

UNIVERSITY OF LOUISIANA SYSTEM
A COMPONENT OF THE
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2015
ISSUED DECEMBER 21, 2015

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

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT
ERNEST F. SUMMERVILLE, JR., 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 is 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 \$5.90. 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 website at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 7176 or Report ID No. 80150067 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

TABLE OF CONTENTS

	Page
Independent Auditor’s Report.....	3
Management’s Discussion and Analysis	7
	Statement
Basic Financial Statements:	
University of Louisiana System - Statement of Net Position.....	A14
Component Units - Statement of Financial Position	B16
University of Louisiana System - Statement of Revenues, Expenses, and Changes in Net Position	C17
Component Units - Statement of Activities.....	D19
University of Louisiana System - Statement of Cash Flows.....	E21
Notes to the Financial Statements	23
	Schedule
Required Supplementary Information:	
Schedule of the System’s Proportionate Share of the Net Pension Liability.....	1.....85
Schedule of System Contributions.....	2.....86
Schedule of Funding Progress for the Other Postemployment Benefits Plan.....	3.....87
Supplemental Information Schedules:	
Combining Schedule of Net Position, by University, for the Year Ended June 30, 2015.....	4.....89
Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University, for the Year Ended June 30, 2015.....	5.....93

	Page
Combining Schedule of Cash Flows, by University, for the Year Ended June 30, 2015	6.....97
Combining Schedule of Net Position, by University for the Year Ended June 30, 2014.....	7.....103
Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University, for the Year Ended June 30, 2014.....	8.....107
Combining Schedule of Cash Flows, by University, for the Year Ended June 30, 2014.....	9.....111
	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 <i>Government Auditing Standards</i>	A



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 11, 2015

Independent Auditor's Report

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the University of Louisiana System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Black and Gold Facilities, Inc.; Innovative Student Facilities, Inc.; Cowboy Facilities, Inc.; Nicholls State University Facilities Corporation; University Facilities, Inc.; Ragin' Cajun Facilities, Inc.; University of Louisiana at Monroe Facilities, Inc.; and University of New Orleans Research and Technology Foundation Inc., which are nonprofit corporations included as blended component units in the basic financial statements representing approximately 34.5% of total assets, 28.5% of total liabilities, and 6.6% of total revenues. We also did not audit the financial statements of the University of Louisiana at Lafayette Foundation, Inc., and the University of New Orleans Foundation, which are discretely presented component units included in the basic financial statements of the System. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts reported for these component units, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Black and Gold Facilities, Inc., Nicholls State University Facilities Corporation; University Facilities, Inc.; and University of Louisiana at Monroe Facilities, Inc., which were audited by other auditors, were audited in accordance with auditing standards generally accepted in the United States of America but not in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the System as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in note 8 to the financial statements, the net pension liability for the System was \$1,028,690,407 at June 30, 2015, as determined by the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL). The related actuarial valuations were performed by LASERS's and TRSL's actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2015, could be under or overstated.

As discussed in notes 1-P and 16 to the financial statements, the System implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, for the year ended June 30, 2015. The adoption of these standards required the System to record its proportionate share of pension amounts related to its participation in the cost-sharing, multiple-employer defined benefit pension plans, restating the previous year. As a result of

the implementation, the System's net position decreased by \$1,067,984,947, net pension liability was recorded in the amount of \$1,178,298,383, and deferred outflow of resources was recorded in the amount of \$110,313,436 as of July 1, 2014.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 13, the Schedule of the System's Proportionate Share of the Net Pension Liability on page 85, the Schedule of System Contributions on page 86, and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplemental information schedules, including the Combining Schedule of Net Position; the Combining Schedule of Revenues, Expenses, and Changes in Net Position; and the Combining Schedule of Cash Flows, on pages 89 through 102, for the fiscal year ended June 30, 2015, are presented for the purposes of additional analysis and are not required parts of the basic financial statements.

These schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the schedules for the fiscal year ended June 30, 2015, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2015.

