	67,882	6,258,048	178,554,704	6,067,393
Other liabilities:					
Compensated absences payable	258,624	27,899		286,523	286,523
Subtotal	258,624	27,899	NONE	286,523	286,523
Total long-term liabilities	\$185,003,494	\$95,781	\$6,258,048	\$178,841,227	\$6,353,916

Note: ** The state's accounting and reporting agency requests that bonds payable include the unamortized discounts or premiums. To be consistent with their requirement, the ending balance of bonds payable at June 30, 2010, will not equal the reported beginning balance in the amount of the unamortized premium on the bonds at the UNO Research and Technology Foundation.

Notes Payable

The universities have entered into a number of installment purchase agreements for the purchase of computer equipment, copiers, vehicles, et cetera. These agreements require scheduled payments either on a monthly, semiannual, or annual basis and have interest rates ranging from 2.74% to 6.50%.

The following is a summary of future minimum installment payments as of June 30, 2011:

Fiscal Year Ending June 30:	
2012	\$639,681
2013	289,272
2014	244,232
2015	244,039
2016	239,803
2017-2021	876,498
Total minimum installment payments	<u>2,533,525</u>
Less - amount representing interest	<u>(488,889)</u>
Total	<u><u>\$2,044,636</u></u>

The majority of the installment purchase agreements have non-appropriation exculpatory clauses that allow for lease cancellation if the Louisiana Legislature does not make an appropriation for its continuation during any future fiscal period.

NOTES PAYABLE - COMPONENT UNITS

The component units have entered into a number of notes payable agreements for various purposes. These agreements require scheduled payments either on a monthly, semiannual, or annual basis with interest rates ranging from zero to 6.5%. The following is a summary of notes payable by component unit as of June 30, 2011:

<u>Component Unit</u>	Principal Outstanding		Principal Outstanding	
	<u>June 30, 2010</u>	<u>Issued</u>	<u>Redeemed</u>	<u>June 30, 2011</u>
LSU Foundation	\$2,394,367		(\$280,967)	\$2,113,400
UNO Research and Technology Foundation	<u>8,267,446</u>	<u>\$67,882</u>	<u>(1,754,620)</u>	<u>6,580,708</u>
Total	<u><u>\$10,661,813</u></u>	<u><u>\$67,882</u></u>	<u><u>(\$2,035,587)</u></u>	<u><u>\$8,694,108</u></u>

The unamortized discount relative to the note payable for the UNO Research and Technology Foundation totals \$149,581 at June 30, 2011, which is reported by the Foundation as a reduction of the note payable.

In January 2010, the LSU Foundation borrowed \$2,720,839 in connection with the construction of the new business education complex. The note accrues interest at a variable rate equal to the greater of one-month LIBOR plus 175 basis points or 1% plus 175 basis points (2.75% at June 30, 2011), requires quarterly interest payments, and matures on January 18, 2015. The note is secured by pledges related to the new complex, and the LSU Foundation applies all pledges received against the outstanding balance on the note payable.

The following is a summary of future minimum installment payments, net of unamortized discount for the component units as of June 30, 2011:

Fiscal Year Ending June 30:	
2012	\$2,014,491
2013	1,149,324
2014	1,938,984
2015	1,044,689
2016	4,046,147
Total minimum installment payments	<u>10,193,635</u>
Less amount representing interest	<u>(1,499,527)</u>
Total	<u><u>\$8,694,108</u></u>

Line of Credit

The LSU Foundation has an unsecured \$10,000,000 line-of-credit which accrues interest at a variable rate equal to the 30-day LIBOR rate plus 125 basis points with a minimum index of 2% (the interest rate is 3.25% at June 30, 2011). The unused portion of the line-of-credit totals \$32,586 at June 30, 2011. All unpaid principal and interest is due on October 31, 2011.

Bonds and Contracts Payable - System

Detailed summaries, by issues, of all bond and reimbursement contract debt outstanding at June 30, 2011, including future interest payments of \$279,723,845 for LSU; \$10,374,472 for the LSU Health Sciences Center in New Orleans; \$12,890,893 for the Health Care Services Division; \$10,297,046 for the University of New Orleans; \$2,981,514 for LSU at Alexandria; and \$7,747,592 for LSU at Eunice follow:

Bonds Payable - LSU System

Issue	Date of Issue	Original Issue	Outstanding July 1, 2010	Redeemed	Outstanding June 30, 2011	Maturities	Interest Rates	Future Interest Payments June 30, 2011
LSU								
2004 Auxiliary Revenue Refunding Bonds	April 6, 2004	\$16,035,000	\$8,955,000	\$1,620,000	\$7,335,000	2012-2015	4% to 5.25%	\$982,490
2004 Auxiliary Revenue Bonds - Series B	October 26, 2004	51,885,000	47,865,000	1,235,000	46,630,000	2012-2034	2% to 5.25%	29,926,330
2005 Auxiliary Revenue Bonds - Series A	June 2, 2005	18,905,000	9,965,000	1,645,000	8,320,000	2012-2017	3% to 5%	1,122,778
2006 Auxiliary Revenue Bonds	August 9, 2006	97,095,000	94,715,000	1,655,000	93,060,000	2012-2036	4% to 5%	71,414,376
2007 Auxiliary Revenue Bonds	December 11, 2007	71,130,000	68,710,000	1,365,000	67,345,000	2012-2037	4% to 5%	51,860,430
2008 Auxiliary Revenue Bonds	June 27, 2008	52,815,000	44,435,000	685,000	43,750,000	2012-2034	2% to 5%	22,882,512
2010 Auxiliary Revenue Bonds - Series A and B	June 24, 2010	118,875,000	118,680,000	305,000	118,375,000	2012-2040	2% to 5%	101,534,929
LSU Health Sciences Center								
New Orleans - Building Revenue Bonds - Series 2000	January 1, 2000	15,910,000	13,405,000	325,000	13,080,000	2012-2031	5.50%	10,374,472
LSU Health Sciences Center Health Care Services Division - Revenue Bonds, Series 2002								
Bogalusa Community Medical Center Project Series 2007 A & B	September 1, 2007	17,500,000	17,500,000		17,500,000	2015-2038	2.466% - 7.88%	12,886,667
Health Care Services Mid-City Clinic Project Series 2003B	October 1, 2003	2,500,000	1,385,000	255,000	1,130,000	2014	varies weekly	4,226
University of New Orleans								
Revenue Bonds of 1998	August 15, 1998	15,915,000	13,325,000	375,000	12,950,000	2012-2031	3.9%-5%	7,505,703
Revenue Bonds of 2004 - Series A	June 17, 2004	9,440,000	4,160,000	980,000	3,180,000	2012-2014	3%-4.125%	261,725
Revenue Bonds of 2004 - Series B	October 19, 2004	8,480,000	7,065,000	325,000	6,740,000	2012-2026	3%-4.67%	2,529,618
LSU at Alexandria								
2008 Auxiliary Revenue Bonds	March 18, 2008	4,200,000	4,075,000	75,000	4,000,000	2012-2034	4.0% - 5.5%	2,981,514
LSU at Eunice								
1998 Auxiliary Revenue Bonds	June 1, 1998	1,650,000	852,500	90,417	762,083	2012-2018	5%	157,792
2002 Auxiliary Revenue Bonds	January 17, 2002	7,000,000	6,835,000	90,000	6,745,000	2012-2033	7.375%	7,589,800
Total Bonds Payable		\$545,935,000	\$467,137,500	\$16,235,417	\$450,902,083			\$324,015,362

Bonds Payable - Component Units

Issue	Date of Issue	Original Issue	Outstanding July 1, 2010	Redeemed	Outstanding June 30, 2011	Maturities	Interest Rates	Future Interest Payments June 30, 2011
LSU Foundation								
Pooled Loan Program Revenue Bonds, Series 2003A	May 1, 2003	\$12,725,000	\$7,525,000	\$625,000	\$6,900,000	2012-2022	Variable	\$386,308
UNO Research and Technology Foundation								
LPFA Revenue Bonds, Series 2006, including unamortized premium	August 8, 2006	39,900,442	39,448,057	262,461	39,185,596	2012-2037	3.75% - 5.25%	34,914,934
Tiger Athletic Foundation*								
Revenue Bonds, Series 1999	March 4, 1999	43,575,000	43,575,000	1,475,000	42,100,000	2012-2028	Variable	
Revenue Bonds, Series 2004	March 23, 2004	90,000,000	83,535,000	1,860,000	81,675,000	2012-2039	Variable	
Total Bonds Payable		\$186,200,442	\$174,083,057	\$4,222,461	\$169,860,596			\$35,301,242

*As of December 31, 2010

In March 2004, the Tiger Athletic Foundation issued Revenue Bonds Series 2004 for a principal amount of \$90,000,000. The bonds are secured by the pledged revenues on a parity with the Series 1999 bonds. The proceeds of the loan are being used to finance or reimburse a portion of the costs of the acquisition and construction of certain improvements and renovations to Tiger Stadium and a football operations center at LSU, including funding the interest and costs associated with the project. On March 15, 2007, an amendment was made to the original loan

agreement which waived the principal due on September 1, 2007, and extended the payment schedule an additional year, through 2034, with the intent that the 2007 principal payment will be paid on September 1, 2034. Effective November 2009, the bonds were reissued as a single fully registered bond without coupons and shall mature September 2039.

On May 1, 2003, the LSU Foundation participated in borrowing, along with several other organizations, the proceeds of revenue bonds totaling \$31,555,000 issued by the Louisiana Public Facilities Authority (LPFA). The Foundation's portion of the borrowing was \$12,725,000. The Foundation is scheduled to repay the funds borrowed by 2022. The borrowed proceeds from the issuance were used to help fund several construction projects including the Shaw Center for the Arts. Interest is currently being paid using a weekly rate as determined by the remarketing agent. The interest rate at June 30, 2011, is 0.91%. Total interest expense incurred on the bonds for the year ended June 30, 2011, was \$75,130. The bonds are collateralized by future revenues of the LSU Foundation.

On August 8, 2006, the LPFA issued \$38,500,000 of LPFA Revenue Bonds (Series 2006) to the UNO Research and Technology Foundation. The proceeds of the bonds are being used for the financing, planning, designing, constructing, furnishing and equipping of resident facilities for use by UNO, including all equipment, furnishings, fixtures and facilities incidental or necessary in connection therewith. The proceeds were also used to pay the costs associated with the issuance of the bonds. The bond agreement provides for interest on the outstanding bonds at rates ranging from 3.75% to 5.25% per annum. Bond funds totaling \$3,123,291 have been deposited with the bond trustee at June 30, 2011. The bonds were issued at a premium, which totaled \$1,400,442 at the bond issuance date. The premium will be amortized over the life of the bonds. The total amount of the premium amortized during the year ended June 30, 2011, totaled \$47,461.

Debt Service Requirements

The annual requirements to amortize all university bonds outstanding at June 30, 2011, are presented in the following schedule. The schedule uses rates as of June 30, 2011, for debt service requirements of the variable-rate bonds, assuming current interest rates remain the same for their term. As rates vary, variable-rate bond interest payments will vary.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$12,280,417	\$21,485,465	\$33,765,882
2013	14,160,417	20,995,882	35,156,299
2014	14,725,417	20,411,223	35,136,640
2015	14,475,417	19,746,916	34,222,333
2016	12,760,417	19,081,204	31,841,621
2017-2021	71,669,998	86,391,783	158,061,781
2022-2026	88,700,000	67,241,845	155,941,845
2027-2031	95,555,000	44,528,544	140,083,544
2032-2036	90,560,000	20,678,565	111,238,565
2037-2041	36,015,000	3,453,935	39,468,935
	<u>\$450,902,083</u>	<u>\$324,015,362</u>	<u>\$774,917,445</u>
Total			

The annual requirements to amortize all component unit bonds outstanding at June 30, 2011, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2012	\$4,440,000	\$2,007,964	\$6,447,964
2013	4,628,395	1,990,592	6,618,987
2014	4,873,395	1,971,059	6,844,454
2015	5,133,395	1,944,877	7,078,272
2016	5,393,395	1,919,145	7,312,540
2017-2021	31,426,975	9,078,619	40,505,594
2022-2026	35,854,445	7,718,465	43,572,910
2027-2031	38,500,000	5,671,964	44,171,964
2032-2036	31,435,000	2,842,901	34,277,901
2037-2041	6,965,000	155,656	7,120,656
Subtotal	168,650,000	35,301,242	203,951,242
Unamortized premiums	1,210,596	NONE	1,210,596
Total	<u>\$169,860,596</u>	<u>\$35,301,242</u>	<u>\$205,161,838</u>

*Excludes floating interest rate amounts for Tiger Athletic Foundation Revenue Bond Series 1999 and Series 2004

The following is a summary of the System debt service reserve requirements of the various bond issues at June 30, 2011:

<u>Bond Issue</u>	<u>Cash/ Investment Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess</u>
Auxiliary Plant:			
LSU at Alexandria	\$313,052	\$313,052	
LSU at Eunice*	507,086	610,450	(\$103,364)
LSU A&M	11,467,679	11,467,679	
Total	<u>\$12,287,817</u>	<u>\$12,391,181</u>	<u>(\$103,364)</u>
Educational Plant - Health Care Services Division	<u>\$1,601,242</u>	<u>\$1,601,242</u>	<u>NONE</u>

*The Debt Service Reserve Fund is below the required level, but management is addressing the problem by increasing rental rates and investigating options on refinancing bonds.

As permitted by the Bond Resolution for the Auxiliary Bonds of 2008, LSU obtained a municipal bond debt service reserve fund policy as a substitute for the reserve requirement for the bonds. The municipal bond debt service reserve fund policy meets the definition as a “Reserve Fund Investment” and guarantees payment of an amount not to exceed \$3,955,306 to fund the Reserve Requirement.

As permitted by the Bond Resolution for the Auxiliary Bonds of 2007, LSU obtained a municipal bond debt service reserve fund policy as a substitute for the Reserve Requirement for the bonds. The municipal bond debt service reserve fund policy meets the definition as a “Reserve Fund Investment” and guarantees payment of an amount not to exceed \$4,590,705 to fund the Reserve Requirement.

As permitted by the Bond Resolution for the Auxiliary Revenue Bonds of 2006, LSU obtained a municipal bond debt service reserve fund policy as a substitute for the Reserve Requirement for the bonds. The municipal bond debt service reserve fund policy meets the definition as a “Reserve Fund Investment” and guarantees payment of an amount not to exceed \$6,825,940 to fund the Reserve Requirement.

As permitted by the Bond Resolution for the Auxiliary Revenue Bonds of 2005 Series A, LSU 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 principal and interest on the bonds when they are due in the event of nonpayment.

As permitted by the Bond Resolution for the Auxiliary Revenue Refunding Bonds, Series 2004, LSU 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 principal and interest on the bonds when they are due in the event of nonpayment.

As permitted by the Bond Resolution for the Revenue Bonds of 2004, Series B, the University of New Orleans obtained a Municipal Bond Debt Service Reserve Fund Policy issued by an insurance company as a substitute for the Reserve Requirement for the bonds. The insurance policy meets the definition as a “Reserve Fund Investment” and guarantees payment of principal and interest on the bonds when they are due in the event of nonpayment.

As permitted by the Bond Resolution for the Revenue Bonds of 2004, Series A, the University of New Orleans obtained a Municipal Bond Debt Service Reserve Fund Policy issued by an insurance company as a substitute for the reserve requirement for the bonds. The insurance policy meets the definition as a “Reserve Fund Investment” and guarantees payment of principal and interest on the bonds when they are due in the event of nonpayment.

As permitted by the Bond Resolution for the Revenue Bonds, Series 2000, the LSU Health Sciences Center 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 \$1,176,841 to fund the Reserve Requirement.

As permitted by the Bond Resolution for the Revenue and Refunding Bonds, (UNO Wellness Center Project) Series 1998, the university system 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 \$1,041,250 to fund the Reserve Requirement.

As permitted by the Bond Resolution for the Auxiliary Revenue Bonds, Series 1998 (LSU at Eunice Project), the university system 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 \$134,750 to fund the Reserve Requirement.

Capital Leases

The university system records items under capital leases as assets and obligations in the accompanying financial statements. Assets under capital lease are included as capital assets in note 5. The following is a schedule of future minimum lease payments under capital leases, together with the present value of minimum lease payments at June 30, 2011:

Fiscal Year Ending June 30:	
2012	\$8,056,479
2013	8,079,855
2014	8,212,474
2015	8,587,035
2016	8,253,589
2017-2021	37,227,066
2022-2026	26,917,539
2027-2031	15,416,964
2032-2036	15,597,901
2037-2041	<u>3,120,656</u>
Total minimum lease payments	<u>139,469,558</u>
Less - amount representing interest	<u>(51,923,478)</u>
Present value of net minimum lease payments	<u><u>\$87,546,080</u></u>

15. DUE TO STATE TREASURY

As shown on Statement A, the university system has a total of \$12,991,982 (net) due to the state treasury at June 30, 2011. This amount consists of the following:

<u>Description</u>	<u>Due (to)/from</u>
State appropriations	\$42,146,001
Tobacco Tax funds	6,716,002
Statutory dedications - SELF	695,925
LSUHSC-S - DHH Funds (UCC)	8,136,421
State Fiscal Stabilization Funds	1,823,051
Due from state treasury	<u>59,517,400</u>
Refund from prior year orders	(31,713)
LSUHSC-S - DHH Funds (Medicaid)	(22,332,417)
Unclaimed property	(72,449)
Repayment of Seed Advance	(50,000,000)
Unexpended state appropriations	(72,803)
Due to state treasury	<u>(72,509,382)</u>
Total	<u>(\$12,991,982)</u>

16. RESTRICTED NET ASSETS

The university system's restricted nonexpendable net assets of \$205,418,211 as of June 30, 2011, are comprised entirely of endowment funds.

The university system had the following restricted expendable net assets as of June 30, 2011:

Restricted Expendable Net Assets

<u>Account Title</u>	<u>Amount</u>
Student fees	\$18,436,278
Grants and contracts	41,937,056
Gifts	19,041,327
Endowment earnings	42,724,739
Auxiliary enterprises	12,059,439
Student loan funds	40,228,239
Capital construction	56,550,885
Debt service	11,783,545
Sponsored projects	1,227,981
Indirect costs	12,071,580
LSU System Health Plan	40,885,859
Legislative restrictions	19,793,233
Other	3,574,644
Foundation Restricted Net Assets	<u>21,504</u>
 Total	 <u><u>\$320,336,309</u></u>

Of the total restricted net assets reported on Statement A for the year ended June 30, 2011, a total of \$23,382,304 was restricted by enabling legislation.

LSU Health Sciences Center in Shreveport has donor restricted endowments. If a donor has not provided specific instructions, state law permits the Board of Regents to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. The center's endowments are composed of approximately 85% private and 15% Board of Regents. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established. At June 30, 2011, net appreciation of \$782,989 is available to be spent and is restricted to specific purposes.

RESTRICTED NET ASSETS - COMPONENT UNITS

Restricted net assets for the LSU Foundation and the Tiger Athletic Foundation are as follows:

	LSU Foundation	Tiger Athletic Foundation*
	<u> </u>	<u> </u>
Temporarily restricted:		
Chairs and professorships	\$43,107,595	
Scholarships and fellowships	29,248,680	
Specific academic and research projects	20,953,279	
Academic support	48,965,784	
Capital outlay and improvements	15,759,006	
Research support	5,414,100	
Institutional support	19,037,309	
Donor restrictions		<u>\$21,777,410</u>
Total temporarily restricted	<u><u>\$182,485,753</u></u>	<u><u>\$21,777,410</u></u>
Permanently restricted:		
Chairs and professorships	\$109,178,815	
Scholarships and fellowships	47,795,941	
Specific academic and research projects	18,859,826	
Academic support	19,871,166	
Capital outlay and improvements	185,925	
Research support	1,837,362	
Institutional support	429,712	
Endowment funds		<u>\$8,266,184</u>
Total permanently restricted	<u><u>\$198,158,747</u></u>	<u><u>\$8,266,184</u></u>

*As of December 31, 2010

At June 30, 2011, the UNO Research and Technology Foundation reports no restricted net assets.

17. RESTATEMENT OF BEGINNING NET ASSETS

The beginning net assets as reflected on Statements C and D have been restated to reflect the following changes:

Net assets at June 30, 2010	\$1,959,995,770
LSU & Related:	
Correct practice field resurfacing classification	(224,227)
Correctly reflect actual cost for movable equipment added before FY 2011	894,590
West stadium removal; demolition before FY 2011	(2,260,093)
PBRC facility capitalization	295,385
Record value of asset donated in prior year	75,000
Health Care Services Division:	
To adjust construction-in-progress for costs that were for the Veteran's Administration Hospital rather than LSU HCSD	(2,631,094)
Miscellaneous adjustments for accumulated depreciation	<u>20,259</u>
Net assets at June 30, 2010, as restated	<u><u>\$1,956,165,590</u></u>
Component Units	
Net assets at June 30, 2010	\$71,689,956
UNO Research and Technology Foundation:	
Involuntary property conversion	190,872
Capitalized lease conversion	<u>2,684,732</u>
Net assets at June 30, 2010, as restated	<u><u>\$74,565,560</u></u>

18. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Compensated Absences	OPEB Expense	Total
Instruction	\$377,785,962	\$99,244,648	\$180,468	\$62,785,497		\$11,702,614	(\$686,503)	\$26,957,638	\$577,970,324
Research	183,822,613	52,881,793	1,798,462	95,047,879		18,692,409	(668,262)	13,994,870	365,569,764
Public service	206,958,154	35,155,655	1,207,062	73,863,598		8,725,647	451,349	9,417,680	335,779,145
Academic support	69,334,352	22,243,250	201,999	26,339,527		9,126,229	227,854	7,574,319	135,047,530
Student services	23,485,197	6,570,873	350,848	12,234,947		601,146	39,720	1,919,202	45,201,933
Institutional support	66,566,336	24,428,346	116,142	38,237,300		4,723,965	(502,504)	5,934,860	139,504,445
Operations and maintenance of plant	43,747,501	15,072,552	30,631,563	45,056,664		45,136,222	(4,850)	4,855,013	184,494,665
Scholarships and fellowships					\$63,402,353				63,402,353
Auxiliary enterprises	50,478,549	13,402,007	8,015,685	86,292,767		747,857	(255,142)	2,665,387	161,347,110
Hospital	585,857,460	167,030,507	15,984,767	506,471,481		47,192,398	325,226	48,419,195	1,371,281,034
Total operating expenses	\$1,608,036,124	\$436,029,631	\$58,486,996	\$946,329,660	\$63,402,353	\$146,648,487	(\$1,073,112)	\$121,738,164	\$3,379,598,303

19. FOUNDATIONS

The accompanying financial statements do not include the accounts of the following foundations, which do not meet the criteria for discretely presented component units as described in note 1-B:

- LSU Alumni Association
- Pennington Biomedical Research Foundation
- Pennington Medical Foundation
- LSU Medical Alumni Association
- LSU School of Dentistry Alumni Association
- LSU School of Nursing Alumni Association
- LSU in Shreveport Foundation
- LSU in Shreveport Alumni Association
- LSU in Shreveport Realty, L.L.C.
- LSU Health Sciences Center in Shreveport Foundation
- Foundation for the LSU Health Sciences Center
- University of New Orleans Foundation
- UNO Alumni Association
- Privateer Athletic Foundation
- UNO Property and Housing Development Foundation
- Medical Center of Louisiana Foundation
- Louisiana State University at Alexandria Foundation
- Louisiana State University at Eunice Foundation
- Louisiana State University System Research and Technology Foundation
- Biomedical Research Foundation of Northwest Louisiana
- University Energy Equipment Corporation

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

20. DEFERRED COMPENSATION PLAN

Certain employees of the LSU 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 from the Louisiana Legislative Auditor's Web site at www.lla.la.gov.

21. ON-BEHALF PAYMENTS

On-behalf payments for fringe benefits and salaries 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. The amount of on-behalf payments for fringe benefits and salaries included in Statement C for fiscal year ended June 30, 2011, was \$612,000. There were no on-behalf payments made as contributions to a pension plan for which the university is legally responsible.

22. IMPROVEMENTS TO PLANT ON BEHALF OF THE UNIVERSITY

Improvements at University of New Orleans

The UNO Research and Technology Foundation, a separate corporation created for or on behalf of the University of New Orleans, issued long-term debt instruments for research park improvements as follows:

Land improvements	\$258,573
Building and Parking Garage - Navy Facilities	57,109,257
Building - Advanced Technology Center	<u>8,722,867</u>
Total	<u><u>\$66,090,697</u></u>

The infrastructure improvements and the construction of facilities on land owned by the university and leased to the Foundation were completely financed by the UNO Research and Technology Foundation through private lending and the sale of bonds through the LPFA, the Louisiana Local Government Environmental Facilities and Community Development Authority, and bank notes. The university leases the land to the UNO Research and Technology Foundation in accordance with terms outlined in the ground leases. The improvements are owned by the UNO Research and Technology Foundation but will revert to the university after 99 years, in November 2097, unless the ground lease is terminated earlier.

Expansion of Tiger Stadium

On December 21, 1998, LSU entered into a cooperative endeavor agreement with the Tiger Athletic Foundation (TAF) for an addition to the east side of Tiger Stadium. TAF agrees to lease a parcel of land located adjacent to Tiger Stadium for up to 50 years and to construct additional seats on the land as part of Tiger Stadium, including approximately 70 sky boxes. LSU will lease these stadium improvements from TAF for \$2 million per year for a 35-year lease term or until TAF donates such improvements to LSU. The estimated value to LSU of this addition over the term of the agreement is approximately \$49,000,000. The cooperative endeavor agreement will end on April 4, 2049.

On September 26, 2003, LSU entered into a cooperative endeavor agreement with TAF for the expansion and renovation of the west side of Tiger Stadium. TAF agrees to lease land and certain existing improvements for expanding and renovating facilities and to complete general stadium improvements. Effective September 1, 2005, LSU leased these improvements from TAF for \$2.5 million per year for a 35-year lease term or until TAF donates such improvements to LSU. The estimated value to LSU of this addition over the term of the agreement is approximately \$100,000,000. This agreement is scheduled to expire on March 31, 2041.

LSU Health Sciences Center - New Orleans Cooperative Endeavor for District Energy Services

Effective November 1, 1998, the LSU Board of Supervisors on behalf of the LSU Health Sciences Center (LSUHSC) - New Orleans entered into a cooperative endeavor agreement with Entergy Thermal (Entergy), a division of Entergy Business Solutions, Inc., and New Orleans Medical Complex, Inc. (NORMC), a Louisiana private, nonprofit corporation. The term of the agreement ends September 30, 2020, with options to renew the lease for two 5-year periods.

Under the agreement, the LSUHSC - New Orleans leases to NORMC a parcel of land located in New Orleans at the northeastern corner of South Claiborne Avenue and Gravier Street. NORMC pays the LSUHSC - New Orleans \$51,346 annually for the lease, which may be adjusted every 5 years for inflation. NORMC is responsible for the construction of a combined use facility, which is comprised of its office, a multi-level parking garage, and a thermal energy production facility. For the period of the agreement, LSUHSC - New Orleans and NORMC entered into a reciprocal lease, which, in lieu of rent, gives each the right of occupancy of the combined use facility. Upon the expiration or sooner termination of the ground lease, the title to the combined use facility will automatically become vested in the LSU Board of Supervisors.

NORMC is subleasing the combined use facility to Entergy, which is responsible for the construction and financing of the thermal energy production facility within the combined use facility. Under the terms of the reciprocal lease, Entergy is also responsible for the operations, repair, replacement, and maintenance of the central plants located at the Medical Center of Louisiana at New Orleans and LSUHSC - New Orleans (the central plants). For the term of the agreement, LSUHSC - New Orleans is obligated to purchase its thermal energy from Entergy. The LSUHSC - New Orleans total monetary obligation is not determinable since the obligation will be based on energy consumption.

During the term of the agreement, title to the thermal equipment within the combined use facility is vested in Entergy. Upon the expiration or termination of the agreement, Entergy will have the right, but not the obligation, to remove equipment it has installed provided that the removal of the equipment does not materially damage the thermal energy production facility space in the combined use facility. The LSU Board of Supervisors has the option to purchase the equipment upon expiration or termination of the agreement. The title to the thermal equipment installed within the central plants is vested in NORMC until the expiration or termination of the agreement, at which time title shall automatically pass to and become vested in the LSU Board of Supervisors.

23. REVENUE USED AS SECURITY FOR REVENUE BONDS

The revenues of certain auxiliary enterprises at LSU, LSU at Alexandria (LSUA), LSU at Eunice (LSUE), the University of New Orleans (UNO), and the LSU Health Sciences Center are restricted by terms in the covenants of certain debt instruments.

LSU, LSUA, and LSUE have pledged future auxiliary revenues of approximately \$686,775,000 to secure outstanding debt of \$439,590,000 in Auxiliary Revenue Bonds. Proceeds from the bonds provided for the financing of construction and renovation of various auxiliary facilities. All auxiliary revenues of LSU have been pledged to secure the debt, which is payable through 2040. Pledged auxiliary revenues recognized during the period were \$177,386,055. All LSUA Union, Bookstore, and athletic revenues, totaling \$1,122,912 for the current period, are pledged to secure the debt of the 2008 bond, which matures in 2034. All LSUE Union and Bookstore revenues, totaling \$2,278,703 for the current period, are pledged to secure the debt of the auxiliary revenue bonds payable through 2033. Required principal and interest payments for the current year on the bonds were \$28,097,332.

LSUHSC - New Orleans has pledged future auxiliary revenues, dedicated student fee revenues, and University Enterprise Revenues of approximately \$23,455,000 to secure its 2000 Series Bond. Proceeds from the bonds provided for the planning, financing, design, construction, operation, maintenance, equipping, and renewal and replacement for the Wellness Center, Day Care Center, Campus Health Services, and Student Housing in the Old Charity Nursing School Building. The bonds are payable through 2031. Principal and interest paid and pledged auxiliary revenues for the current year were \$1,307,523 and \$14,152,891, respectively.

UNO has pledged approximately \$33,167,000 of its Student Housing, Student Union, Miscellaneous Auxiliaries/Student Recreation Center/Facility Use and Maintenance Fee revenues to secure the debt of its Series 1998, 2004A, and 2004B bonds. Proceeds from the bonds provided for the refunding of Bond Series 1996A and 1997A, construction of the student recreation center, and renovation and maintenance of campus buildings. The bonds are payable through 2031. Student Housing, Student Union, Miscellaneous Auxiliaries/Student Recreation Center/Facility Use and Maintenance Fee revenues were \$14,254,396 in the current period. Principal and interest payments for the current year were \$2,788,241.

24. COOPERATIVE ENDEAVOR AGREEMENTS

On October 1, 2003, the LSUHSC-New Orleans entered into two cooperative endeavor agreements with the Louisiana Cancer Research Center of LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center. These agreements are for research and smoking cessation programs.

The Louisiana Cancer Research Center of LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center was authorized by Act 41 of the First Extraordinary Session of 2002. The funds that are passed through to the consortium are available as a result of an increase in tobacco taxes enacted into law via Act 19 of the Regular Session of 2002. Act 19 has specific provisions including:

Subject to an annual appropriation by the legislature, 42.8% of the monies collected under authority of R.S. 47:841(B)(4) in the fund shall be used solely for the purpose of providing funding for the Louisiana Cancer Research Center of LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center, and 29.2% of monies collected under authority of R.S. 47:841(B)(4) shall be used solely for the purposes of funding for the creation of smoking prevention mass media programs and evidence-based tobacco control programs within the public hospital system and the public school system and community development programs directed at cessation among children and pregnant women and the screening, prevention, and treatment of tobacco use and dependence among individuals with diseases caused or exacerbated by tobacco use.

The funds are budgeted in Other Charges for flow through to the Louisiana Cancer Research Center via cooperative endeavor agreement. The Louisiana Cancer Research Center is responsible for spending the funds in accordance with the General Appropriations Act, Act 19 of the 2002 Regular Session, Act 41 of the First Extraordinary Session of 2002, and the terms and conditions of the cooperative endeavor. The two cooperative endeavor agreements will expire on June 30, 2015.

COOPERATIVE ENDEAVOR AGREEMENTS - COMPONENT UNITS

Tiger Athletic Foundation

In 1999, the Tiger Athletic Foundation (TAF) entered into a cooperative endeavor agreement with LSU that obligated TAF to acquire, construct, and maintain new scoreboards in LSU athletic venues at a total cost of approximately \$5.2 million. In return for its fulfillment of this obligation, TAF was given an eight-year license to solicit certain qualified corporate sponsorship contracts. In connection with its issuance of the Series 2004 Revenue Bonds, LSU extended TAF's rights to solicit qualified corporate sponsorship contracts for a period of approximately 35 years. Effective July 1, 2005, TAF, with approval of LSU, entered into a 10-year lease agreement with Viacom Outdoor Advertising, Inc., d/b/a LSU Sports Properties, whereby TAF leased its rights to the scoreboards to Viacom in return for an annual guaranteed rental payment. The rental payment, which was \$1.4 million in year one and year two and will increase by \$25,000 annually each year during the life of the lease agreement, is due in two equal

installments payable in July and October of each year. In November of 2010, this lease agreement was amended. The amendment extends the agreement for a period of one year, through June 30, 2016, and increases the compensation paid to TAF by \$500,000 annually. In addition, under this amendment, TAF will be requested to expend an additional \$3 - \$5 million over the next three years to construct, install, upgrade, maintain, service and replace scoreboards.

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

General

On May 16, 1997, the State of Louisiana (the State), the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College acting on behalf of UNO (the University), the UNO Research and Technology Foundation, Inc. (the Foundation), and Avondale Industries, Inc., entered into a Cooperative Endeavor Agreement (the Agreement) for an initial term of 15 years and from one-to-seven additional five-year periods.

The Agreement and related amendment provided for the use of annually appropriated state funds and the corporate guarantee by Avondale of certain financial obligations incurred by the Foundation for the purpose of enhancing or maintaining the economic well-being of the State. As a material inducement to the State to enter into the Agreement, Avondale represented that it was awarded a contract for the construction of certain U.S. Department of Navy vessels that will provide a substantial economic benefit to the State. The Foundation and Avondale represented that the economic benefit occurring as a result of the payment or performance of the State's obligation will equal or exceed the value of the State's obligations.

Obligations

Avondale donated certain property to UNO which is leased to the Foundation pursuant to the terms of a Ground Lease. A ship design facility including a laboratory and support area (the Facility) for the UNO School of Naval Architecture and Marine Engineering has been built on such property by the Foundation and is subleased to Avondale. Also, the Foundation has equipped the facility and leased such equipment to Avondale.

Furthermore, Avondale agrees that it will provide support to the UNO School of Naval Architecture and Marine Engineering by providing the University a Right of Use of space constituting 21,000 square feet in the facility subleased by Avondale from the Foundation.

In the event the costs of the project required to be expended by the Foundation in constructing the facility and acquiring the equipment exceed the amounts paid by the State, Avondale will pay to the Foundation the amounts required for the Foundation to fulfill the obligations to construct and equip the facility.

**University of New Orleans Research and Technology
Foundation/National Center for Advanced Manufacturing/
NASA Facilities Modifications and Equipment Acquisition**

General

Effective July 15, 2007, the State, the University, the Foundation, and NASA entered into a Cooperative Endeavor Agreement for an initial term of 10 years with options for four additional five-year periods.

The Agreement provides for the use of a state appropriation to fund an approximately \$20 million expansion of the University's National Center for Advanced Manufacturing (NCAM), located in NASA's Michoud Assembly Facility in New Orleans (MAF), to include the purchase of new equipment by the State and the completion of facilities modifications made by the Foundation to MAF to accommodate installation and operation of the new equipment.

The NCAM collaboration was established to strengthen the competitiveness of the United States of America in aerospace and other commercial markets that require large structure manufacturing. NASA intends to implement programs at MAF that will result in the growth of jobs at MAF, and the growth in the local and State economy resulting in an economic benefit exceeding the value of the State's obligations. The expanded use of MAF by NASA, its contractors, the University and the Foundation will further research and development initiatives, educational opportunities and production work on NASA's planned Orion Crew Exploration Vehicle, Ares Crew Launch Vehicle and related projects (Orion project).

Obligations

NASA provides physical and operational access to MAF for use by NCAM and others will provide routine maintenance and repair of the MAF building and new equipment as necessary. NASA agrees to use reasonable efforts to perform substantial work at MAF on the Orion Project. In the event the costs of the project exceed the State appropriation, NASA agrees to use its reasonable efforts to obtain other funds as required to complete the project.

The University will accept title to the new equipment purchased by the State and see cooperative opportunities with NASA and the private sector and coordinate education, research, skills training and related activities for academic entities desiring to use NCAM and the new equipment.

The Foundation arranged for the design and construction of the MAF facilities modifications to support the installation of the new equipment. The Foundation also manages the use of the new equipment and enters into agreements with other entities as necessary for the use of NCAM and the new equipment.

**University of New Orleans Research and Technology
Foundation/National Center for Advanced Manufacturing/
NASA Supplemental Equipment and Facilities Modifications**

General

The State, the University, the Foundation, and NASA entered into a Supplemental Cooperative Endeavor Agreement/Space Act Agreement (the Supplemental Agreement) effective October 1, 2008, for an initial period of 10 years with four options to renew for periods of five years each.

Expanding on the Cooperative Endeavor Agreement of July 15, 2007, the Supplemental Agreement further enhances the capabilities of the University's NCAM located in the NASA's MAF in New Orleans. This Supplemental Agreement provides for the use of additional State appropriations to fund approximately \$42 million of supplemental equipment, additional changes MAF/NCAM facilities and installation of the supplemental equipment. The facilities modifications and supplemental equipment installation are projected to cost approximately \$10 million.

The Supplemental Agreement augments the previous agreement, significantly broadening the use of MAF research, development and production work on the Ares Launch Systems, Orion Crew Exploration Vehicle and related R&D projects (Orion Project) and collaborative R&D initiatives at NCAM.

Obligations

Access to MAF will be provided by NASA for construction of the facilities modifications, installation, use and operation of the supplemental equipment by NCAM and other users. NASA will provide routine maintenance of the supplemental equipment and repair the facilities as necessary. NASA agrees to use its reasonable efforts to perform substantial work at MAF on the Orion Project. As required to achieve the functional use of the facilities modifications and supplemental equipment, NASA agrees to use its reasonable efforts to obtain other funds to complete the project in the event the State appropriations are insufficient.

The State will purchase the supplemental equipment and transfer such title to the University. The University will seek cooperative opportunities with NASA and the private sector regarding the University's instruction, research and public service missions as well as coordinate education, research, skills training and related activities for academic entities desiring to use NCAM and the supplemental equipment.

The Foundation will arrange for the design and construction of the MAF facilities modifications to support the installation of the supplemental equipment. On behalf of the University, the Foundation will manage use of the supplemental equipment and will enter into agreements with other entities as necessary for the use of NCAM and the supplemental equipment.

**University of New Orleans Research and Technology
Foundation/National Center for Advanced Manufacturing/
MAF Research and Development 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. The additional investment from this agreement will retain critical research and engineering skills and capacity in Louisiana necessary to support NASA's mission, attract high technology companies and provide educational and training opportunities generally improving the State's economy and recovery of the New Orleans Metropolitan area from Hurricane Katrina.

Obligations

The Foundation will use the funds provided by the State for the planning, design, acquisition, construction and equipping of the building. NASA will operate and maintain the building and use approximately 70% of the square footage for its programs. The Foundation will manage the use by the University and commercial entities of the remaining square footage of the building. Commercial users will pay their pro-rata share of the building maintenance and operating costs to NASA. The Foundation will retain title to the building, furniture, fixtures, and equipment during the term of the agreement.

**25. AMOUNTS HELD IN CUSTODY FOR OTHERS -
COMPONENT UNITS**

The discretely presented component units reported amounts held in custody for others as follows:

<u>Entity</u>	LSU	Tiger	UNO	Total
	Foundation	Athletic Foundation*	Research and Technology Foundation	
LSU at Alexandria Foundation	\$14,235,235			\$14,235,235
LSU at Eunice Foundation	1,937,235			1,937,235
State matching funds	75,923,764			75,923,764
Split-interest agreements	2,243,441			2,243,441
Tiger Athletic Foundation	8,640,951			8,640,951
Coaches' escrow accounts		\$1,646,993		1,646,993
LSU athletic department		6,189,533		6,189,533
Building tenant security deposits			\$60,756	60,756
Total temporarily restricted	<u>\$102,980,626</u>	<u>\$7,836,526</u>	<u>\$60,756</u>	<u>\$110,877,908</u>

*As of December 31, 2010

26. RELATED PARTY TRANSACTIONS - COMPONENT UNIT

LSU pays annual rental fees of \$4,500,000 to TAF for rental of facilities at LSU Tiger Stadium.

The University of New Orleans Foundation (UNOF) provides certain payroll management functions to the UNO Research and Technology Foundation for a fee. The UNO Research and Technology Foundation has paid \$1,608,679 to UNOF for the aforementioned services and reported a balance due to UNOF of \$1,435,470 at June 30, 2011. Also, during the year, UNOF paid \$307,715 to the UNO Research and Technology Foundation for general and administrative expenses the Foundation incurred on behalf of the UNOF.

In December 2009, the UNO Research and Technology Foundation entered into a loan agreement in the amount of \$1,136,019 with a local bank. The proceeds of the loan were used to refinance a loan entered into by the University of New Orleans Property Housing and Development Foundation (the UNOPHD) with the local bank for constructing and equipping a support facility for use by UNO. The UNOPHD assigned the lease revenues payable from UNO to the UNO Research and Technology Foundation to support the loan debt service. The UNO Research and Technology Foundation has recognized a receivable from the UNOPHD for the debt service payments. During the year, the UNOPHD made payments to the UNO Research and Technology Foundation totaling \$440,617. The balance due to the UNO Research and Technology Foundation at June 30, 2011, totaled \$837,070.

The UNO Research and Technology Foundation enters into certain contracts, and makes the related contract payments on behalf of UNO. UNO reimburses the UNO Research and Technology Foundation for contract payments made on its behalf. UNO also makes payments to the UNO Research and Technology Foundation for property management. During the year, UNO paid \$745,055 related to the aforementioned contract payments and property management services. The balance due from UNO to the UNO Research and Technology Foundation related to these payments and services totaled \$546,671 at June 30, 2011.

27. UNCONDITIONAL PROMISES TO GIVE - COMPONENT UNITS

The discretely presented component units reported unconditional promises to give as follows:

	LSU Foundation	Tiger Athletic Foundation*
Promises to give expected to be collected in:		
Less than one year	\$9,198,064	\$9,629,420
One to five years	17,699,120	3,616,488
More than five years	138,970	553,500
Subtotal	<u>27,036,154</u>	<u>13,799,408</u>
Less discount on promises to give	(2,290,947)	(658,247)
Less allowance for uncollectible accounts	(839,627)	(1,529,400)
Subtotal	<u>(3,130,574)</u>	<u>(2,187,647)</u>
Net unconditional promises to give	<u>\$23,905,580</u>	<u>\$11,611,761</u>

*As of December 31, 2010

At June 30, 2011, the UNO Research and Technology Foundation reports no unconditional promises to give. Total unconditional promises to give (current and noncurrent) of \$35,517,341 are reported on Statement B.

28. POLLUTION REMEDIATION OBLIGATION

A preliminary site assessment has been performed that revealed asbestos on Health Care Services Division's property. Some of the buildings within the footprint of the site required asbestos abatement prior to demolition of the buildings and removal of the debris. The State Office of Facility Planning paid \$18,542 on behalf of Health Care Services Division in remediation costs for fiscal year 2011 which is being held in construction-in-progress to be capitalized upon completion of the asset. At this time, the complete cost for remediation is unable to be estimated.

29. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the state. The LSU System recognizes the cost of providing these benefits as expenditures when paid during the year. For the fiscal year ending June 30, 2011, the cost of providing those benefits for 66 voluntary terminations and five involuntary terminations totaled \$824,271 and \$212,228, respectively.

30. SUBSEQUENT EVENTS

Act 419 of the 2011 Regular Legislative Session provides for the transfer of the University of New Orleans from the LSU System to the University of Louisiana System. Upon receipt of approval from the Southern Association for Colleges and Schools, Commission on Colleges, for the requested change in governance (anticipated in December 2011), the LSU System is directed to immediately transfer all assets, funds, facilities, property, obligations, liabilities, programs and functions of the University of New Orleans to the University of Louisiana System.

On December 16, the Joint Legislative Committee on the Budget and the governor adopted a plan to close a \$251 million state operating budget deficit in FY 2011-2012 that would make \$144 million in statewide reductions and use newly available federal and state funds to make up the rest. The plan required a \$50 million reduction from higher education including a reduction of \$21 million from the higher education entities of the LSU System. Continued reductions to those LSU entities that are dependent on state general funds for their main source of revenue, increases the pressure on those entities to implement significant employee reduction plans that will likely require the inclusion of tenured or contract faculty and to cut research programs and community outreach services in an effort to live within its allocated budget expectations.

In addition, because of projected over-expenditures in the state Medicaid Private Provider Program and the projected state revenue shortfall, the LSU Health enterprise has been advised by the state Administration that LSU will not be able to utilize \$35 million in state funds appropriated for the LSU hospitals in the DHH budget for FY 2011-2012. These funds and the federal matching funds above the appropriated level were to be used to avoid program reductions in the current fiscal year. The state Administration has also advised that DHH will not pay cost reports totaling over \$40 million due to LSU. The loss of this anticipated revenue will require significant service reductions for LSU Health to live within its allocated budget expectations.

SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION **Schedule of Funding Progress for the** **Other Postemployment Benefits Plans**

The schedule of funding progress is required supplementary information that presents certain specific data regarding the funding progress of the Other Postemployment Benefits Plans, including the unfunded actuarial accrued liability.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Schedule of Funding Progress for the
Other Postemployment Benefits Plans
Fiscal Year Ended June 30, 2011**

LSU System Health Plan

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit Method (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
FY 2009	07/01/2007	NONE	\$470,940,000	\$470,940,000	0.0%	\$612,457,990	76.9%
FY 2010	07/01/2009	NONE	608,425,749	608,425,749	0.0%	629,179,083	96.7%
FY 2011	07/01/2010	NONE	663,677,884	663,677,884	0.0%	622,239,300	106.7%

State Office of Group Benefits Plan

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit Method (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
FY 2009	07/02/2008	NONE	\$2,029,000,000	\$2,029,000,000	0.0%	\$430,129,638	471.7%
FY 2010	07/02/2009	NONE	1,601,483,400	1,601,483,400	0.0%	416,263,700	384.7%
FY 2011	07/01/2010	NONE	1,354,116,000	1,354,116,000	0.0%	397,889,610	340.3%

SUPPLEMENTAL INFORMATION SCHEDULES

The material presented in this section is designed to provide the reader with additional information supporting the financial statements.

Combining Schedule of Net Assets, by University

Schedule 2 presents the current and long-term portions of assets and liabilities and net assets for each university within the LSU System. Included in Schedule 2 are amounts due to and due from the other campuses, the state treasury, and the federal government. While these due to and due from amounts have been reported at net or eliminated in the consolidated statements, they are shown when presenting individual campus financial information.

Combining Schedule of Revenues, Expenses, and Changes in Net Assets, by University

Schedule 3 presents information showing how the net assets of each university changed as a result of current year operations.