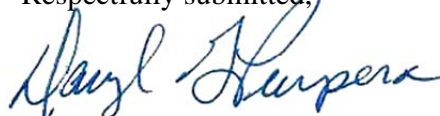
We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the University of Louisiana System as of and for

the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 11, 2014, which contained unmodified opinions on the respective financial statements of the business-type activities. The Combining Schedule of Net Position; the Combining Schedule of Revenues, Expenses, and Changes in Net Position; and the Combining Schedule of Cash Flows on pages 103 through 116 for the year ended June 30, 2014, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the 2014 financial statements. The combining schedules for the fiscal year ended June 30, 2014, have been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the schedules for the fiscal year ended June 30, 2014, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

CGEW:BDC:EFS:ch

ULS 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This section of the University of Louisiana System's (System) annual financial report presents a discussion and analysis of the System's financial performance during the fiscal year that ended June 30, 2015. Please read this section in conjunction with the System's financial statements, which follows this section. The System is comprised of the following entities:

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

FINANCIAL HIGHLIGHTS

The System's net position overall changed from (\$58,699,614), restated, to (\$81,642,579), a 39.0% decrease from June 30, 2014, to June 30, 2015. Total expenses exceeded revenues by \$22,942,965, which represents a \$16,109,176 decrease from the change in net position in fiscal year June 30, 2014. The System continues cost cutting measures to reduce the impact of the ongoing reductions in revenues from state appropriations.

The System's operating revenues increased by approximately 7.3% to \$811,464,751 from June 30, 2014, to June 30, 2015, primarily from increases in revenues from tuition and fees and auxiliary enterprises. Operating expenses decreased by 1.0% to \$1,219,927,052 for the year ended June 30, 2015. The primary reason for this change is a 2.4% increase in instructional depreciation expenses offset by decreases in the remaining educational and general expenses.

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

\$360,472,794 in 2015 from \$399,848,343 in 2014 is primarily attributed to reductions in state appropriations, Pell Grant receipts, and investment income.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

FINANCIAL ANALYSIS**Net Position**

The System's total net position at June 30, 2015, decreased by approximately \$23 million, a 39.0% decrease from June 30, 2014, as restated (Table A-1). Total assets decreased 0.8% to \$2.35 billion, and total liabilities decreased 4.6% to \$2.4 billion, as restated.

Table A-1
University of Louisiana System
Comparative Statement of Net Position
As of June 30, 2015, and June 30, 2014
(in millions of dollars)

	2015	2014 (Restated)*	Variance	Percent Variance
Current and other assets	\$802	\$858	(\$56)	(6.5%)
Capital assets	1,547	1,511	36	2.4%
Total assets	<u>2,349</u>	<u>2,369</u>	<u>(20)</u>	(0.8%)
Deferred outflows related to pensions	<u>140</u>	<u>110</u>	<u>30</u>	27.3%
Current liabilities	150	141	9	6.4%
Noncurrent liabilities	2,270	2,397	(127)	(5.3%)
Total liabilities	<u>2,420</u>	<u>2,538</u>	<u>(118)</u>	(4.6%)
Deferred inflows related to pensions	<u>151</u>	<u>0</u>	<u>151</u>	
Net position:				
Net investment in capital assets	919	929	(10)	(1.1%)
Restricted	406	403	3	0.7%
Unrestricted	<u>(1,407)</u>	<u>(1,391)</u>	<u>(16)</u>	1.2%
Total net position	<u><u>(\$82)</u></u>	<u><u>(\$59)</u></u>	<u><u>(\$23)</u></u>	39.0%

*Net position amounts for 2014 include restatements for GASB Statements No. 68 and 71.

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

GASB Statement No. 68 and GASB Statement No. 71 require that governmental entities recognize their respective shares of net pension liabilities of retirement plans in which they participate – the System participates in the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL). The System's implementation of these standards resulted in the recognition of the following in the Statement of Net Position:

- Deferred outflows relating to pensions totaling \$140,063,602 (includes fiscal year 2015 employer contributions totaling \$117,589,352)
- Net pension liability totaling \$1,028,690,407
- Deferred inflows relating to pensions totaling \$150,759,700, resulting primarily from changes in LASERS's and TRSL's plan investments
- A decrease in beginning net position totaling \$1,067,984,947

Other significant statement of net position changes from 2014 include the following:

- Capital assets increased from current year additions and improvements offset by current-year depreciation.

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

Changes in Net Position

The change in net position at June 30, 2015, is approximately \$23 million, or 39.0% lower than at June 30, 2014, as restated. The changes in net position are detailed in Table A-2; educational and general expenses are detailed in Table A-3.