Combining Schedule of Cash Flows, by University

Schedule 4 presents information showing how each university's cash changed as a result of current year operations.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Net Assets, by University
June 30, 2011**

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice	Paul M. Hebert Law Center	Agricultural Center
ASSETS							
Current assets:							
Cash and cash equivalents	\$79,705,276	\$9,984,179	(\$50,705,471)	\$2,776,440	\$5,877,982	\$3,051,277	\$18,123,669
Investments	10,848	1,660,604	291,353,642	94,292	58,469	273,464	186,337
Receivables (net)	1,357,459	2,432,003	30,386,035	4,523,280	3,016,261	91,622	4,075,036
Due from other campuses	1,407,048						
Due from state treasury		3,338	10,750,270	1,321,373	775,267	85,306	607,419
Due from federal government		1,402,849	13,164,981	185,135	44,824		2,206,454
Inventories		225,470	1,952,260	9,161	357,328		3,995,442
Deferred charges and prepaid expenses		1,747	9,372,535	3,069	10,049	3,066	42,114
Notes receivable (net)			1,700,501		48,856		
Other current assets			1,838,746				
Total current assets	82,480,631	15,710,190	309,813,499	8,912,750	10,189,036	3,504,735	29,236,471
Noncurrent assets:							
Restricted:							
Cash and cash equivalents		40,364	79,949,559	699,075	398,213	707,820	4,048,736
Investments		5,040,000	189,953,265	1,697,993	706,775	3,332,887	3,079,659
Notes receivable (net)			13,514,827		545,800		
Other restricted assets			11,858,995				122,063
Investments							
Other noncurrent assets							
Capital assets (net)	284,412	70,474,664	745,119,097	28,439,080	20,898,890	13,604,365	51,409,533
Total noncurrent assets	284,412	75,555,028	1,040,395,743	30,836,148	22,549,678	17,645,072	58,659,991
Total assets	82,765,043	91,265,218	1,350,209,242	39,748,898	32,738,714	21,149,807	87,896,462
LIABILITIES							
Current liabilities:							
Accounts payable and accruals	11,461,073	345,031	40,032,206	371,076	1,175,846	710,884	713,753
Due to other campuses			77,720,675				
Due to state treasury			892				
Due to federal government			20,543				3,129
Deferred revenues		3,583,778	52,444,591	3,071,148	2,936,581	196,559	4,309,311
Amounts held in custody for others	702,226		5,324,274	66,002	71,021	145,932	69,935
Compensated absences	95,657	293,142	2,611,430	94,562	51,614	108,262	833,923
Capital lease obligations			1,308,537				
Notes payable							
Bonds payable			9,595,000	100,000	205,417		
Other current liabilities			3,143,746				
Total current liabilities	12,258,956	4,221,951	192,201,894	3,702,788	4,440,479	1,161,637	5,930,051
Noncurrent liabilities:							
Compensated absences	731,787	2,437,987	26,719,613	649,424	722,209	850,846	8,554,659
Capital lease obligations			32,743,991				
Notes payable							
Other postemployment benefits payable	571,639	10,961,962	142,945,230	9,111,957	3,708,515	4,039,169	39,379,750
Bonds payable			375,220,000	3,900,000	7,301,666		
Other noncurrent liabilities			3,201,560	23,257	7,578		26,570
Total noncurrent liabilities	1,303,426	13,399,949	580,830,394	13,684,638	11,739,968	4,890,015	47,960,979
Total liabilities	13,562,382	17,621,900	773,032,288	17,387,426	16,180,447	6,051,652	53,891,030

(Continued)

Schedule 2

	University of New Orleans	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$16,580,075	\$6,641,554	\$31,816,918	\$230,966,462	\$250,643,425		\$605,461,786
Investments		100,000	16,867,258	3,458,598	33,450,878		347,514,390
Receivables (net)	14,586,279	885,327	35,614,718	59,466,241	97,996,859		254,431,120
Due from other campuses			90,730,426	409,232	5,686,616	(\$98,233,322)	
Due from state treasury	5,160,306	1,458,797	19,842,048		19,513,276		59,517,400
Due from federal government	3,884,809	391,720	9,705,916	1,912,529	3,727,535		36,626,752
Inventories	918,770	435,015	2,296,270	15,394,369	11,799,919		37,384,004
Deferred charges and prepaid expenses	438,708	680,735	3,978,074	729,537	168,522		15,428,156
Notes receivable (net)	443,549		1,194,129		215,165		3,602,200
Other current assets							1,838,746
Total current assets	42,012,496	10,593,148	212,045,757	312,336,968	423,202,195	(98,233,322)	1,361,804,554
Noncurrent assets:							
Restricted:							
Cash and cash equivalents	3,912,354	387,544		3,671,601	16,494,699		110,309,965
Investments	17,626,873	4,664,032	10,662,308	9,894,497	48,917,767		295,576,056
Notes receivable (net)	4,451,634		7,546,522		1,335,327		27,394,110
Other restricted assets							11,981,058
Investments	18,327		2,531,213				2,549,540
Other noncurrent assets			242,184	566,985			809,169
Capital assets (net)	207,290,856	24,410,018	224,950,715	315,686,331	139,561,412		1,842,129,373
Total noncurrent assets	233,300,044	29,461,594	245,932,942	329,819,414	206,309,205	NONE	2,290,749,271
Total assets	275,312,540	40,054,742	457,978,699	642,156,382	629,511,400	(98,233,322)	3,652,553,825
LIABILITIES							
Current liabilities:							
Accounts payable and accruals	9,366,706	1,218,560	30,588,340	61,396,881	39,742,571		197,122,927
Due to other campuses	256,667	26,927	381,802	19,127,142	720,109	(98,233,322)	
Due to state treasury		30,821		50,105,103	22,372,566		72,509,382
Due to federal government			2,925,842				2,949,514
Deferred revenues	3,856,999	920,334	10,545,494	221,312	2,178,537		84,264,644
Amounts held in custody for others	349,270	43,822	179,713	145,049	79,883		7,177,127
Compensated absences	775,728	78,697	1,970,928	3,237,553	1,821,837		11,973,333
Capital lease obligations	1,032,419		55,708		1,271,478		3,668,142
Notes payable				152,841	385,708		538,549
Bonds payable	1,755,000		350,000	275,000			12,280,417
Other current liabilities							3,143,746
Total current liabilities	17,392,789	2,319,161	46,997,827	134,660,881	68,572,689	(98,233,322)	395,627,781
Noncurrent liabilities:							
Compensated absences	6,456,946	2,276,210	16,808,365	34,611,557	26,684,943		127,504,546
Capital lease obligations	43,924,938				7,209,009		83,877,938
Notes payable				1,463,487	42,600		1,506,087
Other postemployment benefits payable	42,574,120	7,567,907	72,661,127	147,509,839	139,626,654		620,657,869
Bonds payable	21,115,000		12,730,000	18,355,000			438,621,666
Other noncurrent liabilities	33,546			541,166			3,833,677
Total noncurrent liabilities	114,104,550	9,844,117	102,199,492	202,481,049	173,563,206	NONE	1,276,001,783
Total liabilities	131,497,339	12,163,278	149,197,319	337,141,930	242,135,895	(98,233,322)	1,671,629,564

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Assets, by University
June 30, 2011**

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice	Paul M. Hebert Law Center	Agricultural Center
NET ASSETS							
Invested in capital assets, net of related debt	\$284,412	\$70,474,664	\$432,528,118	\$24,513,854	\$16,041,637	\$13,604,365	\$51,409,533
Restricted for:							
Nonexpendable		5,040,000	66,620,663	1,623,219	377,362	3,619,901	3,079,659
Expendable	58,259,062	8,597,813	140,538,561	3,139,558	2,905,584	740,790	7,844,912
Unrestricted	10,659,187	(10,469,159)	(62,510,388)	(6,915,159)	(2,766,316)	(2,866,901)	(28,328,672)
Total net assets	\$69,202,661	\$73,643,318	\$577,176,954	\$22,361,472	\$16,558,267	\$15,098,155	\$34,005,432

(Concluded)

Schedule 2

	University of New Orleans	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
NET ASSETS							
Invested in capital assets, net of related debt	\$141,021,507	\$24,410,018	\$211,815,007	\$294,898,838	\$130,652,618		\$1,411,654,571
Restricted for:							
Nonexpendable	19,766,068	4,477,549	27,141,018	16,134,819	57,537,953		205,418,211
Expendable	19,051,784	3,743,541	18,358,620	16,166,772	40,989,312		320,336,309
Unrestricted	(36,024,158)	(4,739,644)	51,466,735	(22,185,977)	158,195,622		43,515,170
Total net assets	\$143,815,201	\$27,891,464	\$308,781,380	\$305,014,452	\$387,375,505	NONE	\$1,980,924,261

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Revenues, Expenses,
and Changes in Net Assets, by University
For the Fiscal Year Ended June 30, 2011**

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice	Paul M. Hebert Law Center	Agricultural Center
OPERATING REVENUES							
Student tuition and fees			\$233,570,802	\$8,080,851	\$6,517,477	\$13,255,761	
Less scholarship allowances			(43,184,183)	(1,719,863)	(1,700,059)	(2,396,836)	
Net student tuition and fees	NONE	NONE	190,386,619	6,360,988	4,817,418	10,858,925	NONE
Federal appropriations							\$11,267,034
Federal grants and contracts		\$17,857,785	86,448,839	589,931	1,095,004		9,833,925
American Recovery and Reinvestment Act revenues		3,879,902	6,569,124		100,000	88,673	700,539
State and local grants and contracts	\$85,023	862,916	33,120,046	655,510	456,599		11,371,623
Nongovernmental grants and contracts		7,792,710	17,086,359	32,736	103,794	98,658	4,828,439
Sales and services of educational departments		79,281	17,845,030	26,308	36,820	163,422	6,683,747
Hospital income							
Auxiliary enterprise revenues (including revenues pledged to secure debt)		20,441	160,452,590	1,610,512	3,586,215		
Less scholarship allowances			(13,624,461)	(165,499)	(164,011)		
Net auxiliary revenues	NONE	20,441	146,828,129	1,445,013	3,422,204	NONE	NONE
Other operating revenues	2,116,267	4,964	7,108,741	46,059	153,502	129,733	9,760,433
Total operating revenues	2,201,290	30,497,999	505,392,887	9,156,545	10,185,341	11,339,411	54,445,740
OPERATING EXPENSES							
Educational and general:							
Instruction	85,023		229,706,356	9,660,556	8,547,066	10,086,100	
Research		36,742,990	130,572,257	44,537		697,087	68,243,588
Public service		221,174	31,597,543	67,675	270	115,508	47,910,939
Academic support		4,186,854	73,796,866	1,733,638	690,055	2,759,437	3,909,812
Student services			20,390,992	1,942,826	1,516,153	1,271,343	
Institutional support	7,445,528	5,671,843	23,191,358	3,482,182	2,552,278	2,388,199	15,101,015
Operations and maintenance of plant	114,015	7,195,530	86,191,739	4,489,026	3,810,262	1,974,036	5,770,371
Scholarships and fellowships	5,500	751	33,517,862	3,405,782	4,407,379	1,347,035	42,100
Auxiliary enterprises		24,475	126,955,686	1,188,004	2,910,646		
Hospital							
Total operating expenses	7,650,066	54,043,617	755,920,659	26,014,226	24,434,109	20,638,745	140,977,825
OPERATING LOSS	(5,448,776)	(23,545,618)	(250,527,772)	(16,857,681)	(14,248,768)	(9,299,334)	(86,532,085)
NONOPERATING REVENUES (Expenses)							
State appropriations	5,285,620	12,018,892	166,147,803	8,367,471	6,410,494	6,237,007	68,941,436
Gifts	106,395	2,337,268	17,334,546	223,789	138,698	391,206	2,814,852
Federal nonoperating revenues			20,374,319	4,655,925	5,575,830		(148,851)
Net investment income	648,478	992,162	13,944,497	239,611	129,477	419,910	990,440
American Recovery and Reinvestment Act State Fiscal Stabilization Funds			56,507,987	3,400,985	1,948,366	2,455,272	
Interest expense			(20,218,831)	(210,263)	(543,945)		
Other nonoperating revenues (expenses)			12,262				1,277,202
Net nonoperating revenues	6,040,493	15,348,322	254,102,583	16,677,518	13,658,920	9,503,395	73,875,079

(Continued)

	University of New Orleans	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
OPERATING REVENUES							
Student tuition and fees	\$65,389,567	\$14,368,460	\$25,569,846		\$8,873,423		\$375,626,187
Less scholarship allowances	(10,648,931)	(3,992,834)	(2,927,107)		(327,071)		(66,896,884)
Net student tuition and fees	54,740,636	10,375,626	22,642,739	NONE	8,546,352	NONE	308,729,303
Federal appropriations							11,267,034
Federal grants and contracts	19,586,561	1,911,012	42,372,141		17,507,869		197,203,067
American Recovery and Reinvestment Act revenues	511,699		6,047,057		822,678		18,719,672
State and local grants and contracts	11,674,460	3,716,679	114,723,291		10,236,780	(\$100,283,207)	86,619,720
Nongovernmental grants and contracts	17,153,367	2,307,636	73,166,424		16,740,742		139,310,865
Sales and services of educational departments	384,510	28,008	88,508,608		92,315,050	(2,112)	206,068,672
Hospital income				\$772,086,862	499,296,095		1,271,382,957
Auxiliary enterprise revenues (including revenues pledged to secure debt)	12,987,241	3,295,466	7,452,452		10,689,013	(335,291)	199,758,639
Less scholarship allowances	(530,778)	(388,972)					(14,873,721)
Net auxiliary revenues	12,456,463	2,906,494	7,452,452	NONE	10,689,013	(335,291)	184,884,918
Other operating revenues	5,028,525	104,550	598,776		421,312		25,472,862
Total operating revenues	121,536,221	21,350,005	355,511,488	772,086,862	656,575,891	(100,620,610)	2,449,659,070
OPERATING EXPENSES							
Educational and general:							
Instruction	68,705,703	16,202,898	172,980,132		61,996,490		577,970,324
Research	26,857,778	1,048,295	59,882,037		41,481,195		365,569,764
Public service	9,498,371	1,550,278	156,271,108		88,546,279		335,779,145
Academic support	12,346,822	4,280,366	21,952,221		9,391,459		135,047,530
Student services	11,276,549	2,541,453	4,943,613		1,319,004		45,201,933
Institutional support	19,697,459	6,148,907	30,999,159		22,826,517		139,504,445
Operations and maintenance of plant	36,154,279	2,691,870	25,811,167		10,292,370		184,494,665
Scholarships and fellowships	12,362,312	6,580,288	1,220,394		512,950		63,402,353
Auxiliary enterprises	9,872,807	3,473,532	7,746,645		9,175,315		161,347,110
Hospital			1,545,029	945,246,045	525,110,570	(100,620,610)	1,371,281,034
Total operating expenses	206,772,080	44,517,887	483,351,505	945,246,045	770,652,149	(100,620,610)	3,379,598,303
OPERATING LOSS	(85,235,859)	(23,167,882)	(127,840,017)	(173,159,183)	(114,076,258)	NONE	(929,939,233)
NONOPERATING REVENUES (Expenses)							
State appropriations	48,744,766	12,564,202	102,928,291	72,520,024	78,899,971		589,065,977
Gifts	602,924	169,113	1,411,080	4,681,179	353,380		30,564,430
Federal nonoperating revenues	11,592,208	6,645,271	7,908,054	5,399,076	85,998		62,087,830
Net investment income	2,438,185	555,580	2,739,105	1,041,913	2,235,073		26,374,431
American Recovery and Reinvestment Act State Fiscal Stabilization Funds	17,000,729	4,409,204	28,742,733	9,731,305	24,306,480		148,503,061
Interest expense	(1,108,240)		(844,918)	(951,951)	(428,183)		(24,306,331)
Other nonoperating revenues (expenses)	78,375		1,687,607	(23,325,446)	2,906,487		(17,363,513)
Net nonoperating revenues	79,348,947	24,343,370	144,571,952	69,096,100	108,359,206	NONE	814,925,885

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Revenues, Expenses,
and Changes in Net Assets, by University
June 30, 2011**

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice	Paul M. Hebert Law Center	Agricultural Center
INCOME (Loss) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	\$591,717	(\$8,197,296)	\$3,574,811	(\$180,163)	(\$589,848)	\$204,061	(\$12,657,006)
Capital appropriations		5,256,739	17,967,511	7,096,118	3,361,847		515,464
Capital gifts and grants		514,959	16,799,557	106,469	126,129	2,753	242,070
Additions to permanent endowment		120,000	906,658			480,000	80,000
Other deductions, net	(5,929,971)		(175,154)	(6,790)	(1,833)	(13,043)	(19,262)
Transfer (to)/from other system institutio	(127,407)	1,300,000	(2,879,463)	(144,148)	(114,592)	(122,488)	6,000,000
CHANGE IN NET ASSETS	(5,465,661)	(1,005,598)	36,193,920	6,871,486	2,781,703	551,283	(5,838,734)
NET ASSETS - BEGINNING OF YEAR (Restated)	74,668,322	74,648,916	540,983,034	15,489,986	13,776,564	14,546,872	39,844,166
NET ASSETS - END OF YEAR	\$69,202,661	\$73,643,318	\$577,176,954	\$22,361,472	\$16,558,267	\$15,098,155	\$34,005,432

(Concluded)

	University of New Orleans	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
INCOME (Loss) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES (CONT.)	(\$5,886,912)	\$1,175,488	\$16,731,935	(\$104,063,083)	(\$5,717,052)	NONE	(\$115,013,348)
Capital appropriations	11,291,611		4,690,455	67,661,986	1,475,477		119,317,208
Capital gifts and grants	2,597,718				37,810		20,427,465
Additions to permanent endowment	40,000	80,000	4,000,571		1,326,100		7,033,329
Other deductions, net		(341,133)			(518,797)		(7,005,983)
Transfer (to)/from other system institutio	(873,341)	(212,300)	(1,428,125)		(1,398,136)		
CHANGE IN NET ASSETS	7,169,076	702,055	23,994,836	(36,401,097)	(4,794,598)	NONE	24,758,671
NET ASSETS - BEGINNING OF YEAR (Restated)	136,646,125	27,189,409	284,786,544	341,415,549	392,170,103	NONE	1,956,165,590
NET ASSETS - END OF YEAR	<u>\$143,815,201</u>	<u>\$27,891,464</u>	<u>\$308,781,380</u>	<u>\$305,014,452</u>	<u>\$387,375,505</u>	<u>NONE</u>	<u>\$1,980,924,261</u>

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2011**

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice	Paul M. Hebert Law Center	Agricultural Center
CASH FLOWS FROM OPERATING ACTIVITIES:							
Tuition and fees			\$188,832,082	\$6,511,420	\$4,786,964	\$10,892,507	
Federal appropriations							\$12,970,982
American Recovery and Reinvestment Act receipts		\$3,879,902	6,569,124		100,000	88,673	700,539
Grants and contracts	\$127,119	26,206,337	143,530,215	1,233,559	1,818,380	30,799	26,533,278
Sales and services of educational departments	(306,412)	55,859	18,479,762	(66,992)	36,820	163,247	6,706,686
Hospital income							
Auxiliary enterprise receipts		20,441	144,338,099	1,711,644	3,295,381		
Payments for employee compensation	(2,394,892)	(26,842,005)	(360,590,321)	(10,696,883)	(8,433,165)	(10,320,164)	(72,614,633)
Payments for benefits	2,118,416	(8,049,282)	(103,981,069)	(4,062,826)	(3,044,717)	(2,945,942)	(26,338,249)
Payments for utilities	(78,934)	(1,844,220)	(15,614,436)	(508,644)	(520,157)	(626,160)	(3,171,105)
Payments for supplies and services	(4,652,858)	(8,876,434)	(174,262,501)	(4,635,749)	(5,251,496)	(3,626,766)	(27,625,698)
Payments for scholarships and fellowships	(5,500)	(751)	(33,755,266)	(3,405,782)	(4,407,379)	(1,347,035)	(42,100)
Loans to students			(1,970,823)	14,908	(35,533)		
Collection of loans to students			1,867,987		63,863		
Other receipts (payments)	2,013,913	5,510	10,089,114	(11,416)	86,661	130,075	9,763,703
Net cash provided (used) by operating activities	(3,179,148)	(15,444,643)	(176,468,033)	(13,916,761)	(11,504,378)	(7,560,766)	(73,116,597)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
State appropriations	5,285,620	12,019,341	155,731,102	7,056,887	5,645,269	6,167,741	68,882,953
Gifts and grants for other than capital purposes	103,822	2,337,268	16,904,265	232,221	141,342	626,892	2,805,410
Private gifts for endowment purposes			293,337	6,789	1,833	13,044	15,310
TOPS receipts			51,115,174	984,378	749,150		
TOPS disbursements			(51,115,174)	(998,529)	(749,150)		
Direct lending receipts			103,165,488	7,344,889	7,582,671		
Direct lending disbursements			(103,165,488)	(7,344,889)	(7,582,671)		
Federal Family Education Loan program receipts							
Federal Family Education Loan program disbursements							
Federal Emergency Management Agency receipts			166,918		(4,201)		112,021
Federal Emergency Management Agency disbursements			(8)		4,201		(260,872)
American Recovery and Reinvestment Act receipts			56,507,987	3,400,985	1,948,366	2,455,272	
Transfer (to)/from other system institutions	(127,407)	1,300,000	(2,879,463)	(144,148)	(114,592)	(122,488)	6,000,000
Other receipts (disbursements)			20,247,543	4,670,508	5,575,830		1,277,201
Net cash provided by noncapital financing sources	5,262,035	15,656,609	246,971,681	15,209,091	13,198,048	9,140,461	78,832,023
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:							
Capital appropriations received			91,395				134,710
Capital gifts and grants received		514,959	6,517,003	106,001	362,373	2,753	241,731
Proceeds from sale of capital assets			273,706				947
Purchase of capital assets	(5,118)	(2,181,118)	(49,586,842)	(214,641)	(433,213)	(489,466)	(2,126,948)
Principal paid on capital debt and leases			(9,682,777)	(75,000)	(180,417)		
Interest paid on capital debt and leases			(20,218,831)	(210,263)	(543,945)		
Other sources	(5,929,971)		(289,512)	(6,790)	(1,833)	(13,043)	(19,262)
Net cash (used) by capital financing activities	(5,935,089)	(1,666,159)	(72,895,858)	(400,693)	(797,035)	(499,756)	(1,768,822)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments			105,804,237		64,423		
Interest received on investments	648,049	136,523	9,284,420	115,249	95,621	170,056	765,571
Purchase of investments			(204,636,175)				
Net cash provided (used) by investing activities	648,049	136,523	(89,547,518)	115,249	160,044	170,056	765,571

(Continued)

Schedule 4

	University of New Orleans	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Tuition and fees	\$54,853,676	\$9,895,566	\$22,161,950		\$9,503,642		\$307,437,807
Federal appropriations							12,970,982
American Recovery and Reinvestment Act receipts	511,699		5,950,753		822,678		18,623,368
Grants and contracts	55,593,593	7,764,140	255,160,323		40,234,292	(\$100,283,207)	457,948,828
Sales and services of educational departments	122,100	28,008	92,172,740		92,235,949	(2,112)	209,625,655
Hospital income				\$844,106,110	519,010,695		1,363,116,805
Auxiliary enterprise receipts	13,057,962	2,946,855	7,419,597		10,697,752	(335,291)	183,152,440
Payments for employee compensation	(87,266,695)	(20,613,462)	(280,421,939)	(350,480,991)	(375,995,443)		(1,606,670,593)
Payments for benefits	(26,205,109)	(6,477,180)	(56,271,378)	(108,109,075)	(90,079,950)		(433,446,361)
Payments for utilities	(6,270,446)	(755,498)	(10,259,040)	(10,828,840)	(8,706,560)		(59,184,040)
Payments for supplies and services	(50,934,153)	(7,478,537)	(103,742,958)	(356,688,404)	(237,414,445)	100,620,610	(884,569,389)
Payments for scholarships and fellowships	(12,335,284)	(6,580,288)	(1,220,394)		(512,950)		(63,612,729)
Loans to students	(272,732)		(1,457,957)		(347,564)		(4,069,701)
Collection of loans to students	588,827		979,985		224,174		3,724,836
Other receipts (payments)	5,016,229	(707,971)	(15,960,955)		446,657		10,871,520
Net cash provided (used) by operating activities	(53,540,333)	(21,978,367)	(85,489,273)	17,998,800	(39,881,073)	NONE	(484,080,572)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
State appropriations	43,687,272	12,564,202	86,214,737	72,520,024	70,606,224		546,381,372
Gifts and grants for other than capital purposes	651,166	169,113	1,411,080	4,681,179	353,380		30,417,138
Private gifts for endowment purposes	40,000	80,000			1,326,100		1,776,413
TOPS receipts	8,253,713	2,236,236	750,861		38,440		64,127,952
TOPS disbursements	(8,285,142)	(2,236,236)	(792,619)		(38,440)		(64,215,290)
Direct lending receipts			47,637,799		16,485,866		182,216,713
Direct lending disbursements			(47,637,799)		(16,485,866)		(182,216,713)
Federal Family Education Loan program receipts					201,145		201,145
Federal Family Education Loan program disbursements					(201,145)		(201,145)
Federal Emergency Management Agency receipts	757,495		8,697,523	9,255,681	2,226		18,987,663
Federal Emergency Management Agency disbursements	(679,120)		(1,703,145)	(3,856,605)			(6,495,549)
American Recovery and Reinvestment Act receipts	17,000,729	4,409,204	28,742,733	9,731,305	22,483,429		146,680,010
Transfer (to)/from other system institutions	(873,341)	(212,300)	(1,428,125)		(1,398,136)		
Other receipts (disbursements)	11,592,208	6,304,138	2,567,404	(23,192,254)	(1,613,926)		27,428,652
Net cash provided by noncapital financing sources	72,144,980	23,314,357	124,460,449	69,139,330	91,759,297	NONE	765,088,361
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:							
Capital appropriations received	11,291,611			167,554	328,046		12,013,316
Capital gifts and grants received	3,894						7,748,714
Proceeds from sale of capital assets							274,653
Purchase of capital assets	(10,694,688)	(775,540)	(23,310,564)	(1,649,560)	(21,652,703)		(113,120,401)
Principal paid on capital debt and leases	(2,607,694)		(410,755)	(5,610,944)	(1,826,184)		(20,393,771)
Interest paid on capital debt and leases	(1,108,237)		(846,118)	(951,951)	(428,183)		(24,307,528)
Other sources	(181,545)		(829,210)				(7,271,166)
Net cash (used) by capital financing activities	(3,296,659)	(775,540)	(25,396,647)	(8,044,901)	(23,579,024)	NONE	(145,056,183)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments					138,998,313		244,866,973
Interest received on investments	204,460	555,580	3,135,642	1,041,913	1,526,570		17,679,654
Purchase of investments		718,037		1,197,350	(132,891,705)		(335,612,493)
Net cash provided (used) by investing activities	204,460	1,273,617	3,135,642	2,239,263	7,633,178	NONE	(73,065,866)

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
June 30, 2011**

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice	Paul M. Hebert Law Center	Agricultural Center
NET INCREASE (Decrease) IN CASH AND CASH EQUIVALENTS	(\$3,204,153)	(\$1,317,670)	(\$91,939,728)	\$1,006,886	\$1,056,679	\$1,249,995	\$4,712,175
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	82,909,429	11,342,213	121,183,816	2,468,629	5,219,516	2,509,102	17,460,230
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$79,705,276</u>	<u>\$10,024,543</u>	<u>\$29,244,088</u>	<u>\$3,475,515</u>	<u>\$6,276,195</u>	<u>\$3,759,097</u>	<u>\$22,172,405</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:							
Operating loss	(\$5,448,776)	(\$23,545,618)	(\$250,527,772)	(\$16,857,681)	(\$14,248,768)	(\$9,299,334)	(\$86,532,085)
Adjustments to reconcile operating loss to net cash used by operating activities:							
Depreciation expense	49,552	5,823,393	40,460,561	858,658	1,097,891	887,121	4,210,144
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable, net	621,619	(1,157,058)	(983,188)	(90,780)	(323,748)	(21,798)	1,317,436
(Increase) decrease in inventories		(19,514)	823,534	(9,161)	(26,748)		11,254
(Increase) decrease in deferred charges and prepaid expenses	560	1,227	571,307	(3,814)	(6,993)	14,004	(14,799)
(Increase) decrease in notes receivable			107,566		43,622		
(Increase) decrease in other assets			(266,464)				
Increase (decrease) in accounts payable and accrued liabilities	1,504,976	15,963	1,140,654	14,114	609,888	138,045	289,720
Increase (decrease) in deferred revenue		864,868	426,731	550,625	376,065	19,925	896,790
Increase (decrease) in amounts held in custody for others	7,279		1,977,984	(68,524)	(83,485)	12,000	8,021
Increase (decrease) in compensated absences	11,905	170,277	29,926	(47,130)	6,202	(60,915)	(304,495)
Increase in other postemployment benefits payable	96,028	2,401,819	27,269,151	1,713,675	1,051,696	750,186	7,029,003
Increase (decrease) in other liabilities	(22,291)		2,501,977	23,257			(27,586)
Net cash provided (used) by operating activities	<u>(\$3,179,148)</u>	<u>(\$15,444,643)</u>	<u>(\$176,468,033)</u>	<u>(\$13,916,761)</u>	<u>(\$11,504,378)</u>	<u>(\$7,560,766)</u>	<u>(\$73,116,597)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:							
Cash and cash equivalents classified as current assets	\$79,705,276	\$9,984,179	(\$50,705,471)	\$2,776,440	\$5,877,982	\$3,051,277	\$18,123,669
Cash and cash equivalents classified as noncurrent assets		40,364	79,949,559	699,075	398,213	707,820	4,048,736
Cash and cash equivalents at end of the year	<u>\$79,705,276</u>	<u>\$10,024,543</u>	<u>\$29,244,088</u>	<u>\$3,475,515</u>	<u>\$6,276,195</u>	<u>\$3,759,097</u>	<u>\$22,172,405</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:							
Capital appropriations		\$5,256,739	\$17,613,422	\$7,096,118	\$3,361,847		\$389,833
Capital gifts			11,542,580				

(Concluded)

	University of New Orleans	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
NET INCREASE (Decrease) IN CASH AND CASH EQUIVALENTS	\$15,512,448	\$1,834,067	\$16,710,171	\$81,332,492	\$35,932,378	NONE	\$62,885,740
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,979,981	5,195,031	15,106,747	153,305,571	231,205,746	NONE	652,886,011
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$20,492,429</u>	<u>\$7,029,098</u>	<u>\$31,816,918</u>	<u>\$234,638,063</u>	<u>\$267,138,124</u>	<u>NONE</u>	<u>\$715,771,751</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:							
Operating loss	(\$85,235,859)	(\$23,167,882)	(\$127,840,017)	(\$173,159,183)	(\$114,076,258)		(\$929,939,233)
Adjustments to reconcile operating loss to net cash used by operating activities:							
Depreciation expense	15,392,368	1,885,259	17,989,562	29,287,326	28,706,652		146,648,487
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable, net	7,618,961	(435,711)	11,494,860	72,107,699	(6,853,318)		83,294,974
(Increase) decrease in inventories	147,412	(34,151)	129,875	125,638	(525,778)		622,361
(Increase) decrease in deferred charges and prepaid expenses	112,903	(75,473)	(735,855)	(531,411)	35,307		(633,037)
(Increase) decrease in notes receivable	316,096		(477,971)		(151,047)		(161,734)
(Increase) decrease in other assets		(1,433,403)		3,691,603			1,991,736
Increase (decrease) in accounts payable and accrued liabilities	716,492	(157,397)	1,722,647	9,422,035	22,145,565		37,562,702
Increase (decrease) in deferred revenue	10,914	(175,175)	768,908	(697,984)	1,105,610		4,147,277
Increase (decrease) in amounts held in custody for others	(12,297)	(134,682)	(315,576)	1,947	55,737		1,448,404
Increase (decrease) in compensated absences	(547,879)	78,629	(1,285,202)	(148,927)	1,024,499		(1,073,110)
Increase in other postemployment benefits payable	7,940,556	1,655,409	13,984,613	29,194,070	28,651,958		121,738,164
Increase (decrease) in other liabilities		16,210	(925,117)	48,705,987			50,272,437
Net cash provided (used) by operating activities	<u>(\$53,540,333)</u>	<u>(\$21,978,367)</u>	<u>(\$85,489,273)</u>	<u>\$17,998,800</u>	<u>(\$39,881,073)</u>	<u>NONE</u>	<u>(\$484,080,572)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:							
Cash and cash equivalents classified as current assets	\$16,580,075	\$6,641,554	\$31,816,918	\$230,966,462	\$250,643,425		\$605,461,786
Cash and cash equivalents classified as noncurrent assets	3,912,354	387,544		3,671,601	16,494,699		110,309,965
Cash and cash equivalents at end of the year	<u>\$20,492,429</u>	<u>\$7,029,098</u>	<u>\$31,816,918</u>	<u>\$234,638,063</u>	<u>\$267,138,124</u>	<u>NONE</u>	<u>\$715,771,751</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:							
Capital appropriations			\$4,690,455	\$67,494,432	\$1,475,477		\$107,378,323
Capital gifts	\$2,593,824				37,810		14,174,214

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. This report is based 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

January 18, 2012

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*

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units, which collectively comprise the basic financial statements of the Louisiana State University (LSU) System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, and have issued our report thereon dated January 18, 2012. Our report includes a reference to other auditors. We did not audit the financial statements of the Louisiana State University School of Medicine in New Orleans Faculty Group Practice doing business as LSU Healthcare Network and Subsidiaries, the Eunice Student Housing Foundation, Inc., and the Health Care Services Foundation and its subsidiary, which are nonprofit corporations included as blended component units in the basic financial statements of the LSU System. We also did not audit the financial statements of the LSU Foundation, the Tiger Athletic Foundation, and the University of New Orleans Research and Technology Foundation, which are the discretely presented component units presented in the basic financial statements. The financial statements of the blended and discretely presented component units were audited by other auditors whose reports have been furnished to us, and this report, insofar as it relates to the amounts reported for those component units, is based 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. The financial statements of the LSU Foundation and the Tiger Athletic Foundation, which were audited by other auditors, were audited in accordance with standards generally accepted in the United States of America, but not in accordance with *Government Auditing Standards*. 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.

Internal Control Over Financial Reporting

Management of the LSU System is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the LSU System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LSU System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the LSU System's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LSU 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 Louisiana State University School of Medicine in New Orleans Faculty Group Practice doing business as LSU Healthcare Network and Subsidiaries, the Eunice Student Housing Foundation, Inc., and the Health Care Services Foundation and its subsidiary, which are blended component units included in the LSU System's basic financial statements for the year ended June 30, 2011. In addition, other auditors audited the LSU Foundation, the Tiger Athletic Foundation, and the University of New Orleans Research and Technology Foundation, which are discretely presented component units included in the basic financial statements. 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 LSU System's basic financial statements for the year ended June 30, 2011, we performed certain procedures on campuses and hospitals within the LSU System. Our reports on those procedures for those campuses and hospitals are listed as follows:

	<u>Report Date</u>
LSU and Related Campuses	February 6, 2012
LSU Health Sciences Center - New Orleans	January 24, 2012
LSU Health Sciences Center - Shreveport	December 1, 2011
Health Care Services Division	January 24, 2012
University of New Orleans	January 17, 2012

Those reports contain compliance and internal control findings, where applicable, relating to those entities. Management's responses are also included in those reports. Copies of those reports are available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor and can also be found on the Internet at www.lla.la.gov.

This report is intended solely for the information and use of the LSU System and its management, others within the entity, the LSU Board of Supervisors, the Louisiana Board of Regents for Higher Education, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. 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

JPT:NWM:EFS:THC:dl

LSU 2011



UNIVERSITY OF NEW ORLEANS

Financial Report

As of and for the Year Ended June 30, 2011

**UNIVERSITY OF NEW ORLEANS
FINANCIAL STATEMENTS
JUNE 30, 2011**

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ASSETS		
	2011	2010
Current Assets		
Cash and cash equivalents	\$ 16,580,075	\$ 2,004,229
Investments	-	-
Derivative instrument	-	-
Deferred outflow of resources	-	-
Accounts receivable, net	14,586,279	19,790,466
Pledges receivable	-	-
Due from other campuses	-	15,967
Due from State Treasury	5,160,306	102,811
Due from Federal Government	3,884,809	6,251,686
Inventories	918,770	1,066,182
Deferred charges and prepaid expenses	438,708	551,611
Notes receivable	443,549	464,985
Other current assets	-	-
Total current assets	<u>42,012,496</u>	<u>30,247,937</u>
Noncurrent Assets		
Restricted assets:		
Cash and cash equivalents	3,912,354	2,975,752
Investments	17,626,873	15,395,098
Accounts receivable, net	-	-
Notes receivable	4,451,634	4,746,294
Other	-	-
Investments - unrestricted	18,327	16,378
Pledges receivable	-	-
Notes receivable, net	-	-
Capital assets, net	207,290,856	209,390,378
Other noncurrent assets	-	-
Total noncurrent assets	<u>233,300,044</u>	<u>232,523,900</u>
Total assets	<u>275,312,540</u>	<u>262,771,837</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	9,366,706	8,615,439
Derivative instrument	-	-
Deferred inflow of resources	-	-
Due to other campuses	256,667	287,106
Due to State Treasury	-	-
Due to Federal Government	-	-
Deferred revenues	3,856,999	3,797,341
Amounts held in custody for others	349,270	361,567
Other liabilities	-	-
Current portion of Noncurrent Liabilities		
Compensated absences payable	775,728	656,332
Capital lease obligations	1,032,419	927,694
Claims and litigation payable	-	-
Notes payable	-	-
Pollution remediation obligation	-	-
Contracts payable	-	-
Reimbursement contracts payable	-	-
Bonds payable	1,755,000	1,680,000
Other current liabilities	-	-
Total current liabilities	<u>17,392,789</u>	<u>16,325,479</u>
Long-term Portion of Noncurrent Liabilities		
Compensated absences payable	6,456,946	7,124,221
Capital lease obligations	43,924,938	44,957,357
Claims and litigation payable	-	-
Notes payable	-	-
Pollution remediation obligation	-	-
Contracts payable	-	-
Reimbursement contracts payable	-	-
OPEB Payable	42,574,120	34,633,564
Bonds payable	21,115,000	22,870,000
Other noncurrent liabilities	33,546	215,091
Total noncurrent liabilities	<u>114,104,550</u>	<u>109,800,233</u>
Total liabilities	<u>131,497,339</u>	<u>126,125,712</u>
NET ASSETS		
Invested in capital assets, net of related debt	141,021,507	140,294,768
Restricted for:		
Nonexpendable	19,766,068	17,528,516
Expendable	19,051,784	14,521,285
Unrestricted	(36,024,158)	(35,698,444)
Total net assets	<u>\$ 143,815,201</u>	<u>\$ 136,646,125</u>



	2011	2010
OPERATING REVENUES		
Student tuition and fees	\$ 65,389,567	\$ 60,645,128
Less scholarship allowances	(10,648,931)	(11,294,603)
Net student tuition and fees	54,740,636	49,350,525
Gifts received by the foundations	-	-
Gifts received by the foundations	-	-
Federal appropriations	-	-
Federal grants and contracts	19,586,561	17,425,804
ARRA-Grants & contracts	511,699	11,967,971
State and local grants and contracts	11,674,460	18,628,683
Nongovernmental grants and contracts	17,153,367	15,172,725
Sales and services of educational departments	384,510	136,970
Hospital income	-	-
Auxiliary enterprise revenues, including revenues pledged as security for bond issues	12,987,241	14,763,634
Less scholarship allowances	(530,778)	(576,789)
Net auxiliary revenues	12,456,463	14,186,845
Other operating revenues	5,028,525	4,518,647
Total operating revenues	<u>121,536,221</u>	<u>131,388,170</u>
OPERATING EXPENSES		
Educational and general		
Instruction	68,705,703	69,622,459
Research	26,857,778	28,966,486
Public service	9,498,371	10,223,744
Academic support	12,346,822	14,177,435
Student services	11,276,549	8,841,331
Institutional support	19,697,459	13,511,452
Operation and maintenance of plant	36,154,279	28,436,124
Scholarships and fellowships	12,362,312	13,545,456
Auxiliary enterprises	9,872,807	14,335,507
Hospital	-	-
Other operating expenses	-	-
Total operating expenses	<u>206,772,080</u>	<u>201,659,994</u>
Operating income (loss)	<u>(85,235,859)</u>	<u>(70,271,824)</u>
NONOPERATING REVENUES AND (EXPENSES)		
State appropriations	48,744,766	48,118,229
Gifts	602,924	505,097
Federal nonoperating revenues (expenses)	11,592,208	11,973,065
ARRA revenues	17,000,729	-
Net investment income (loss)	2,438,185	2,389,817
Interest expenses	(1,108,240)	(1,174,551)
Payments to or on behalf of the univeristy		
Other nonoperating revenues	78,375	113,927
Net nonoperating revenues (expenses)	<u>79,348,947</u>	<u>61,925,584</u>
Income before other revenues, expenses, gains, and losses	<u>(5,886,912)</u>	<u>(8,346,240)</u>
Capital appropriations	11,291,611	10,089,330
Capital gifts and grants	2,597,718	473,089
Additions to permanent endowments	40,000	-
Other additions, net	-	16,811
Transfer to/from other system institutions	(873,341)	-
Increase (decrease) in net assets	<u>7,169,076</u>	<u>2,232,990</u>
Net assets at beginning of year, restated	136,646,125	134,413,135
Net assets at end of year	<u><u>143,815,201</u></u>	<u><u>136,646,125</u></u>



JUNE 30, 2011

	2011	2010
Cash flows from operating activities		
Student tuition and fees	\$ 54,853,675	\$ 49,635,040
Federal appropriations	-	-
Grants and contracts	55,593,594	49,477,506
ARRA-Grants and contracts	511,699	11,967,971
Sales and services of educational departments	122,100	575,820
Hospital income	-	-
Auxiliary enterprise receipts	13,057,962	14,151,827
Payments for employee compensation	(87,266,695)	(94,188,346)
Payments for benefits	(26,205,109)	(25,021,002)
Payments for utilities	(6,270,446)	(6,205,423)
Payments for supplies and services	(50,934,153)	(40,966,459)
Payments for scholarships and fellowships	(12,335,284)	(13,605,764)
Loans to students	(272,732)	(385,827)
Collection of loans to students	588,827	471,291
Other receipts (disbursements)	5,016,229	4,549,966
Net cash provided (used) by operating activities	<u>(53,540,333)</u>	<u>(49,543,400)</u>
Cash flows from non-capital financing activities		
State appropriations	43,687,272	48,218,910
Transfer to/from other system institutions	(873,341)	-
ARRA Receipts	17,000,729	-
Gifts and grants for other than capital purposes	651,166	1,024,718
Private gifts for endowment purposes	40,000	-
TOPS receipts	8,253,713	6,496,830
TOPS disbursements	(8,285,142)	(6,492,241)
FEMA receipts	757,495	1,048,242
FEMA disbursements	(679,120)	(934,315)
Direct lending receipts	-	-
Direct lending disbursements	-	-
Federal Family Education Loan Program receipts	-	-
Federal Family Education Loan Program disbursements	-	-
Other receipts (disbursements)	11,592,208	11,973,065
Net cash provided by noncapital financing sources	<u>72,144,980</u>	<u>61,335,209</u>
Cash flows from capital financing activities		
Proceeds from capital debt	-	-
Capital appropriations received	11,291,611	-
Capital grants and gifts received	3,894	409,569
Proceeds from sale of capital assets	-	-
Purchase of capital assets	(10,694,688)	(10,506,159)
Principal paid on capital debt and leases	(2,607,694)	(2,465,610)
Interest paid on capital debt and leases	(1,108,237)	(1,174,551)
Deposit with trustees	-	-
Other sources	(181,545)	176,874
Net cash used by capital financing activities	<u>(3,296,659)</u>	<u>(13,559,877)</u>

Cash flows from investing activities

Proceeds from sales and maturities of investments	-	-
Interest received on investments	204,460	593,820
Purchase of investments	-	-
Net cash provided (used) by investing activities	204,460	593,820
Net increase (decrease) in cash and cash equivalents	15,512,448	(1,174,248)
Cash and cash equivalents at beginning of the year	4,979,981	6,154,229
Cash and cash equivalents at the end of the year	20,492,429	4,979,981

Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (used) by Operating Activities

Operating income (loss)	\$ (85,235,859)	\$ (70,271,824)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	15,392,368	13,617,125
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable, net	7,618,961	(503,535)
(Increase) decrease in inventories	147,412	158,388
(Increase) decrease in deferred charges & prepaid expenses	112,903	(40,411)
(Increase) decrease in notes receivable	316,096	85,463
(Increase) decrease in other assets	-	-
Increase (decrease) in accounts payable & accrued liabilities	716,492	(1,243,166)
Increase (decrease) in deferred revenues	10,915	(562,915)
Increase (decrease) in amounts held in custody for others	(12,297)	31,319
Increase (decrease) in compensated absences	(547,879)	(284,011)
Increase (decrease) in OPEB payable	7,940,555	9,470,167
Increase (decrease) in other liabilities	-	-
Net cash provided (used) by operating activities:	<u>\$ (53,540,333)</u>	<u>\$ (49,543,400)</u>

Noncash Investing, Noncapital Financing, and Capital & Related Financing Transactions

Capital appropriations	-	-
Non-cash state appropriations for property	-	-
Net cash provided (used) by noncash investing	<u>\$ -</u>	<u>\$ -</u>

Reconciliation of Cash & Cash Equivalents to the SNA

Cash and cash equivalents classified as current assets	\$ 16,580,075	\$ 2,004,229
Cash and cash equivalents classified as noncurrent assets	3,912,354	2,975,752
	<u>\$ 20,492,429</u>	<u>\$ 4,979,981</u>



	Total	Unrestricted	Auxiliary	Restricted
Educational and General:				
Student tuition and fees -				
University	47,922,753	41,362,153	2,327,258	4,233,342
Nonresident	8,450,305	8,450,305		-
Other	11,028,455	5,044,234		5,984,221
Total student tuition and fees	67,401,513	54,856,692	2,327,258	10,217,563
Governmental appropriations - state government				
General	63,162,542	63,162,542		-
Dedicated	2,582,953	2,582,953		-
Total governmental appropriations	65,745,495	65,745,495	-	-
Government grants and contracts -				
Federal	31,456,569	-		31,456,569
State	12,014,037	-		12,014,037
Local	421,812	-		421,812
Total government grants and contracts	43,892,418	-	-	43,892,418
Private grants and contracts	17,458,769	-	-	17,458,769
Gifts	602,924	-	-	602,924
Sales and services of educational departments -				
Business administration -				
Hotel, restaurant, and tourism	1,585	1,585		-
Educational support services	11,206	11,206		-
Testing services	112,635	112,635		-
Testing resource assistive technology center	78,400	78,400		-
Liberal arts -				
Film, theater, and communications	9,081	9,081		-
UNO press sales	7,168	7,168		-
Library	19,469	19,469		-
Total sales and services of educational departments	239,544	239,544		-
Investment income	41,675	38,954		2,721
Endowment Income	294,237	-		294,237
Sales and service of auxiliary enterprises	11,412,400	-	11,412,400	-
Other sources -				
Check cashing and returned check charges	3,175	3,175		-
EMBA-administrative costs recovered	804,534	804,534		-
Lakefront arena - building rentals	565,480	565,480		-
Lakefront arena - concessions	1,473,542	1,473,542		-
Lakefront arena - other	839,315	626,325		212,990
Lease rentals - miscellaneous	4,108	4,108		-
Lindy Boggs conference center	488,017	488,017		-
Miscellaneous	161,642	161,642		-
Parking fines	220,685	220,685		-
Printing replacement IDs	12,980	12,980		-
Recovery of indirect costs	4,689,220	-		4,689,220
Recreation and intramural sports	30,655	30,655		-
Rentals - General Facilities	138,429	138,429		-
Rentals - post office boxes	12,645	12,645		-
Rental - U.S. Post Office	2,700	2,700		-
Rooftop leases	168,468	168,468		-
Student orientation program	122,345	122,345		-
Student printing services (goprint)	34,415	34,415		-
Veterans Administration-administrative allowance	2,821	2,821		-
Total other sources	9,775,176	4,872,966		4,902,210
Total revenues	\$ 216,864,151	\$ 125,753,651	\$ 13,739,658	\$ 77,370,842



Analysis C-2A

Analysis of Current Unrestricted Fund Expenditures
For The Year Ended June 30, 2011

	Total	Salaries	Wages	Related Benefits	Travel	Supplies and Expense	Equipment
Education and General:							
Instruction--							
Business administration--							
Accounting	\$ 1,778,301	\$ 1,282,117	\$ 18,040	\$ 461,091	\$ -	\$ 17,053	\$ -
Economics and finance	2,274,817	1,559,177	85,313	564,684	-	65,643	-
Executive mba program	2,589,453	813,895	145,518	239,290	138,658	1,219,286	32,806
Hotel, restaurant and tourism	947,065	684,968	6,000	248,481	-	7,616	-
HRT food laboratory	14,842	-	1,986	-	-	12,856	-
Interdisciplinary	103,228	-	-	-	-	7,208	96,020
Management	1,842,423	1,325,537	17,999	480,828	-	18,059	-
Marketing	971,211	695,574	11,813	252,320	-	11,504	-
Total business administration	10,521,340	6,361,268	286,669	2,246,694	138,658	1,359,225	128,826
Education--							
Curriculum and instruction	882,522	626,428	10,000	227,247	-	18,847	-
Education leadership and foundations	1,460,357	1,024,406	36,370	371,613	-	27,968	-
Interdisciplinary	136,491	92,931	1,333	33,708	-	1,982	6,537
Special education and habilitative services	903,223	634,235	17,503	230,077	-	21,408	-
Student teaching office	51,261	27,162	-	9,860	564	13,675	-
Total education	3,433,854	2,405,162	65,206	872,505	564	83,880	6,537
Engineering--							
Civil and environmental	769,862	539,513	7,458	189,376	19,592	8,558	5,365
Electrical	760,868	528,742	14,326	173,657	6,223	20,351	17,569
Interdisciplinary	278,518	179,489	-	50,435	-	36,346	12,248
Mechanical	1,062,470	749,212	9,023	265,100	-	17,698	21,437
Naval architecture and marine	450,728	328,099	554	119,022	-	3,053	-
Total engineering	3,322,446	2,325,055	31,361	797,590	25,815	86,006	56,619
General instruction--							
Board of regents info tech initiative	1,539,456	1,159,212	9,000	370,948	-	296	-
Board of regents library and equipment	25,000	-	-	-	-	25,000	-
Developmental education	91,296	62,057	3,000	22,514	2,520	1,205	-
Continuing education	487,342	190,359	121,345	69,435	4,316	101,887	-
Credit programs	365,765	199,069	41,341	72,192	2,032	47,450	3,681
General studies program	1,051,230	-	372,457	-	-	542,382	136,391
Graduate enhancement program	176,262	(609)	122,096	(216)	9,589	43,170	2,232
Graduate enhancement academic excellence	250,538	-	199,674	-	-	50,864	-
Interdisciplinary	718,956	522,882	7,000	186,654	1,693	727	-
TRAC non-credit	433,959	268,374	9,444	84,970	22,119	49,052	-
Retention/quality education program	58,892	23,194	19,947	8,418	-	7,333	-
Serephia leyda teaching fellowship	9,142	-	-	-	5,850	2,004	1,288
Total general instruction	5,207,838	2,424,538	905,304	814,915	48,119	871,370	143,592
Liberal arts--							



Analysis C-2A

Analysis of Current Unrestricted Fund Expenditures
For The Year Ended June 30, 2011

	Total	Salaries	Wages	Related Benefits	Travel	Supplies and Expense	Equipment
Anthropology	426,699	310,580	-	112,641	-	3,478	-
Arts administration	142,558	71,520	20,034	25,939	3,978	21,087	-
UNO studio center	200,000	-	-	-	-	200,000	-
Drama and communications	1,582,396	934,125	94,053	338,861	13,224	377,357	24,776
English	3,914,370	2,628,874	180,202	952,621	1,916	150,757	-
Fine arts	800,017	482,568	44,772	175,063	-	90,917	6,697
Foreign languages	1,186,878	819,239	25,259	297,186	-	42,711	2,483
Geography	282,673	196,510	993	71,291	-	13,879	-
History	924,626	614,013	42,190	221,046	1,247	37,416	8,714
Interdisciplinary	278,606	141,548	30,317	51,337	4,015	49,390	1,999
Planning and urban studies	641,318	446,102	13,247	158,588	1,295	18,121	3,965
Music	1,119,565	742,094	22,000	230,654	776	89,621	34,420
Philosophy	363,953	264,207	-	95,841	-	1,561	2,344
Political science	1,246,316	815,147	96,881	295,690	8,785	29,813	-
Sociology	761,597	501,268	34,810	181,805	6,035	36,640	1,039
School of urban planning and regional studies	-	-	-	-	-	-	-
Transportation studies program	232,162	129,668	12,199	41,494	1,105	39,990	7,706
Total liberal arts	14,103,734	9,097,463	616,957	3,250,057	42,376	1,002,738	94,143
Sciences-							
Biological science	1,928,610	1,176,280	135,009	423,057	1,690	147,608	44,966
Chemistry	1,927,831	1,065,109	246,391	386,376	6,188	214,046	9,721
Computer science	941,647	580,339	57,243	210,519	783	80,179	12,584
Developmental math	296,189	217,364	-	78,825	-	-	-
Geology and geophysics	819,536	466,658	112,000	169,259	180	71,439	-
Interdisciplinary	254,930	1,617	1,438	595	-	105,185	146,095
Master of arts-science teaching	12,262	8,999	-	3,263	-	-	-
Mathematics	1,473,876	877,267	169,233	318,222	1,292	107,862	-
Physics	828,177	510,436	74,746	185,158	-	57,837	-
Psychology	1,250,240	777,269	107,488	281,954	2,054	74,786	6,689
Total sciences	9,733,298	5,681,338	903,548	2,057,228	12,187	858,942	220,055
Spring intersession	109,779	78,727	2,500	28,552	-	-	-
Summer session	2,289,736	1,607,273	95,128	583,033	-	4,302	-
Honors program	30,918	22,680	-	8,238	-	-	-
Total instruction	48,752,943	30,003,504	2,906,673	10,658,812	267,719	4,266,463	649,772
Research--							
Office of academic affairs	109,893	69,995	17,500	22,398	-	-	-
Board of regents info tech initiative	131,899	98,866	-	31,637	-	1,396	-
Business administration-							
Accounting	662	662	-	-	-	-	-



Analysis C-2A

Analysis of Current Unrestricted Fund Expenditures
For The Year Ended June 30, 2011

	Total	Salaries	Wages	Related Benefits	Travel	Supplies and Expense	Equipment
Division of business and economic research	266,525	171,656	13,500	62,260	-	19,109	-
Economic development center	62,030	46,688	-	14,940	-	402	-
Interdisciplinary	10,797	8,370	3,543	(1,116)	-	-	-
Mangement	8,332	8,332	-	-	-	-	-
Real estate market data center	661	661	-	-	-	-	-
Total business administration	349,007	236,369	17,043	76,084	-	19,511	-
Education	5,987	-	-	-	-	5,987	-
Engineering-							
Civil and environmental	11,401	3,968	-	-	-	7,433	-
Electrical	72,781	46,939	-	14,831	-	11,011	-
Interdisciplinary	52,439	41,218	-	11,170	-	51	-
Mechanical	9,014	4,912	-	1,572	-	2,530	-
National center for advanced manufacturing	18,742	13,749	-	4,993	-	-	-
Naval architecture and marine	2,530	-	-	-	-	2,530	-
Total engineering	166,907	110,786	-	32,566	-	23,555	-
Graduate school-	208,473	--	208,473				
Liberal arts-							
Center for urban and public affairs	111,158	80,638	-	29,255	-	1,265	-
Drama and communications	103,827	60,820	-	18,007	-	-	25,000
English	13,200	10,000	-	3,200	-	-	-
Fine arts	78,723	48,390	-	15,485	-	14,848	-
Foreign languages	7,815	6,001	-	1,814	-	-	-
History	1,175	-	-	-	-	1,175	-
Interdisciplinary	132,717	82,218	8,126	29,832	-	12,541	-
Louisiana poll	41,879	-	21,000	-	-	20,879	-
Music	1,265	-	-	-	-	1,265	-
Planning and urban studies	143,318	102,608	4,080	32,835	-	3,795	-
Transportation studies program	(947)	-	-	-	-	(947)	-
Sociology	2,449	-	-	-	-	2,449	-
Total liberal arts	636,579	390,675	33,206	130,428	-	57,270	25,000
Sciences-							
Biological science	235,022	55,413	108,980	16,577	337	53,715	-
Chemistry	632,794	414,629	45,584	142,597	-	29,984	-
Computer science	143,437	-	-	-	-	6,437	137,000
Geology and geophysics	3,469	1,156	-	415	600	1,298	-
Interdisciplinary	215,056	91,574	-	29,303	1,436	68,426	24,317
Physics	41,227	31,233	-	9,994	-	-	-
Psychology	2,620	-	-	-	-	2,620	-
Total sciences	1,273,625	594,005	154,564	198,886	2,373	162,480	161,317



Analysis C-2A

Analysis of Current Unrestricted Fund Expenditures
For The Year Ended June 30, 2011

	Total	Salaries	Wages	Related Benefits	Travel	Supplies and Expense	Equipment
Research and sponsored programs	25,344	-	-	-	284	25,060	-
Total research	2,907,714	1,500,696	430,786	491,999	2,657	295,259	186,317
Public service--							
Community service-							
Lindy Boggs conference center	335,337	63,168	30,742	21,961	4,654	211,862	2,950
Hotel, restaurant and tourism	57,317	-	-	-	-	46,938	10,379
Lakefront arena	2,657,488	725,776	473,236	263,244	41	1,178,423	16,768
Ogden museum of southern art	90,887	45,000	993	16,331	-	28,563	-
National WWII museum	136,030	21,000	7,530	6,720	-	100,780	-
Total community service	3,277,059	854,944	512,501	308,256	4,695	1,566,566	30,097
Public broadcasting services-							
WWNO and KTLN radio stations	53,383	39,179	-	14,204	-	-	-
Total public service	3,330,442	894,123	512,501	322,460	4,695	1,566,566	30,097
Academic support--							
Academic administration-							
Business administration	1,109,643	786,269	10,766	285,217	10,621	16,770	-
Developmental math	75,494	53,654	-	19,468	-	2,372	-
Education	1,024,048	584,073	9,775	211,871	2,714	108,524	107,091
Engineering	328,087	228,912	79	83,043	380	15,673	-
General academic	433,187	267,364	16,826	96,995	3,953	37,251	10,798
Graduate school	375,006	131,173	147,722	47,587	7,437	33,598	7,489
Institutional accreditation	77,523	-	-	-	-	77,523	-
Intellectual property management	-	-	-	-	-	-	-
Liberal arts	1,085,807	579,719	83,453	210,285	55,079	122,110	35,161
Sciences	665,603	361,419	75,654	131,099	-	86,796	10,635
Total academic administration	5,174,398	2,992,583	344,275	1,085,565	80,184	500,617	171,174
Board of regents info tech initiative	100,320	76,000	-	24,320	-	-	-
University computing and communications	1,884,553	1,029,778	100,162	373,541	668	292,626	87,778
Diversity programs	36,970	12,001	3,770	4,362	-	16,837	-
Educational support services-							
Interdisciplinary	178,263	84,646	49,169	30,697	-	13,751	-
Learning resource center	148,775	79,578	34,776	28,859	-	5,562	-
Testing services	134,624	43,980	28,404	15,953	-	46,287	-
Total educational support services	461,662	208,204	112,349	75,509	-	65,600	-
Library-							
Administration	2,250,588	1,377,605	105,814	499,720	611	165,603	101,235
Bookbinding	7,984	-	-	-	-	7,984	-



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Analysis of Current Unrestricted Fund Expenditures
For The Year Ended June 30, 2011

	Total	Salaries	Wages	Related Benefits	Travel	Supplies and Expense	Equipment
Books	1,986,066	-	-	-	-	52,489	1,933,577
Total library	4,244,638	1,377,605	105,814	499,720	611	226,076	2,034,812
Research and technology park	42,116	30,904	-	11,212	-	-	-
Honors program	61,887	36,401	6,331	13,213	368	2,508	3,066
Total academic support	12,006,544	5,763,476	672,701	2,087,442	81,831	1,104,264	2,296,830
Student services--							
Career placement and cooperative education	23,253	-	12,000	-	512	10,741	-
Enrollment management-							
Office of enrollment management	120,170	10,758	-	3,894	175	105,343	-
Recruiting and school relations	201,502	48,000	55,902	17,413	1,424	78,763	-
Student financial aid	1,075,113	772,888	1,620	280,368	1,632	18,605	-
Total enrollment management	1,396,785	831,646	57,522	301,675	3,231	202,711	-
Social and cultural development-							
Health services	613,789	314,858	43,998	114,191	2,792	134,056	3,894
International students and scholars	215,727	129,277	19,933	46,902	1,349	18,266	-
Recreation and intramural sports	509,321	203,676	103,860	71,777	28,767	100,723	518
Student life-campus activities	222,244	64,942	26,892	23,559	9,903	95,947	1,001
Women's center	31,306	10,834	14,188	3,930	-	2,354	-
Total social and cultural development	1,592,387	723,587	208,871	260,359	42,811	351,346	5,413
General support-							
Building Lease	2,165,886	-	-	-	-	2,165,886	-
Total general support	2,165,886	-	-	-	-	2,165,886	-
Student admissions and records-							
Admissions	1,694,674	800,995	152,709	290,552	62,033	388,385	-
Division of academic services	-	-	-	-	-	-	-
Registrar	791,544	530,047	89	192,260	1,360	66,309	1,479
Total admissions and records	2,486,218	1,331,042	152,798	482,812	63,393	454,694	1,479
Total student services	7,664,529	2,886,275	431,191	1,044,846	109,947	3,185,378	6,892
Institutional support--							
Executive management-							
Chancellor	374,130	262,351	10,355	95,156	48	6,220	-
Provost and vice chancellor-academic affairs	722,918	511,687	10,431	185,608	1,729	11,693	1,770
Vice chancellor-financial services	833,560	600,487	2,611	217,819	143	12,500	-
Vice chancellor-property and facility development	292,061	207,480	-	75,256	2,726	6,599	-
Vice chancellor-university relations	508,947	369,694	-	134,091	-	5,162	-
Vice chancellor-governmentalaffairs, alumni and development	224,168	144,742	-	52,508	14,351	11,355	1,212
Total executive management	2,955,784	2,096,441	23,397	760,438	18,997	53,529	2,982



Analysis of Current Unrestricted Fund Expenditures
For The Year Ended June 30, 2011

	Total	Salaries	Wages	Related Benefits	Travel	Supplies and Expense	Equipment
Fiscal operations-							
Accounting services	1,954,757	1,348,008	34,024	488,995	76	71,762	11,892
Total fiscal operations	1,954,757	1,348,008	34,024	488,995	76	71,762	11,892
General administrative-							
Allocation from system	254,158	-	-	-	-	254,158	-
Bad debt expense	716,015	-	-	-	-	716,015	-
Banking services	28,576	-	-	-	-	28,576	-
Banking card services	395,398	-	-	-	-	395,398	-
Board of regents info tech initiative	65,847	49,884	-	15,963	-	-	-
Bond insurance	1,907	-	-	-	-	1,907	-
Casualty insurance	247,149	-	-	-	-	247,149	-
Collection services	63,402	-	-	-	-	63,402	-
Commencements	39,251	-	-	-	-	39,251	-
Environmental health and safety	218,061	137,976	10,834	50,057	-	19,194	-
Equal employment opportunity office	97	-	-	-	-	97	-
External audit expense	182,929	-	-	-	-	182,929	-
Homer L. Hitt alumni and visitor center	80,000	-	-	-	-	80,000	-
Human resource management	747,270	523,996	11,086	190,079	3,934	18,175	-
Institutional research	211,864	146,354	9,726	53,085	80	1,458	1,161
Internal auditing	260,081	2,429	-	883	-	256,769	-
Legal services	221,753	-	-	-	-	221,753	-
Management board-state civil service	33,448	-	-	-	-	33,448	-
Membership in organizations	38,889	-	-	-	-	38,889	-
Miscellaneous expense	26,855	-	(785)	-	-	27,640	-
Event coordination	135,804	84,954	11,008	30,824	-	9,018	-
NCAA compliance	61,331	45,000	-	16,331	-	-	-
Office of general council	240,683	171,630	-	62,260	-	5,173	1,620
Office supplies	69,635	44,000	6,363	15,953	-	3,319	-
Official allowances-chancellor functions	6,755	187	-	72	-	6,496	-
Official allowances-chancellor housing	5,000	-	-	-	-	5,000	-
Radiological assessment	9,876	4,000	-	1,442	-	4,434	-
Staff council	1,604	-	-	-	-	1,604	-
Thesis binding	2,975	-	-	-	-	2,975	-
Workmen's compensation insurance	373,975	-	-	-	-	373,975	-
Total general administrative	4,740,588	1,210,410	48,232	436,949	4,014	3,038,202	2,781
Logistical services-							
Campus mail services	191,162	-	-	-	-	191,162	-
Motor pool	46,842	-	-	-	-	46,842	-
Network installations	20,480	-	-	-	-	20,480	-
Purchasing office	727,643	518,408	10,496	188,060	543	10,136	-
Telephone service	1,006,079	227,573	17,899	82,557	-	678,050	-
University police	1,634,714	1,076,313	83,524	390,431	-	79,143	5,303



Analysis C-2A

Analysis of Current Unrestricted Fund Expenditures
For The Year Ended June 30, 2011

	Total	Salaries	Wages	Related Benefits	Travel	Supplies and Expense	Equipment
Total logistical services	3,626,920	1,822,294	111,919	661,048	543	1,025,813	5,303
Administrative computing support-							
Computer service system development	327,317	200,991	-	72,913	-	53,413	-
University computing and communications	2,486,208	1,136,666	-	412,314	-	712,430	224,798
Total administrative computing support	2,813,525	1,337,657	-	485,227	-	765,843	224,798
Community relations-							
Alumni affairs	248,308	165,297	1,819	59,953	-	20,380	859
General publications	43,741	-	-	-	-	43,741	-
Marketing and communications	126,659	79,359	-	28,787	-	18,513	-
University advancement	1,010,993	414,305	12,987	150,296	3,002	429,223	1,180
Total community relations	1,429,701	658,961	14,806	239,036	3,002	511,857	2,039
Total institutional support	17,521,275	8,473,771	232,378	3,071,693	26,632	5,467,006	249,795
Operation and Maintenance of Plant--							
General Operations-							
Administration	1,194,310	853,176	-	309,479	-	31,655	-
Alterations and repairs	1,352,034	120,944	-	43,874	-	1,165,763	21,453
Network installations	2,071,872	1,062,609	-	385,456	-	623,807	-
Energy conservation agreement	1,480,234	-	-	-	-	1,480,234	-
Grounds maintenance	824,046	241,309	-	87,532	-	495,205	-
Janitorial services	1,426,717	882,385	-	320,078	-	224,254	-
Property insurance	3,634,283	-	-	-	-	3,634,283	-
Total general operations	11,983,496	3,160,423	-	1,146,419	-	7,655,201	21,453
Utilities-							
East campus tennis courts	4,389	-	-	-	-	4,389	-
Main campus	5,055,800	-	-	-	-	5,055,800	-
Utilities maintenance	1,504,256	972,971	-	352,957	-	178,328	-
Total utilities	6,564,445	972,971	-	352,957	-	5,238,517	-
Total operation and maintenance of plant	18,547,941	4,133,394	-	1,499,376	-	12,893,718	21,453
Scholarships and fellowships	9,079,245	-	-	-	-	9,079,245	-
Total educational and general	119,810,633	53,655,239	5,186,230	19,176,628	493,481	37,857,899	3,441,156
Total expenditures and transfers	\$ 119,810,633	\$ 53,655,239	\$ 5,186,230	\$ 19,176,628	\$ 493,481	\$ 37,857,899	\$ 3,441,156

	SOURCE					OBJECT		
	State and Local	Federal	Private	Other	Total	Personal Services	Support	Indirect Cost Recovered
Education and General:								
Instruction--								
Business administration-								
Accounting	\$ -	\$ -	\$ 24,662	\$ 16,441.00	\$ 41,103	\$ 32,621	\$ 8,482	\$ -
Economics and finance	-	-	16,995	11,330	28,325	26,934	1,391	-
Hotel, restaurant and tourism	65	1,450	-	337	1,852	1,513	337	2
Interdisciplinary	-	1,041	85,103	-	86,144	83,177	2,966	1
Management	-	-	567	378	945	750	195	-
Total business administration	65	2,491	127,327	28,486	158,369	144,995	13,371	3
Education and human development								
Charter schools	-	-	10,777,302	-	10,777,302	9,928,003	48,659	800,640
Curriculum and instruction	10,192	-	17,272	-	27,464	18,664	5,524	3,276
Education leadership and foundations	-	2,621	-	-	2,621	2,618	-	3
Human performance and health promotion	-	-	15	-	15	-	15	-
Interdisciplinary	(7,039)	1,873	-	-	(5,166)	-	4,230	(9,396)
Special education and habilitative services	211,547	280,230	-	-	491,777	178,097	302,222	11,458
Total education and human development	214,700	284,724	10,794,589	-	11,294,013	10,127,382	360,650	805,981
Engineering-								
Civil and environmental	-	2,172	42,757	16,666	61,595	53,692	7,901	2
Electrical	-	4,508	-	-	4,508	4,503	-	5
Interdisciplinary	-	-	48,289	32,192	80,481	80,481	-	-
Mechanical	-	2,294	5,800	-	8,094	6,292	1,800	2
Naval architecture and marine	-	-	7,189	-	7,189	-	7,189	-
Total engineering	-	8,974	104,035	48,858	161,867	144,968	16,890	9
General instruction-								
Continuing education	-	3,221	-	-	3,221	3,218	-	3
Interdisciplinary	-	-	31,229	19,214	50,443	41,666	8,777	-
International Studies	-	-	6,211	1,964,901	1,971,112	579,465	1,391,647	-
Office of retention/upward bound	-	1,709,235	-	-	1,709,235	1,021,447	572,860	114,928
Office of research and sponsored programs	389,411	-	3,000	4,363	396,774	182,069	160,352	54,353
Technical services contracts	(43,453)	-	-	-	(43,453)	-	73	(43,526)
Student technology initiative	-	-	-	429,731	429,731	247,231	182,500	-
Total general instruction	345,958	1,712,456	40,440	2,418,209	4,517,063	2,075,096	2,316,209	125,758
Liberal arts-								
English	-	11,124	46,841	4	57,969	24,512	33,445	12
Fine arts	-	5,669	-	-	5,669	5,663	-	6
Foreign languages	-	17,001	741	1,962	19,704	18,513	1,173	18
Geography	-	-	2,251	-	2,251	-	2,251	-
History	-	10,305	10,602	8,823	29,730	27,605	2,114	11
Interdisciplinary	-	-	3,524	2,349	5,873	-	5,873	-
Music	-	-	32,617	20,393	53,010	7,993	45,017	-
Planning and urban studies	-	3,104	-	-	3,104	3,101	-	3

	SOURCE					OBJECT		
	State and Local	Federal	Private	Other	Total	Personal Services	Support	Indirect Cost Recovered
Political science	-	6,232	1,037	-	7,269	6,225	1,037	7
Sociology	-	2,495	-	-	2,495	2,492	-	3
School of urban and regional studies	-	-	8,917	5,945	14,862	14,747	115	-
UNO studio center	-	6,366	7,196	-	13,562	6,359	7,196	7
Total liberal arts	-	62,296	113,726	39,476	215,498	117,210	98,221	67
Sciences-								
Biological science	1,662	10,080	30,000	23,381	65,123	60,069	5,042	12
Chemistry	-	15,759	-	-	15,759	7,511	8,240	8
Computer science	8,332	1,774	1,560	-	11,666	3,333	8,331	2
Geology and geophysics	-	7,720	-	-	7,720	7,712	-	8
Mathematics	11,669	4,978	-	-	16,647	4,973	11,669	5
Physics	-	-	940	-	940	940	-	-
Psychology	-	15,081	-	-	15,081	15,064	-	17
Total sciences	21,663	55,392	32,500	23,381	132,936	99,602	33,282	52
Total instruction	582,386	2,126,333	11,212,617	2,558,410	16,479,746	12,709,253	2,838,623	931,870
Research--								
Business administration-								
Accounting	-	-	2,502	8,267	10,769	8,309	2,460	-
AT&T center-kirschman hall	-	38,014	-	-	38,014	25,865	8,277	3,872
Division of business and economic research	93,354	-	243,174	-	336,528	144,270	111,438	80,820
Economics and finance	301,440	1,764	-	-	303,204	75,823	191,397	35,984
Economic development center	-	66,509	495	-	67,004	40,787	18,226	7,991
Interdisciplinary	25,968	-	-	-	25,968	18,837	6,876	255
Management	-	1,616,064	24,997	16,664	1,657,725	101,829	1,487,315	68,581
Real estate market data center	-	-	12,104	4,166	16,270	5,363	10,907	-
Total business administration	420,762	1,722,351	283,272	29,097	2,455,482	421,083	1,836,896	197,503
Education and human development-								
Curriculum and instruction	298,088	-	-	6,600	304,688	147,335	123,683	33,670
Interdisciplinary	-	313,613	92,421	29,276	435,310	193,517	205,411	36,382
Special education and habilitative services	206,126	441,229	-	-	647,355	237,656	386,091	23,608
Total education and human development	504,214	754,842	92,421	35,876	1,387,353	578,508	715,185	93,660
Engineering-								
Civil and environmental	298,707	2,345	50,018	919	351,989	263,494	74,579	13,916
Electrical	82,156	375,214	100,096	23,967	581,433	279,522	232,022	69,889
Interdisciplinary	-	2,436	1,003,860	167,523	1,173,819	718,396	399,189	56,234
Mechanical	283,609	1	87,586	17,584	388,780	388,481	115,596	87,703
National center for advance manufacturing	(79,493)	89,296	15,377	-	25,180	24,804	1,473	(1,097)
Naval architecture and marine	-	1,320,209	176,170	20,982	1,517,361	517,967	687,756	311,638
Total engineering	584,979	1,789,501	1,433,107	230,975	4,038,562	1,989,664	1,510,615	538,283
General research-								
Interdisciplinary	227,465	-	-	122,230	349,695	238,281	111,414	-

	SOURCE					OBJECT		
	State and Local	Federal	Private	Other	Total	Personal Services	Support	Indirect Cost Recovered
Office of research indirect support	244,175	3,475,856	-	436,455	4,156,486	617,126	3,252,290	287,070
Office of retention	-	(341)	-	-	(341)	(341)	-	-
Total general research	471,640	3,475,515	-	558,685	4,505,840	855,066	3,363,704	287,070
Liberal arts-								
Anthropology	80,950	-	20,240	13,585	114,775	90,945	23,830	-
Arts administration	-	-	2,250	-	2,250	-	2,250	-
Center for urban and public affairs	37,974	-	75,170	-	113,144	76,605	25,489	11,050
Film, theater, and communications arts	39,645	-	-	58,806	98,451	7,920	90,531	-
English	-	-	-	11,351	11,351	8,115	3,236	-
Fine arts	136,367	-	-	4,944	141,311	19,812	121,499	-
Foreign languages	-	-	15,625	8,740	24,365	16,309	8,056	-
Geography	-	-	-	4,141	4,141	3,137	1,004	-
History	(818)	-	-	9,817	8,999	7,290	1,709	-
Interdisciplinary	34,191	-	-	-	34,191	3,834	30,357	-
Planning and urban studies	288,713	69,935	199,067	-	557,715	284,637	186,492	86,586
Music	-	-	-	13,610	13,610	7,231	6,379	-
Political science	-	-	20,698	41,250	61,948	44,179	17,769	-
Sociology	538,150	197,451	57,566	35,310	828,477	425,610	279,747	123,120
School of urban and regional studies	115,000	-	14,041	-	129,041	9,481	104,066	15,494
Transportation studies program	41,845	-	181,409	-	223,254	129,905	44,118	49,231
Total liberal arts	1,312,017	267,386	586,066	201,554	2,367,023	1,135,010	946,532	285,481
Sciences-								
Biological science	289,785	310,833	108,497	52,063	761,178	347,328	312,736	101,114
Chemistry	1,375,693	3,618,731	470,629	227,315	5,692,368	2,189,566	2,539,018	963,784
Computer science	74,351	587,559	276,510	56,688	995,108	463,047	353,121	178,940
Geology and geophysics	492,846	706,964	621,578	45,082	1,866,470	795,415	711,546	359,509
Interdisciplinary	-	57,549	29,908	89,834	177,291	26,892	150,399	-
Mathematics	169,182	(1,179)	-	11,715	179,718	47,219	128,990	3,509
Physics	179,195	301,107	98,133	13,886	592,321	301,748	223,205	67,368
Psychology	67,261	379,230	331,301	119,507	897,299	539,962	262,450	94,887
Total sciences	2,648,313	5,960,794	1,936,556	616,090	11,161,753	4,711,177	4,681,465	1,769,111
Total research	5,941,925	13,970,389	4,331,422	1,672,277	25,916,013	9,690,508	13,054,397	3,171,108
Public service--								
Community service-								
Business administration-								
Small business development center	1,119	-	-	-	1,119	-	505	614
Total business administration	1,119	-	-	-	1,119	-	505	614
Education and human development-								
Curriculum and instruction	(7,073)	-	-	-	(7,073)	(6,206)	1,223	(2,090)
Special education and habilitative services	277,706	-	-	-	277,706	137,290	140,416	-
Total education and human development	270,633	-	-	-	270,633	131,084	141,639	(2,090)
General public service-								



	SOURCE					OBJECT		
	State and Local	Federal	Private	Other	Total	Personal Services	Support	Indirect Cost Recovered
FEMA katrina support	686,379	-	-	-	686,379	-	678,360	8,019
Lakefront arena	-	-	-	22,777	22,777	-	22,777	-
Conferences and institutions	-	112,779	-	-	112,779	20,248	77,983	14,548
Continuing education	59,008	-	-	-	59,008	(2,459)	(4,783)	66,250
Credit programs	16,421	-	-	-	16,421	16,421	-	-
Training resource and assistive technology	96,668	-	-	-	96,668	40,694	18,233	37,741
Research park	-	-	300	-	300	-	300	-
Office of research indirect support	4,042,056	-	-	-	4,042,056	2,707,034	970,315	364,707
Technology enterprise center	14,145	-	-	-	14,145	-	14,145	-
Total general public service	4,914,677	112,779	300	22,777	5,050,533	2,781,938	1,777,330	491,265
Liberal arts-								
Interdisciplinary	-	-	16,148	-	16,148	16,148	-	-
Planning and urban studies	5,210	263,568	12,332	-	281,110	39,661	222,653	18,796
Sociology	1,895	-	-	-	1,895	1,438	457	-
Total liberal arts	7,105	263,568	28,480	-	299,153	57,247	223,110	18,796
Public broadcasting services-								
WWNO and KTLN radio stations	-	-	1,180,489	-	1,180,489	585,758	594,731	-
Sciences-								
Chemistry	-	-	52,072	-	52,072	-	52,072	-
Psychology	-	-	3,262	-	3,262	-	3,262	-
Total sciences	-	-	55,334	-	55,334	-	55,334	-
Total public service	5,193,534	376,347	1,264,603	22,777	6,857,261	3,556,027	2,792,649	508,585
Academic support--								
Academic administration-								
Business administration	-	7,836	-	-	7,836	7,827	-	9
Education	-	15,286	59,218	-	74,504	74,488	-	16
Engineering	-	322	-	-	322	322	-	-
Liberal arts	-	-	24,750	-	24,750	-	24,750	-
General instruction	-	-	-	1,026	1,026	-	1,026	-
Sciences	-	2,584	-	-	2,584	2,581	-	3
Total academic administration	-	26,028	83,968	1,026	111,022	85,218	25,776	28
Educational support services-								
Interdisciplinary	-	2,585	-	-	2,585	2,582	-	3
Learning resource center	-	7,220	-	-	7,220	7,212	-	8
Testing services	-	6,951	-	-	6,951	6,944	-	7
Total educational support services	-	16,756	-	-	16,756	16,738	-	18
General academic support-								
Office of research indirect support	-	-	-	1,057,647	1,057,647	805,142	252,505	-
University computing and communication	-	5,868	-	-	5,868	5,862	-	6
Total general academic support	-	5,868	-	1,057,647	1,063,515	811,004	252,505	6

	SOURCE					OBJECT		
	State and Local	Federal	Private	Other	Total	Personal Services	Support	Indirect Cost Recovered
Library-								
Administration	-	16,277	-	-	16,277	16,259	-	18
Books	-	200,000	-	-	200,000	-	200,000	-
Total library	-	216,277	-	-	216,277	16,259	200,000	18
Total academic support	-	264,929	83,968	1,058,673	1,407,570	929,219	478,281	70
Enrollment management-								
Recruiting and school relations	-	2,977	-	-	2,977	2,974	-	3
Student financial aid	-	67,787	-	26,723	94,510	72,043	22,394	73
Total enrollment management	-	70,764	-	26,723	97,487	75,017	22,394	76
Social and cultural development-								
Children's center	974	61,498	-	623,195	685,667	577,458	108,143	66
Driftwood	-	-	-	11,234	11,234	-	11,234	-
Student government	-	-	-	406,856	406,856	24,000	382,856	-
Interdisciplinary	-	280,944	-	-	280,944	-	280,944	-
International students and scholars	-	9,226	-	-	9,226	9,216	-	10
Recreation and intramural sports	-	75,944	5,083	188,499	269,526	167,430	102,014	82
Health services	-	517	-	911,382	911,899	683,627	228,271	1
Student life	-	14,774	-	1,074	15,848	14,758	1,074	16
Total social and cultural development	974	442,903	5,083	2,142,240	2,591,200	1,476,489	1,114,536	175
Student admissions and records-								
Admissions	-	2,142	-	-	2,142	2,140	-	2
Registrar	-	3,948	-	-	3,948	3,944	-	4
Total admissions and records	-	6,090	-	-	6,090	6,084	-	6
Total student services	974	519,757	5,083	2,168,963	2,694,777	1,557,590	1,136,930	257
Institutional support--								
Community relations-								
Alumni affairs	-	5,451	-	-	5,451	5,445	-	6
Total community relations	-	5,451	-	-	5,451	5,445	-	6
Executive management-								
Chancellor	-	1,764	6,618	-	8,382	8,380	-	2
Provost and vice chancellor-academic affairs	-	9,552	-	-	9,552	9,542	-	10
Vice chancellor-financial services	-	8,422	-	7,269	15,691	10,950	4,732	9
Vice chancellor-governmental affairs, alumni and development	-	149,524	-	-	149,524	149,524	-	-
Total executive management	-	169,262	6,618	7,269	183,149	178,396	4,732	21
Fiscal operations-								
Accounting services	-	16,110	-	-	16,110	16,092	-	18
Sponsored Programs Accounting	-	-	-	546,379	546,379	404,240	142,139	-
Total fiscal operations	-	16,110	-	546,379	562,489	420,332	142,139	18
General administrative-								
Equipment purchases	-	-	-	22,150	22,150	15,412	6,738	-

	SOURCE					OBJECT		
	State and Local	Federal	Private	Other	Total	Personal Services	Support	Indirect Cost Recovered
Miscellaneous expense	-	-	500	2,362	2,862	-	2,862	-
Office supplies	-	4,615	-	-	4,615	4,610	-	5
Official allowances-chancellor functions	-	-	1,000	-	1,000	-	1,000	-
CWS-job location and development	-	50,000	-	-	50,000	42,000	8,000	-
Total general administrative	-	54,615	1,500	24,512	80,627	62,022	18,600	5
Logistical services-								
Purchasing office	-	8,441	-	-	8,441	8,432	-	9
Telephone service	-	6,467	-	-	6,467	6,460	-	7
University police	-	414	-	-	414	414	-	-
Total logistical services	-	15,322	-	-	15,322	15,306	-	16
Total institutional support	-	260,760	8,118	578,160	847,038	681,501	165,471	66
Operation and Maintenance of Plant--								
General Operations-								
Administration	-	2,834	-	-	2,834	2,831	-	3
Alterations and repairs	-	1,049,673	9,999	12,526	1,072,198	-	1,072,198	-
Total general operations	-	1,052,507	9,999	12,526	1,075,032	2,831	1,072,198	3
Utilities-								
Student utility surcharge	-	-	-	807,218	807,218	-	807,218	-
Total utilities	-	-	-	807,218	807,218	-	807,218	-
Total operation and maintenance of plant	-	1,052,507	9,999	819,744	1,882,250	2,831	1,879,416	3
Scholarships and fellowships	1,153,101	12,691,990	652,775	1,000	14,498,866	-	14,484,176	14,690
Educational and general expenditures	12,871,920	31,263,012	17,568,585	8,880,004	70,583,521	29,126,929	36,829,943	4,626,649
Mandatory transfers for -								
Principal and interest	-	-	-	2,388,510	2,388,510	-	2,393,897	-
Nonmandatory transfers for -								
Capital improvements	-	-	161,229	19,229	180,458	-	607,323	-
Other	105,369	(27,139)	(38,091)	620,009	660,148	-	238,411	-
Total transfers	105,369	(27,139)	123,138	3,027,748	3,229,116	-	3,239,631	-
Total educational and general	12,977,289	31,235,873	17,691,723	11,907,752	73,812,637	29,126,929	40,069,574	4,626,649
Auxiliary enterprises -								
Expenditures	-	-	-	10,385,729	10,385,729	2,847,157	7,538,572	-
Mandatory transfers for -								
Principal and interest	-	-	-	399,724	399,724	-	399,724	-
Nonmandatory transfers for -								
Renewals and replacements	-	-	-	21,629	21,629	-	21,629	-
Total auxiliary enterprises	-	-	-	10,807,082	10,807,082	2,847,157	7,959,925	-
Total	\$ 12,977,289	\$ 31,235,873	\$ 17,691,723	\$ 22,714,834	\$ 84,619,719	\$ 31,974,086	\$ 48,029,499	\$ 4,626,649



	Expenditures										Revenues Over/(Under) Expenditures	
	Revenues	Cost of Goods Sold	Salaries	Wages	Related Benefits	Managerial Services	Supplies and Expense	Utilities	Principal and Interest	Renewals and Replacements		Total
Operations:												
Bookstore	\$ 3,780,407	\$ 2,858,889	\$ 291,793	\$ 178,277	\$ 101,532	\$ 39,580	\$ 253,142	\$ 13,665	\$ 46,112	\$ 2,941	\$ 3,785,931	\$ (5,524)
Food services	2,621,554	-	-	-	-	47,496	2,394,976	6,833	-	-	2,449,305	172,249
Administration	-	-	-	366	-	-	65,076	-	-	-	65,442	(65,442)
Building services	11,162	-	167,884	10,618	43,009	-	42,656	29,726	-	-	293,893	(282,731)
Rental and leases	15,253	-	-	-	-	-	80	-	-	-	80	15,173
Other activities	5,792	-	-	-	-	-	1,116	-	-	-	1,116	4,676
Total operations	<u>6,434,168</u>	<u>2,858,889</u>	<u>459,677</u>	<u>189,261</u>	<u>144,541</u>	<u>87,076</u>	<u>2,757,046</u>	<u>50,224</u>	<u>46,112</u>	<u>2,941</u>	<u>6,595,767</u>	<u>(161,599)</u>
Other revenues:												
Fee allocation	264,295	-	-	-	-	-	-	-	-	-	-	264,295
Interest on investments	1,104	-	-	-	-	-	-	-	-	-	-	1,104
Total other revenues	<u>265,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,399</u>
Totals	<u>\$ 6,699,567</u>	<u>\$ 2,858,889</u>	<u>\$ 459,677</u>	<u>\$ 189,261</u>	<u>\$ 144,541</u>	<u>\$ 87,076</u>	<u>\$ 2,757,046</u>	<u>\$ 50,224</u>	<u>\$ 46,112</u>	<u>\$ 2,941</u>	<u>\$ 6,595,767</u>	<u>\$ 103,800</u>



Assets:	
Cash and cash equivalents	\$ 2,504,405
Accounts receivable	741,753
Inventories	659,573
Total Assets	<u>3,905,731</u>
Liabilities	
Accounts payable	167,837
Accrued payrolls and other liabilities	19,125
Deferred revenue	26,279
Total liabilities	<u>213,241</u>
Net Assets	<u>\$ 3,692,490</u>

Analysis of Changes in Fund Balances
For The Year Ended June 30, 2011

Fund Balances:	
Operating fund balance -	
Balance at July 1	\$ 3,521,604
Revenues over/(under) expenditures	103,800
Transfers to unexpended plant fund	-
Current fund balance	<u>3,625,404</u>
Equipment renewals and replacements -	
Balance at July 1	64,145
Depreciation charges transferred	2,941
Transfers from other funds.....	-
Current fund balance	<u>67,086</u>
Total Fund Balances	<u>\$ 3,692,490</u>



	Pontchartrain Hall	Lafitte Village Apartments	Total
Operating Revenues:			
Rental	\$ 3,512,427	\$ -	\$ 3,512,427
Vending machines	30,608	-	30,608
Total operating revenues	<u>3,543,035</u>	<u>-</u>	<u>3,543,035</u>
Operating Expenditures:			
Salaries	280,958	-	280,958
Wages	162,543	-	162,543
Related benefits	100,036	-	100,036
Managerial services	47,496	-	47,496
Supplies and expense	425,215	8,045	433,260
Scholarships	141,516	-	141,516
Principal and interest	3,303	16,514	19,817
Utilities	290,849	-	290,849
Depreciation	-	-	-
Total operating expenditures	<u>1,451,916</u>	<u>24,559</u>	<u>1,476,475</u>
Operating revenues over/(under) expenditures	<u>2,091,119</u>	<u>(24,559)</u>	<u>2,066,560</u>
Other Revenues:			
Investment income	-	514	514
Privateer Place	2,000	-	2,000
Total other revenues	<u>2,000</u>	<u>514</u>	<u>2,514</u>
Excess of revenues over expenditures	<u>\$ 2,093,119</u>	<u>\$ (24,045)</u>	<u>\$ 2,069,074</u>

**Statement of Net Assets
June 30, 2011**

	Pontchartrain Hall	Lafitte Village Apartments	Total
Assets:			
Cash and cash equivalents	\$ 2,905,488	\$ 939,334	\$ 3,844,822
Accounts receivable	2,678	-	2,678
Deferred and prepaid expense	12,840	-	12,840
Total Assets	<u>2,921,006</u>	<u>939,334</u>	<u>3,860,340</u>
Liabilities			
Accounts payable	19,149	-	19,149
Accrued payrolls and other liabilities	14,514	-	-
Deposits held for others	135,105	(2,370)	132,735
Deferred revenues	87,210	-	87,210
Total liabilities	<u>255,978</u>	<u>(2,370)</u>	<u>239,094</u>
Net Assets	<u>\$ 2,665,028</u>	<u>\$ 941,704</u>	<u>\$ 3,621,246</u>

**Analysis of Changes in Fund Balances
For the Year Ended June 30, 2011**

Fund Balances:			
Operating fund balance -			
Balance at July 1	\$ 252,208	\$ 1,260,945	\$ 1,513,153
Revenues over/(under) expenditures	2,093,119	(24,045)	2,069,074
Transfers to unexpended plant fund	299,600	(299,600)	-
Current fund balance	<u>2,644,927</u>	<u>937,300</u>	<u>3,582,227</u>
Equipment renewals and replacements -			
Balance at July 1	20,101	4,404	24,505
Depreciation charges transferred	-	-	-
Current fund balance	<u>20,101</u>	<u>4,404</u>	<u>24,505</u>
Total Fund Balances	<u>\$ 2,665,028</u>	<u>\$ 941,704</u>	<u>\$ 3,606,732</u>



	The Cove
Operating Revenues:	
Total operating revenues	-
Operating Expenditures:	
Supplies and expense	2,473
Total operating expenditures	2,473
Operating revenues over/(under) expenditures	(2,473)
Other Revenues:	
Investment income	80
Total other revenues	80
Excess of revenues over expenditures	\$ (2,393)

**Statement of Net Assets
June 30, 2011**

Assets:	
Cash and cash equivalents	\$ 197,287
Total Assets	197,287
Liabilities	
Total liabilities	-
Net Assets	\$ 197,287

**Analysis of Changes in Fund Balances
For The Year Ended June 30, 2011**

Fund Balances:	
Operating fund balance -	
Balance at July 1	\$ 189,040
Revenues over/(under) expenditures	(2,393)
Transfers to unexpended plant fund	-
Current fund balance	186,647
Equipment renewals and replacements -	
Balance at July 1	10,640
Current fund balance	10,640
Total Fund Balances	\$ 197,287



Operating Revenues:	
Fee allocations	\$ 2,002,409
Admissions and concessions	667,786
Total operating revenues	<u>2,670,195</u>
Operating Expenditures:	
Cost of goods sold	23,834
Salaries	1,085,326
Wages	27,201
Related benefits	317,623
Supplies and expense	423,612
Scholarships	16,231
Travel	354,865
Depreciation	4,901
Total operating expenditures	<u>2,253,593</u>
Excess of revenues over expenditures	<u>\$ 416,602</u>

**Statement of Net Assets
June 30, 2011**

Assets:	
Cash and cash equivalents	\$ (5,012,832)
Accounts receivable	250,834
Inventories	16,535
Deferred and prepaid expense	850
Total Assets	<u>(4,744,613)</u>
Liabilities	
Accounts payable	54,877
Accrued payroll and other liabilities	2,206
Deferred revenue	116,687
Total liabilities	<u>173,770</u>
Net Assets	<u>\$ (4,918,383)</u>

**Analysis of Changes in Fund Balances
For the Year Ended June 30, 2011**

Fund Balances:	
Operating fund balance -	
Balance at July 1	\$ (5,366,127)
Revenues over/(under) expenditures	416,602
Current fund balance	<u>(4,949,525)</u>
Equipment renewals and replacements -	
Balance at July 1	25,941
Depreciation charges transferred	4,901
Current fund balance	<u>30,842</u>
Total Fund Balances	<u>\$ (4,918,683)</u>



Miscellaneous Auxiliary Enterprises
Analysis C-2B5
Analysis of Revenues and Expenditures
For The Year Ended June 30, 2011

	Campus Copy	Parking Facilities	Vending Machines	Total
Operating Revenues:				
Sales and services	\$ 24,000	\$ 735,540	\$ 62,928	\$ 822,468
Total operating revenues	24,000	735,540	62,928	822,468
Operating Expenditures:				
Salaries	-	56,568	-	56,568
Wages	-	8,568	-	8,568
Related benefits	-	14,855	-	14,855
Managerial services	7,916	-	15,832	23,748
Supplies and expense	-	29,928	-	29,928
Principal and interest	1,704	325,000	4,618	331,322
Depreciation	-	13,787	-	13,787
Utilities	-	-	-	-
Total operating expenditures	9,620	448,706	20,450	478,776
Operating revenues over/(under) expenditures	14,380	286,834	42,478	343,692
Other Revenues:				
Investment Income	51	1,608	140	1,799
Total other revenue	51	1,608	140	1,799
Excess of revenues over expenditures	\$ 14,431	\$ 288,442	\$ 42,618	\$ 345,491

Statement of Net Assets
June 30, 2011

	Campus Copy	Parking Facilities	Vending Machines	Total
Assets:				
Cash and cash equivalents	\$ 148,302	\$ 1,226,142	\$ 390,243	\$ 1,764,687
Accounts receivable	2,000	1,400	4,995	8,395
Total assets	150,302	1,227,542	395,238	1,773,082
Liabilities:				
Accounts payable	5,806	1,224	-	7,030
Accrued payroll and other liabilities	-	5,974	-	5,974
Total liabilities	5,806	7,198	-	13,004
Net Assets	\$ 144,496	\$ 1,220,344	\$ 395,238	\$ 1,760,078

Analysis of Changes in Fund Balance
For the Year Ended June 30, 2011

Fund Balances:				
Operating fund balance-				
Balance at July 1	\$ 130,065	\$ 888,381	\$ 352,620	\$ 1,371,066
Revenues over/(under) expenditures	14,431	288,442	42,618	345,491
Transfers to unexpended plant	-	-	-	-
Current fund balance	144,496	1,176,823	395,238	1,716,557
Equipment renewals and replacements-				
Balance at July 1	-	29,734	-	29,734
Depreciation charges transferred	-	13,787	-	13,787
Current fund balance	-	43,521	-	43,521
Total fund balances	\$ 144,496	\$ 1,220,344	\$ 395,238	\$ 1,760,078



	Balance July 1, 2010	Allocations	Expenditures	Balance June 30, 2011
State of Louisiana:				
Facility Planning and Control Department				
General-				
Construction in progress	\$ -	\$ 5,519,372	\$ 5,519,372	\$ -
Major renovations and repairs	-	8,749,807	8,749,807	-
Hurricane related structural repairs-		-		-
Building Repairs	(1,182,073)	28,485		(1,153,588)
Total State of Louisiana	<u>(1,182,073)</u>	<u>14,297,664</u>	<u>14,269,179</u>	<u>(1,153,588)</u>
University debt:				
2004A bond issue				
Building and facility repairs	2,685,625	59	142,352	2,543,332
Total university debt	<u>2,685,625</u>	<u>59</u>	<u>142,352</u>	<u>2,543,332</u>
Other Sources:				
Lafitte village	59,004	-	-	59,004
Other	109,260	-	-	109,260
Total Other	<u>168,264</u>	<u>-</u>	<u>-</u>	<u>168,264</u>
Restricted-				
Animal colony renovations	-	37,326	37,326	-
Construction progress	-	131,283	131,283	-
Geology/Psychology 2079 lab renovations	-	22,400	22,400	-
HRT kitchen lab renovations	-	4,132	4,132	-
Maestri field clubhouse renovations	-	121,072	121,072	-
Maestri field video board	(347,987)	347,987	-	-
Tennis center fencing & security system	-	15,000	15,000	-
Tennis center repairs	-	3	3	-
UC underground pipe repairs	-	19,225	19,225	-
UCC-HRT/police renovations	-	19,743	19,743	-
Total restricted	<u>(347,987)</u>	<u>718,171</u>	<u>370,184</u>	<u>-</u>
Total transfers from other funds	<u>(347,987)</u>	<u>718,171</u>	<u>370,184</u>	<u>-</u>
Totals	<u>\$ 1,323,829</u>	<u>\$ 15,015,894</u>	<u>\$ 14,781,715</u>	<u>\$ 1,558,008</u>



	SOURCE OF FUNDS			
	Total	Current	Plant	Gifts
Educational and Auxiliary Plant:				
Educational plant -				
Land -				
Slidell campus	(100,000)		(100,000)	
Buildings -				
East campus service facility	143,062	\$ 121,072		\$ 21,990
Slidell campus	(71,458)	-	(71,458)	-
Improvements other than buildings -				
Land Improve-Tennis center	1,931,520		-	1,931,520
Auxiliary plant -				
Buildings -				
Athletic tennis center	563,000			563,000
University center	251,466		251,466	-
Total educational and auxiliary plant	<u>2,717,590</u>	<u>121,072</u>	<u>80,008</u>	<u>2,516,510</u>
Equipment unallocated movable items -				
Educational	1,365,475	1,365,475	-	
Library books	1,361,995	1,318,437	-	43,558
Total equipment unallocated	<u>2,727,470</u>	<u>2,683,912</u>	<u>-</u>	<u>43,558</u>
Other -				
Construction in progress	5,650,655	131,283	5,519,372	
Totals	<u>11,095,715</u>	<u>2,936,267</u>	<u>5,599,380</u>	<u>2,560,068</u>

	Cost July 1, 2010	Additions/ (Deletions)	Cost June 30, 2011	Accumulated Depreciation	Book Value June 30, 2011
Educational and Auxiliary Plant:					
Educational plant-					
Land	\$ 43,074,000	\$ (100,000)	\$ 42,974,000	\$ -	42,974,000
Land improvements - main campus	22,469,007	-	22,469,007	10,744,616	11,724,391
Land improvements - east campus	4,004,570	-	4,004,570	3,891,433	113,137
Land improvements - research park	3,734,749	-	3,734,749	2,647,826	1,086,923
Land improvements - Jefferson center	250,000	-	250,000	162,500	87,500
Land improvements - tennis center	-	1,931,520	1,931,520	52,505	1,879,015
Administration building - annex	902,810	-	902,810	880,246	22,564
Administration building	769,278	-	769,278	769,278	0
Alumni and development center	542,778	-	542,778	542,778	0
Bi-centennial education center	2,881,423	-	2,881,423	2,881,423	0
Bienville hall	4,396,739	-	4,396,739	4,396,739	0
Biological sciences	3,936,905	-	3,936,905	3,273,701	663,204
Bus terminal	11,100	-	11,100	11,100	0
Kirschman hall	19,207,076	-	19,207,076	4,088,383	15,118,693
Campus police storage	25,000	-	25,000	16,250	8,750
Campus police	1,737,547	-	1,737,547	1,404,989	332,558
Center for energy resource management	16,452,832	-	16,452,832	4,062,078	12,390,754
Central utilities plant - east campus	1,807,737	-	1,807,737	1,661,485	146,252
Central utilities plant - main campus	4,957,119	-	4,957,119	4,957,119	0
Chemical sciences annex	9,626,079	-	9,626,079	4,231,645	5,394,434
Chemical storage building	242,132	-	242,132	171,783	70,349
Children's center	1,651,842	-	1,651,842	861,038	790,804
Computer center	4,908,536	-	4,908,536	4,142,027	766,509
Earl K. Long library	16,963,114	-	16,963,114	16,963,114	0
East campus service facility	378,702	143,062	521,764	163,718	358,046
Engineering building	17,003,732	-	17,003,732	11,934,205	5,069,527
Fine arts building	960,085	-	960,085	930,758	29,327
Milneburg Hall	2,117,912	-	2,117,912	2,117,912	0
Geology and psychology building	2,802,612	-	2,802,612	2,802,612	0
Greenhouse	172,899	-	172,899	34,580	138,319
Health and physical education center	1,798,546	-	1,798,546	1,798,546	0
Information kiosks	80,160	-	80,160	40,080	40,080
Jefferson center	1,196,379	-	1,196,379	555,345	641,034
Liberal arts building	2,540,070	-	2,540,070	2,540,070	0
Mathematics building	4,654,606	-	4,654,606	3,785,216	869,390
Goldring Hall	10,124,750	-	10,124,750	1,690,113	8,434,637
North campus power plant	3,562,346	-	3,562,346	206,812	3,355,534
Performing arts center	2,965,320	-	2,965,320	2,965,320	0
Physical plant services	246,533	-	246,533	246,533	0
The Oliver St. Pe' building	3,540,162	-	3,540,162	1,605,326	1,934,836
Science building	2,770,913	-	2,770,913	2,770,913	0
Slidell campus	71,458	(71,458)	-	-	0
Student park amphitheater	145,018	-	145,018	94,262	50,756
Tennis court service building	6,691	-	6,691	2,676	4,015
Kiefer lakefront arena	49,584,061	-	49,584,061	38,666,128	10,917,933
Visitor information booths	101,847	-	101,847	50,923	50,924
Wellness center	13,993,827	-	13,993,827	3,494,815	10,499,012
Total educational plant	285,371,002	1,903,124	287,274,126	151,310,919	135,963,207
Auxiliary plant-					
Athletic tennis center	-	563,000	563,000	14,075	548,925
The Commons	712,138	-	712,138	712,138	0
The Cove	541,362	-	541,362	541,362	0
Lafitte village apartments	3,536,513	-	3,536,513	2,095,675	1,440,838
Maestri field bullpens	103,316	-	103,316	12,915	90,401
University center	3,125,790	251,466	3,377,256	3,132,077	245,179
Total auxiliary plant	8,019,119	814,466	8,833,585	6,508,242	2,325,343
Equipment unallocated-					
Educational	59,855,801	1,365,475	61,221,276	38,979,304	22,241,972
Auxiliary	517,214	-	517,214	499,058	18,156
Library books	33,737,560	1,361,995	35,099,555	32,213,916	2,885,639
Total equipment unallocated	94,110,575	2,727,470	96,838,045	71,692,278	25,145,767
Other-					
Construction in progress	-	5,650,655	5,650,655	-	5,650,655
Totals	\$ 387,500,696	\$ 11,095,715	\$ 398,596,411	\$ 229,511,439	\$ 169,084,972

**APPENDIX A
DEMOGRAPHIC
AND SUMMARY FINANCIAL INFORMATION
CONCERNING THE UNIVERSITY**

DEMOGRAPHIC INFORMATION

Enrollment

The following table reflects a summary of the full time equivalent student enrollment at the University for the Fall 2007 to Fall 2011:

**FULL TIME EQUIVALENT (FTE) STUDENT ENROLLMENT FOR FIVE YEARS
FALL 2007 TO FALL 2011**

	<u>Fall 2011</u>	<u>Fall 2010</u>	<u>Fall 2009</u>	<u>Fall 2008</u>	<u>Fall 2007</u>
<u>Student</u>					
Undergraduate	8,263	8,345	8,746	8,628	8,653
Graduate	<u>2,640</u>	<u>2,931</u>	<u>2,978</u>	<u>2,800</u>	<u>2,710</u>
Total	<u><u>10,903</u></u>	<u><u>11,276</u></u>	<u><u>11,724</u></u>	<u><u>11,428</u></u>	<u><u>11,363</u></u>

Source: University of New Orleans
Office of Data Management, Analysis and Reporting

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The following tables reflect the head count enrollment for undergraduates and graduates at the University for the fiscal years 1999-2000 through 2011-12:

**UNIVERSITY UNDERGRADUATE ENROLLMENT
FISCAL YEARS 1999-2000 THROUGH 2011-12**

Year	Summer Semester			Fall Semester					Spring Semester				
	Headcount			Headcount					Headcount				
	Credit Hours			Credit Hours					Credit Hours				
	1-3	4-5	6+	1-3	4-6	7-9	10-11	12+	1-3	4-6	7-9	10-11	12+
1999-00	1,771	251	2,975	739	1,208	1,105	340	8,461	761	1,235	1,116	349	7,754
2000-01	1,805	216	2,812	743	1,213	1,136	383	8,775	646	1,192	1,157	359	8,060
2001-02	1,806	235	2,975	718	1,251	1,214	399	9,369	749	1,227	1,191	359	8,698
2002-03	1,949	214	3,125	665	1,360	1,281	455	9,408	619	1,201	1,208	483	8,715
2003-04	1,780	229	3,106	629	1,889	1,286	559	8,969	666	1,350	1,287	433	9,040
2004-05	1,731	269	2,879	633	1,296	1,337	408	9,551	607	1,228	1,257	386	8,844
2005-06 Pre-Katrina	1,699	260	2,840	581	1,106	1,113	377	9,898	-	-	-	-	-
2005-06 Post-Katrina				727	922	839	115	2,048	446	820	917	264	6,363
2006-07	1,039	170	2,295	388	702	730	264	7,072	385	725	758	253	6,136
2007-08	1,056	210	2,162	413	738	736	262	6,504	344	725	714	248	5,952
2008-09	1,177	192	2,037	405	713	677	238	6,593	403	686	691	229	5,892
2009-10	1,076	182	1,947	451	650	665	252	6,728	477	666	655	243	6,072
2010-11	1,091	136	1,881	431	685	678	214	6,337	475	639	679	234	5,864
2011-12	988	222	1,896	494	644	685	263	6,177	413	610	603	235	5,567

**UNIVERSITY GRADUATE ENROLLMENT
FISCAL YEARS 1999-2000 THROUGH 2011-12**

Year	Summer Semester			Fall Semester					Spring Semester				
	Headcount			Headcount					Headcount				
	Credit Hours			Credit Hours					Credit Hours				
	1-3	4-5	6+	1-3	4-6	7-8	--	9+	1-3	4-6	7-8	--	9+
1999-00	1,252	26	1,111	1,473	1,087	51		1,291	1,525	1,110	68		1,214
2000-01	1,225	18	1,142	1,485	989	93		1,299	1,361	1,136	57		1,237
2001-02	1,203	22	1,113	1,372	1,055	79		1,443	1,241	1,145	40		1,393
2002-03	1,053	19	1,233	1,248	1,114	108		1,538	1,175	1,133	63		1,423
2003-04	1,055	39	1,214	1,146	1,132	41		1,605	1,251	1,118	71		1,488
2004-05	1,088	72	1,114	1,244	1,153	55		1,673	1,190	1,133	65		1,493
2005-06 Pre-Katrina	1,058	91	1,158	1,180	1,136	59		1,692	-	-	-		-
2005-06 Post-Katrina				592	564	28		849	738	769	60		1,069
2006-07	682	36	692	804	701	51		1,035	762	668	123		955
2007-08	590	49	793	867	661	32		1,150	761	676	81		1,046
2008-09	551	62	768	740	680	34		1,299	676	722	53		1,107
2009-10	637	56	820	760	747	71		1,400	734	804	79		1,188
2010-11	557	32	857	714	750	47		1,420	600	740	57		1,224
2011-12	534	6	823	668	640	22		1,310	574	586	38		1,101

Source: University of New Orleans
Office of Data Management, Analysis, and Reporting

The following table reflects the applications, admissions, and matriculations of undergraduate and graduate students at the University for the Fall semesters 1999 through 2011:

**APPLICATION STATISTICS OF THE UNIVERSITY
FALL 1999 THROUGH FALL 2010**

<u>Fall Semester</u>	<u>Application Totals</u>	<u>Admission Totals</u>	<u>Matriculation Totals</u>
1999	10,356	7,959	5,371
2000	11,318	8,598	5,439
2001	12,028	8,996	5,858
2002	13,245	8,872	5,594
2003	13,224	8,911	5,264
2004	13,215	8,727	5,189
2005			
Pre - Katrina	10,673	7,654	4,666
2005			
Post - Katrina	---	---	1,300
2006	6269	4,634	2,775
2007	7242	5,306	3,405
2008	9325	5,450	3,443
2009	9357	5,726	3,596
2010	9092	5,495	3,257
2011	8886	5,371	3,268

The following table reflects the percentages of full-time, first-time freshmen at the University returning in the Fall of the second through sixth years for the Fall semester of the years 1999 through 2011:

**RETENTION RATES OF FIRST-TIME FULL-TIME FRESHMEN
FALL 1999 THROUGH FALL 2011**

<u>Fall Semester</u>	<u># of New Freshmen</u>	<u>% Returning Fall of Second Year</u>	<u>% Returning Fall of Third Year</u>	<u>% Returning Fall of Fourth Year</u>	<u>% Returning Fall of Fifth Year</u>	<u>% Returning Fall of Sixth Year</u>
1999	1,680	64%	50%	41%	34%	23%
2000	1,870	68%	53%	43%	33%	11%
2001	1,977	68%	53%	43%	18%	21%
2002	1,685	67%	52%	18%	33%	22%
2003	1,961	67%	19%	37%	30%	20%
2004	1,782	19%	41%	33%	26%	18%
2005						
Pre - Katrina	1,968	51%	39%	32%	26%	20%
2005						
Post - Katrina	215	79%	62%	53%	37%	19%
2006	951	69%	55%	47%	36%	20%
2007	1030	69%	53%	46%	30	---
2008	1210	69%	50%	43%	---	---
2009	1221	64%	50%	---	---	---
2010	1020	67%	---	---	---	---
2011	1044	---	---	---	---	---

Source: University of New Orleans
Office of Data Management, Analysis, and Reporting

The following table reflects the cumulative percentage of full-time, first-time freshmen at the University graduating after 4, 5, and 6 years for the Fall semester of the years 1999 through 2011:

**GRADUATION RATES OF FIRST-TIME FULL-TIME FRESHMEN
FALL 1999 THROUGH FALL 2011**

Fall Semester	# of New Freshmen	Cumulative % Graduating After 4 Years	Cumulative % Graduating After 5 Years	Cumulative % Graduating After 6 Years
1999	1,680	6%	17%	24%
2000	1,870	7%	17%	24%
2001	1,977	7%	17%	24%
2002	1,685	5%	15%	22%
2003	1,961	5%	14%	21%
2004	1,782	5%	15%	20%
2005 Pre-Katrina	1,968	5%	15%	21%
2005 Post-Katrina	215	17%	33%	38%
2006	951	10%	27%	---
2007	1,030	13%	---	---
2008	1,210	---	---	---
2009	1,221	---	---	---
2010	1,020	---	---	---
2011	1,044	---	---	---

Source: University of New Orleans
Office of Data Management, Analysis, and Reporting

Tuition and Fees

Tuition and fees account for approximately 44% of total current funds revenue of the University. Tuition and fees are set by the LSU Board of Supervisors. The following table reflects the annual tuition and required fees of full-time resident and nonresident undergraduate students of the University for the fiscal years 1999-00 through 2011-12:

**FULL-TIME UNDERGRADUATE STUDENTS OF THE UNIVERSITY
1999-00 THROUGH 2011-12**

<u>YEAR</u>	<u>RESIDENT</u>	<u>NONRESIDENT</u>
1999-00	\$2,502	\$8,028
2000-01	\$2,752	\$9,796
2001-02	\$2,852	\$9,896
2002-03	\$3,016	\$10,060
2003-04	\$3,464	\$10,508
2004-05	\$3,702	\$10,746
2005-06	\$3,810	\$10,854
2006-07	\$3,810	\$10,854
2007-08	\$3,954	\$10,998
2008-09	\$4,222	\$11,618
2009-10	\$4,318	\$12,474
2010-11	\$4,758	\$14,347
2011-12	\$5,214	\$16,738

The following table presents the Off Campus Fee revenues for the fiscal years 1999 through 2011:

**OFF CAMPUS FEE REVENUES
FISCAL YEARS 1999-00 THROUGH 2010-11**

<u>Year</u>	<u>Amount</u>
1999-00	\$229,230
2000-01	\$235,520
2001-02	\$279,595
2002-03	\$262,698
2003-04	\$263,933
2004-05	\$259,920
2005-06	\$11,970
2006-07	\$86,850
2007-08	\$133,245
2008-09	\$116,865
2009-10	\$129,195
2010-11	\$106,905

Source: University of New Orleans
Office of Financial Services

Faculty and Staff

As of November 1, 2011, there are 506 faculty members at the University, 405 of which are full-time faculty members and 129 of which are part-time. Fifty-seven percent (57.2%) of the faculty have doctoral degrees and the student-faculty ratio is 20:1. Staff members total 1,177, which includes all administrative, graduate assistants, other professional, and classified employees.

Degrees

The University is accredited by the Southern Association of Colleges and Schools and offers bachelor's degrees in 41 major fields through the Colleges of Business Administration, Education, Engineering, Liberal Arts, and Sciences. Master's degrees in 34 fields and doctoral degrees in 12 major fields are available through the Graduate School.

Since its first commencement in 1962, the University has awarded 76993 degrees. The University produces about 7.8 percent of Louisiana's graduates from public universities with baccalaureate degrees; approximately 14.3 percent of master's degrees; and about 9.8 percent of doctoral degrees. In 2010-2011, the University awarded 1435 Bachelor's degrees, 703 Master's degrees, and 44 Doctoral degrees, for a total of 2182 degrees awarded.

Financial Aid

During the 2010-11 academic year, approximately 60.2% of the University's students received some form of financial aid. The total amount of this financial aid for 2010-11 was \$73,452,298. Of this amount 15.87% was derived from institutional sources, 68.55% from federal sources, 12.49% from state sources, and 3.09% from private sources.

Private Support

Private giving through the UNO Foundation focuses on building the University's endowments and gifts and grants designated for specific purposes in the colleges and schools within the University, including professorships, scholarships, library and museum acquisitions, equipment and facilities, distinguished faculty chairs and fellowships, and other purposes that cannot be supported entirely with state funds. In fiscal year 2010-2011, the UNO Foundation received approximately \$4,465,215 in gifts and grants. The UNO Foundation also manages the University's endowments, which were valued at \$61,104,438 as of June 30, 2011.

In addition, the University of New Orleans International Alumni Association actively seeks support from the private sector to supplement State appropriations. Alumni gifts generated through the Association are used to support academic scholarships, alumni professorships, student jobs, faculty awards, and alumni programs, reunions, and publications. In 2010-2011, the Association received more than \$36,666 from alumni.

General

The University of New Orleans was founded in 1958 and is a selective admissions public university of which three-fourths are undergraduates and one fourth are graduate students in both masters and doctoral programs. UNO is classified as a Southern Regional Education Board Four Year II institution and primarily serves students in the greater New Orleans area with 88.5% of its students living in the State of Louisiana.

In the fall of 2011, the University had an enrollment of 10,903 (approximately 76% undergraduate and 24% graduate). The University anticipates a 6-7% decrease for the Fall 2012 semester for a projected total of 10,476 students as a result of the implementation of higher admissions standards. Given the current financial, sociological, and psychological climate in the New Orleans area, the University has embarked on an aggressive recruiting campaign through advertisements in television and print venues as well as selective placement of billboards statewide. The overall thematic scheme of the marketing campaign is that UNO is an excellent academic institution that is both relevant to the world through research and academic contributions and relevant to the metropolitan area through direct efforts in rebuilding, as well as, relevant to individuals by providing a top level education. In addition, this campaign focuses on these strengths the university possesses and also ties the institution more closely to the New Orleans community. UNO is not fundamentally changing who it is with this campaign, but rather it is making its excellent education and value known to a greater audience.

The University's primary recruitment market is Louisiana with secondary markets ranging largely in the South and Southeast United States. Furthermore, UNO targets its efforts on areas where enrollment growth potential exists in certain urban centers in the country (Chicago, New York, Memphis, California areas). In addition to those areas, UNO has active representation in several US commonwealth areas and in numerous international markets (South/Central America, Asia). UNO is continuing to reach out to its Alumni Association, faculty, and staff for involvement in student recruitment.

SUMMARY FINANCIAL INFORMATION

Financial Position

The University began fiscal year 2010-2011 with an operating budget of \$118,658,832, which was comprised of State Appropriations in the amount of \$43,684,877, Self-Generated funds of \$57,973,226 and \$17,000,729 of Federal Stimulus Funding. Due to a state budget cut and system reallocation in 10-11, the University's state funds were decreased by \$873,341 (2.0%) resulting in a final approved budget of \$117,785,491. To help mitigate this reduction, the University was authorized to increase student tuition and fees in 10-11 along with imposing a hiring freeze, adjusting spending on uncommitted account balances and identifying available restricted fund balances to offset the budgetary shortfall.

The University sustained another state appropriation budget cut in fiscal year 2011-2012 in the amount of \$2,303,906 affecting the current unrestricted funds. As a result, the University implemented a plan which entailed sizeable cuts across all administrative and academic support units. However, unrestricted self-generated revenues are, in the aggregate, holding to our estimates and spending is being closely monitored to insure that budgetary units remain within authorized levels. Auxiliary operations which fund our bond issues are on track to end the 2011-2012 fiscal year with an increase to the auxiliary fund balances.

Operating Budget and State Appropriations

A significant amount of the University's current unrestricted revenues are derived from the State general fund appropriations. The Constitution and statutes of the State require the Board of Regents to design a formula (the "Formula") providing for the distribution of State tax revenues to institutions of higher education. The Board of Regents is a constitutionally created board whose powers include budgetary responsibility for all public institutions of higher education. The Formula is prepared pursuant to a hearing held each year by the Board of Regents. Institutions share in the formula based on student credit hours accumulated, operating and maintenance expenses attributable to building space and charges associated with utilities.

The managing board of each college and university is required to submit to the Board of Regents estimates of its financial requirements and receipts for the ensuing fiscal year. The Board of Regents prioritizes these requests and submits to the Division of Administration, Office of the Governor (the "Division"), and to the Legislature, a request for funding of the Formula. Generally, the Legislature funds the Formula at an amount less than requested. The colleges and universities are not in a position to itemize their budgets until the level of the Formula is established. Consequently, the Legislature appropriates lump sums to the managing boards of the various colleges and universities, which then submit itemized budgets to the Board of Regents for review. These budgets are then transmitted to the Division and the Joint Legislative Committee on the Budget for consideration.

Self-generated revenues of public colleges and universities can be generally categorized as either restricted or unrestricted revenues. The decision to designate Dedicated Revenues pledged to the Bonds into a restricted fund is within the discretion of the Board.

State Appropriations

The following table reflects total State general fund appropriations to State higher education, to the LSU System and to the University, as well as, (i) total State general fund appropriations to the LSU System as a percentage of total State higher education appropriations and (ii) total University State general fund appropriations as a percentage of total LSU State general fund appropriations for fiscal years 2006-07 through 2010-2011. With the change of our management board from LSU System to University of Louisiana System (ULS), UNO will report as part of the ULS System for FY2012.

STATE GENERAL FUND APPROPRIATIONS TO HIGHER EDUCATION, LSU SYSTEM AND UNIVERSITY

FISCAL	STATE HIGHER EDUCATION TOTAL	LSU SYSTEM TOTAL	% LSU SYSTEM TO TOTAL STATE HIGHER EDUC.	UNIVERSITY TOTAL	% UNIVERSITY TO LSU SYSTEM
<u>YEAR</u>	<u>APPROPRIATIONS</u>	<u>APPROPRIATIONS</u>	<u>APPROPRIATIONS</u>	<u>APPROPRIATION</u>	<u>APPROPRIATION</u>
2006-07	\$1,421,662,160	\$673,220,907	47.35%	\$65,669,431	9.75%
2007-08	\$1,588,482,746	\$744,488,468	46.87%	\$73,837,826	9.92%
2008-09	\$1,715,836,512	\$722,337,645	42.10%	\$70,887,320	9.81%
2009-10	\$1,431,668,754	\$669,931,058	46.79%	\$65,220,738	9.74%
2010-11	\$1,219,841,602	\$622,961,860	51.07%	\$61,373,192	9.85%
2011-12 *	\$1,290,047,558	\$518,205,413	40.17%	\$47,676,321	9.20%

* UNO Appropriation was moved from LSU System to ULS after the December 2011 transfer.

Source: Appropriations for State Higher Education obtained from Executive Budget Statewide Summary. The LSU System and the University appropriations for the years 2005-06 through 2008-09 obtained from LSU System BA-7 Tracking Sheets, and includes state appropriated statutory dedications, but excludes LSU Health Care Services Division (HCSD) appropriations. Data for the years 2009-10, 2010-11 and 2011-12 was derived from reports compiled by the State Office of Planning and Budget.

The continued receipt of appropriations at the current levels cannot be assured.

**TOTAL REVENUES OF UNIVERSITY BY SOURCE
FISCAL YEARS 1999-00 THROUGH 2010-11**

Year*	UNRESTRICTED						RESTRICTED				TOTAL
	STATE APPROPRIATIONS		TUITION AND FEES		OTHER REVENUES		Auxiliary Enterprises	% of Total	Restricted Funds	% of Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total					
1999-00	42,428,516	28.73%	39,461,771	26.72%	4,661,970	3.16%	11,663,225	7.90%	49,473,626	33.50%	147,689,108
2000-01	43,069,391	26.03%	45,206,374	27.32%	4,635,974	2.80%	11,937,114	7.21%	60,604,585	36.63%	165,453,438
2001-02	50,705,767	27.58%	48,258,483	26.25%	5,486,125	2.98%	13,047,227	7.10%	66,371,847	36.10%	183,869,449
2002-03	53,726,257	28.23%	50,213,531	26.39%	5,344,375	2.81%	14,191,062	7.46%	66,833,150	35.12%	190,308,375
2003-04	53,635,940	26.82%	54,593,152	27.30%	5,818,730	2.91%	14,941,274	7.47%	71,000,812	35.50%	199,989,908
2004-05	54,885,110	26.33%	58,837,091	28.23%	5,143,855	2.47%	15,159,796	7.27%	74,416,259	35.70%	208,442,111
2005-06 **	50,432,223	27.66%	35,576,322	19.51%	2,178,202	1.19%	8,708,716	4.78%	85,448,346	46.86%	182,343,809
2006-07	65,669,431	32.95%	42,323,615	21.24%	2,240,949	1.12%	11,616,468	5.83%	77,452,780	38.86%	199,303,243
2007-08	73,837,826	35.08%	42,729,516	20.30%	3,552,581	1.69%	12,919,768	6.14%	77,419,775	36.79%	210,459,466
2008-09 **	70,792,390	32.75%	46,228,264	21.39%	4,439,786	2.05%	14,559,801	6.74%	80,114,064	37.07%	216,134,305
2009-10	59,703,377	28.37%	50,208,442	23.86%	4,686,211	2.23%	15,650,318	7.44%	80,162,192	38.10%	210,410,540
2010-11	65,745,495	30.32%	54,856,692	25.30%	5,151,464	2.38%	13,739,658	6.34%	77,370,842	35.68%	216,864,151

**UNRESTRICTED REVENUES OF UNIVERSITY BY SOURCE
FISCAL YEARS 1999-00 THROUGH 2010-11**

Year*	TOTAL UNRESTRICTED	STATE APPROPRIATIONS		TUITION AND FEES		OTHER REVENUES	
		Amount	% of Total	Amount	% of Total	Amount	% of Total
1999-00	86,552,257	42,428,516	49.02%	39,461,771	45.59%	4,661,970	5.39%
2000-01	92,911,739	43,069,391	46.36%	45,206,374	48.66%	4,635,974	4.99%
2001-02	104,450,375	50,705,767	48.55%	48,258,483	46.20%	5,486,125	5.25%
2002-03	109,284,163	53,726,257	49.16%	50,213,531	45.95%	5,344,375	4.89%
2003-04	114,047,822	53,635,940	47.03%	54,593,152	47.87%	5,818,730	5.10%
2004-05	118,866,056	54,885,110	46.17%	58,837,091	49.50%	5,143,855	4.33%
2005-06 **	88,186,747	50,432,223	57.19%	35,576,322	40.34%	2,178,202	2.47%
2006-07	110,233,995	65,669,431	59.57%	42,323,615	38.39%	2,240,949	2.03%
2007-08	120,119,923	73,837,826	61.47%	42,729,516	35.57%	3,552,581	2.96%
2008-09 **	121,460,440	70,792,390	58.28%	46,228,264	38.06%	4,439,786	3.66%
2009-10	114,598,030	59,703,377	52.10%	50,208,442	43.81%	4,686,211	4.09%
2010-11	125,753,651	65,745,495	52.28%	54,856,692	43.62%	13,739,658	10.93%

* Years 1999-00 to 2010-11 - audited

** Mid year state appropriation budget cut FY 05-06 -- \$6.5 million; FY 08-09 -- \$3.2 million; FY 09-10 -- \$5.3 million; FY 10-11--\$1.6 million

Source: University of New Orleans
Office of Financial Services

RESTRICTED REVENUES OF UNIVERSITY BY SOURCE
FISCAL YEARS 1999-00 THROUGH 2010-11

Year*	TUITION AND CHARGES		GRANTS AND CONTRACTS						AUXILIARY		OTHER		TOTAL	
	% of		STATE AND LOCAL		FEDERAL		PRIVATE		% of		% of		% of	
	Amount	Total	Amount	Total	Amount	Total	Amount	Total	Amount	Total	Amount	Total	Amount	Total
1999-00	6,939,258	11.35%	7,721,704	12.63%	24,856,231	40.66%	5,441,685	8.90%	11,663,225	19.08%	4,514,748	7.38%	61,136,851	100.00%
2000-01	6,981,539	9.62%	8,541,020	11.77%	34,837,032	48.02%	5,638,286	7.77%	11,937,114	16.46%	4,606,708	6.35%	72,541,699	100.00%
2001-02	9,917,308	12.49%	10,568,673	13.31%	31,705,586	39.92%	9,451,889	11.90%	13,047,227	16.43%	4,728,391	5.95%	79,419,074	100.00%
2002-03	9,699,144	11.97%	11,023,977	13.61%	33,644,428	41.52%	8,447,671	10.43%	14,191,062	17.51%	4,017,930	4.96%	81,024,212	100.00%
2003-04	12,128,581	14.11%	11,645,198	13.55%	32,244,261	37.52%	9,956,576	11.59%	14,941,274	17.39%	5,026,196	5.85%	85,942,086	100.00%
2004-05	12,107,964	13.52%	15,853,820	17.70%	30,576,126	34.13%	10,627,899	11.86%	15,159,796	16.92%	5,250,450	5.86%	89,576,055	100.00%
2005-06	7,455,437	8.73% **	28,958,894	33.89%	25,135,450	29.42%	10,815,162	12.66%	8,708,716	10.19%	4,374,687	5.12%	85,448,346	100.00%
2006-07	9,563,229	10.74%	16,181,996	18.17%	31,814,838	35.72%	13,218,972	14.84%	11,616,468	13.04%	6,673,745	7.49%	89,069,248	100.00%
2007-08	10,054,375	11.13%	19,586,267	21.68%	26,195,997	29.00%	15,466,145	17.12%	12,919,768	14.30%	6,116,991	6.77%	90,339,543	100.00%
2008-09	10,609,713	11.21%	23,025,767	24.32%	24,324,455	25.69%	16,561,401	17.49%	14,559,801	15.38%	5,592,728	5.91%	94,673,865	100.00%
2009-10	9,881,083	10.31%	20,086,494	20.97%	29,686,000	30.98%	15,880,016	16.57%	15,650,318	16.34%	4,626,086	4.83%	95,809,997	100.00%
2010-11	10,431,198	11.45%	12,435,849	13.65%	31,456,568	34.53%	18,061,821	19.82%	13,739,658	15.09%	4,984,457	5.48%	91,109,551	100.00%

* Years 1998-99 to 2010-11 - audited

** Includes \$14 million Board of Regents pass-through grant from U.S. Department of Education related to Hurricane Katrina relief.

Source: University of New Orleans
Office of Financial Services

Student Housing

In late fall 2007 the University replaced Bienville Hall, a high-rise dormitory, with the Pontchartrain Hall facility in order to upgrade and modernize its housing facilities and to remain competitive in the student housing market. Bienville Hall became a general purpose building. This enabled the University to update and slightly expand student housing facilities to support student life and its recruiting efforts. The Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, as lessor for the benefit of the University, leased a portion of its grounds located on the campus of the University, to the University of New Orleans Research and Technology Foundation (Foundation) pursuant to a ground lease agreement for construction of the resident facilities (Pontchartrain Hall) effective August 8, 2006.

The Foundation financed the project through a \$38M loan agreement with the Louisiana Public Facilities Authority (LPFA). The loan is backed by revenue bonds issued by the LPFA, a public trust and public corporation of the State of Louisiana organized to promote and encourage a wide range of public and industrial activities within the State. The University has leased the facility from the Foundation. The University anticipates making lease payments from Pontchartrain Hall revenues and revenues from other sources (such as married student housing, food service fees, bookstore revenues, campus copy center, vending machines and parking). The University has previously pledged revenues from certain Auxiliary enterprises for the payment of debt service on University issued revenue bonds. The University must first satisfy the debt service on these University issued revenue bonds prior to making rent payments under the lease with the Foundation. The rent payments under the lease will be equal to that of the Foundation's debt service on the LPFA loan. The University shall not have any ownership interest in the facility during the term of the ground lease; nor shall the University have any financial obligations other than those addressed by the lease agreement.

The new facility will provide a modern alternative to the other University campus housing facilities at an anticipated rental rate lower than that of Privateer Place. There are 740 useable beds in (22) efficiency units, (55) 2 bedroom units and (152) 4 bedroom suites. The efficiency room rates for the Fall 2011 semester were \$3,725. The rates for the two and four bedroom suites were \$3,125 and \$2,475, respectively.

The University's married/family housing, Lafitte Village Apartments, closed in 2005 due to Hurricane Katrina, but is scheduled to reopen in Summer of 2011. There are 120 apartment units in Lafitte Village; one bedroom units (48) are proposed to rent for \$640 per month and two bedroom units (72) for \$740 per month when the facility opens.

Privateer Place, an apartment complex, on University grounds is operated by Housing Partnership III, LTD. (the "Partnership"). The University derives revenue from this facility pursuant to a lease agreement between the University and the Partnership. For fiscal year 2010-2011, the revenue generated from this arrangement totaled \$0.00 to the University. Phases 1 and 2 of Privateer Place have a total of 816 beds in a combination of efficiency apartments, 2-bedroom and 4-bedroom units. For the 2010-2011 fiscal year, the cost of an efficiency apartment (1 bed) was \$1,002 per month, a 2-bedroom was \$676 per month per person and a 4-bedroom was \$570 per month per person. Revenues received from student tenants by the Partnership are not deemed Auxiliary Revenues.

The following table reflects the capacity, occupancy and percent of occupancy of the University residence halls and apartments for the Fall semesters 2007 to 2011:

**RESIDENCE HALL AND APARTMENT OCCUPANCY
FALL 2007 THROUGH FALL 2011**

	<u>Capacity</u>	<u>Occupancy</u>	<u>Percent Occupancy</u>
FALL 2007			
Residence Halls	740	494	66.76%
Apartments*	120	0	0.00%
Total	<u>860</u>	<u>494</u>	57.44%
FALL 2008			
Residence Halls **	740	605	81.76%
Apartments*	120	0	0.00%
Total	<u>860</u>	<u>605</u>	70.35%
FALL 2009			
Residence Halls **	740	729	98.51%
Apartments*	120	0	0.00%
Total	<u>860</u>	<u>729</u>	84.77%
FALL 2010			
Residence Halls **	740	689	93.11%
Apartments*	120	0	0.00%
Total	<u>860</u>	<u>689</u>	80.12%
FALL 2011			
Residence Halls **	740	673	90.95%
Apartments*	120	0	0.00%
Total	<u>860</u>	<u>673</u>	78.26%

* Lafitte Village Apartments suffered flood and wind damage from Hurricane Katrina. The facility is scheduled to reopen in Fall 2012.

The following table shows the relative revenue contribution of each Auxiliary Enterprise for the fiscal years 2006-07 through 2010-11:

**HISTORICAL AUXILIARY ENTERPRISE REVENUES
for fiscal years 2006-2007 to 2010-11**

	FY 2010-11		FY 2009-10		FY 2008-09		FY 2007-08		FY 2006-07	
	<u>Amount</u>	<u>% Total</u>	<u>Amount</u>	<u>% Total</u>	<u>Amount</u>	<u>% Total</u>	<u>Amount</u>	<u>% Total</u>	<u>Amount</u>	<u>% Total</u>
Student Housing (1)	3,545,549	32.03%	3,790,991	31.42%	3,195,524	29.01%	2,678,098	26.93%	1,237,119	14.57%
Food and Vending Services (2)	2,684,702	24.25%	2,808,480	23.28%	1,504,606	13.66%	1,236,090	12.43%	1,175,209	13.84%
University Center (3)	4,078,013	36.84%	4,692,424	38.89%	5,517,827	50.09%	5,339,451	53.69%	5,482,753	64.55%
Campus Copy Center (4)	24,051	0.22%	24,000	0.20%	26,500.00	0.24%	17,256	0.17%	3,791	0.04%
Parking, Traffic and Safety Services	<u>737,148</u>	<u>6.65%</u>	<u>\$749,948</u>	<u>6.22%</u>	<u>\$771,397</u>	<u>7.00%</u>	<u>674,261</u>	<u>6.78%</u>	<u>594,756</u>	<u>7.00%</u>
Total	<u>\$11,069,463</u>	<u>99.99%</u>	<u>\$12,065,843</u>	<u>100.01%</u>	<u>\$11,015,854</u>	<u>100.00%</u>	<u>\$9,945,156</u>	<u>100.00%</u>	<u>\$8,493,628</u>	<u>100.00%</u>

(1) Includes Bienville Hall Dormitory and Lafitte Village Apartments through 2006-2007--Pontchartrain Hall replaced Bienville Hall (BH) and BH became a general purpose building. Lafitte Village Apartments due to Hurricane Katrina damage in August 2005 is projected to reopen in Fall 2012.

(2) Includes The Cove (which has been closed since Hurricane Katrina-August 2005, reopened in Spring semester 2012), University Center Cafeteria, Flambeau Room, catering and campus-wide vending. The food services operation is under contract with ARAMARK.

(3) Includes the University Center (UC) Bookstore and UC Building operations.

(4) The printing and copying services are contracted with IKON Office Solutions, Inc.

Tables 1 through 5 present analyses of revenues, expenditures and debt service of the Auxiliary Enterprises for the fiscal years ended June 30, 2007 through 2011:

**UNIVERSITY OF NEW ORLEANS
AUXILIARY ENTERPRISES**

**Table 1
STUDENT HOUSING
ANALYSIS OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30TH**

	Audited				
	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Revenues	\$ 3,545,549	\$ 3,790,991	\$ 3,195,524	\$ 2,678,098	\$ 1,237,119
Expenditures	1,456,658	3,812,303	3,695,627	3,363,192	1,089,889
Debt Service	19,817	10,236	25,184	50,532	40,083
Total Expenditures	<u>1,476,475</u>	<u>3,822,539</u>	<u>3,720,811</u>	<u>3,413,724</u>	<u>1,129,972</u>
Excess of Revenues over/(under) Expenditures	<u>\$ 2,069,074</u>	<u>\$ (31,548)</u>	<u>\$ (525,287)</u>	<u>\$ (735,626)</u>	<u>\$ 107,147</u>

NOTE: Student Housing as presented above includes the Pontchartrain Hall (opened in late 2007), Lafitte Village Apartments (not scheduled to reopen until Fall 2012; closed after Hurricane Katrina, August 2005), and Privateer Place. See "Housing and Meals" herein. The losses in 05-06 can be attributed to the decline in enrollment and closed facilities since Hurricane Katrina; and in 08-09 to the added cost of operating the new dormitory, Pontchartrain Hall.

**Table 2
FOOD AND VENDING SERVICES
ANALYSIS OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30TH**

	Audited				
	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Revenues	\$ 2,684,702	\$ 2,808,480	\$ 1,504,606	\$ 1,236,090	\$ 1,175,209
Expenditures	2,465,137	2,741,404	1,054,748	868,197	809,769
Debt Service	7,091	5,409	4,777	9,129	6,185
Total Expenditures	<u>2,472,228</u>	<u>2,746,813</u>	<u>1,059,525</u>	<u>877,326</u>	<u>815,954</u>
Excess of Revenues over/(under) Expenditures	<u>\$ 212,474</u>	<u>\$ 61,667</u>	<u>\$ 445,081</u>	<u>\$ 358,764</u>	<u>\$ 359,255</u>

NOTE: Food and vending services include The Cove (which reopened in Spring semester 2012), The University Center Cafeteria and Flambeau Room, Catering and campus wide vending. The food services are currently contracted to ARAMARK. Students purchase a dining card utilizing a declining balance plan whereby charges are deducted from the value of the card.

**Table 3
UNIVERSITY CENTER
(exclusive of University Center Food Services)
ANALYSIS OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30TH**

	Audited				
	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Revenues	\$ 4,078,013	\$ 4,692,424	\$ 5,517,827	\$ 5,339,451	\$ 5,210,831
Expenditures	4,100,350	4,682,807	5,488,243	5,254,109	5,516,688
Debt Service	46,112	57,920	25,369	42,766	27,215
Total Expenditures	<u>4,146,462</u>	<u>4,740,727</u>	<u>5,513,612</u>	<u>5,296,875</u>	<u>5,543,903</u>
Excess of Revenues over/(under) Expenditures	<u>\$ (68,449)</u>	<u>\$ (48,303)</u>	<u>\$ 4,215</u>	<u>\$ 42,576</u>	<u>\$ (333,072)</u>

NOTE: The University Center (UC) includes the Bookstore, UC administration, building services and miscellaneous activities. The food services operation has been combined with Food and Vending Services above.

Table 4
CAMPUS COPY CENTER
ANALYSIS OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30TH

	Audited				
	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Revenues	\$ 24,051	\$ 24,000	\$ 26,500	\$ 17,256	\$ 3,791
Expenditures	7,916	18,769	10,446	11,806	13,630
Debt Service	1,704	2,088	1,060	2,020	1,544
Total Expenditures	9,620	20,857	11,506	13,826	15,174
Excess of Revenues over/(under) Expenditures	<u>\$ 14,431</u>	<u>\$ 3,143</u>	<u>\$ 14,994</u>	<u>\$ 3,430</u>	<u>\$ (11,383)</u>

NOTE: Printing and copying services are contracted with IKON Office Solutions, Inc.

Table 5
PARKING, TRAFFIC AND SAFETY SERVICES
ANALYSIS OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30TH

	Audited				
	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Revenues	\$ 737,148	\$ 749,948	\$ 771,397	\$ 674,261	\$ 594,756
Expenditures	123,706	248,069	410,438	311,372	207,157
Debt Service	325,000	325,000	325,000	300,000	299,997
Total Expenditures	448,706	573,069	735,438	611,372	507,154
Excess of Revenues over Expenditures	<u>\$ 288,442</u>	<u>\$ 176,879</u>	<u>\$ 35,959</u>	<u>\$ 62,889</u>	<u>\$ 87,602</u>

The following is a summary of revenue and expenditures of the Auxiliary Enterprises of the University for the fiscal years ended June 30, 2007 through 2011 excluding debt service:

HISTORICAL AUXILIARY ENTERPRISE REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30TH

	Audited				
	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Total Revenues	\$ 11,069,463	\$ 12,065,843	\$ 11,015,854	\$ 9,945,156	\$ 8,221,706
Total Expenditures	8,153,767	11,503,352	10,659,502	9,808,677	7,637,133
Excess of Revenues over/(under) Expenditures	<u>\$ 2,915,696</u>	<u>\$ 562,491</u>	<u>\$ 356,352</u>	<u>\$ 136,479</u>	<u>\$ 584,573</u>