The System's total operating revenues increased by 7.3% to approximately \$811 million, and total operating expenses decreased 1.0% to approximately \$1.2 billion. These changes are the result of several factors, including the following:

- Increases in net tuition and fees
- Continuation of cost-savings measures

Table A-2
University of Louisiana System
Comparative Statement of Changes in Revenues, Expenses, and Net Position
For the Fiscal Years Ended June 30, 2015, and June 30, 2014
(in millions of dollars)

	2015	2014 (Restated)*	Variance	Percent Variance
Operating revenues:				
Student tuition and fees, net	\$472	\$430	\$42	9.8%
Auxiliary	174	169	5	3.0%
Other	165	157	8	5.1%
Total operating revenues	811	756	55	7.3%
Nonoperating revenues:				
State appropriations	235	250	(15)	(6.0%)
Gifts	21	23	(2)	(8.7%)
Other	131	155	(24)	(15.5%)
Total nonoperating revenues	387	428	(41)	(9.6%)
Other revenues:				
Capital appropriations	27	16	11	68.8%
Capital grants and gifts	11	20	(9)	(45.0%)
Additions to permanent endowments	1	4	3	(75.0%)
Total other revenues	39	40	1	(2.5%)
Total revenues	1,237	1,224	13	1.1%
Operating expenses:				
Educational and general	1,033	1,045	(12)	(1.1%)
Other	187	187		0.0%
Total operating expenses	1,220	1,232	(12)	(1.0%)
Other nonoperating expenses, net	40	31	9	29.0%
Total expenses	1,260	1,263	(3)	(0.2%)
Change in net position	(23)	(39)	16	(41.0%)
Net position, beginning of the year (restated)	(59)	(20)	(39)	195.0%
Total net position	(\$82)	(\$59)	(\$23)	39.0%

*Because the impact of the implementation of GASB Statement No. 68 on the fiscal year 2014 beginning net position is unknown, it was adjusted by the same amount as the fiscal year 2015 beginning net position for the purposes of this comparison only.

Table A-3
University of Louisiana System
Comparative Schedule of Educational and General Expenses
For the Fiscal Years Ended June 30, 2015, and June 30, 2014
(in millions of dollars)

	2015	2014*	Variance	Percent Variance
Instruction	\$385	\$376	\$9	2.4%
Research	83	89	(6)	(6.7%)
Public service	29	29		0.0%
Academic support	85	87	(2)	(2.3%)
Student services	74	75	(1)	(1.3%)
Institutional support	121	126	(5)	(4.0%)
Operations and plant maintenance	100	105	(5)	(4.8%)
Depreciation	79	77	2	2.6%
Scholarships and fellowships	77	81	(4)	(4.9%)
Total	<u>\$1,033</u>	<u>\$1,045</u>	<u>(\$12)</u>	(1.1%)

*The restatements to beginning net position for expenses did not impact expenses for the fiscal year ended June 30, 2014; therefore, no restatements were required for the purposes of this comparison.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015 and 2014, the System's cost of capital assets totaled approximately \$2.94 billion and \$2.84 billion, respectively. Net of accumulated depreciation, the System's capital assets at June 30, 2015, total approximately \$1.5 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$36 million, or 2.4%, over June 30, 2014. The increases were primarily in construction of buildings financed through long-term obligations, purchases of equipment, current-year depreciation, and capital assets retired.

Debt Administration

The System had outstanding bonds totaling \$684,651,106, exclusive of bond discounts and premiums at June 30, 2015, compared to \$703,341,326 at June 30, 2014.

Bond activity during the fiscal year ended June 30, 2015, follows:

- The University of Louisiana at Monroe issued refunding bonds totaling \$1,645,000 to refund the Series 2007 student center bonds.
- The University of New Orleans issued refunding bonds totaling, \$2,990,000, \$3,580,000, and \$36,000,000 to refund the wellness center, the Jefferson Center, and the residence facilities bonds, respectively.

CURRENTLY-KNOWN FACTS, DECISIONS, OR CONDITIONS

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

- Changes in the net pension liability and other postemployment benefits liability
- Changes in current enrollment
- Changes in tuition and fees
- Changes in state appropriations

CONTACTING UNIVERSITY OF LOUISIANA SYSTEM'S FINANCIAL MANAGEMENT

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Net Position
June 30, 2015**

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$216,316,577
Investments (note 3)	27,004,317
Receivables, net (note 4)	72,184,258
Due from State Treasury	1,568,025
Due from federal government (note 4)	9,115,954
Inventories	6,345,866
Prepaid expenses and advances	9,834,160
Notes receivable, net	3,985,268
Other current assets	613,838
Total current assets	<u>346,968,263</u>

Noncurrent assets:

Restricted:

Cash and cash equivalents (notes 2 and 3)	133,404,684
Investments (note 3)	274,691,166
Receivables, net (note 4)	1,606,106
Notes receivable, net	27,226,923
Other	96,226
Investments (note 3)	30,397
Capital assets (net) (note 5)	1,547,127,422
Other noncurrent assets	18,296,838
Total noncurrent assets	<u>2,002,479,762</u>
Total assets	<u>2,349,448,025</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions (note 8)	140,063,602
Total deferred outflows of resources	<u>140,063,602</u>

LIABILITIES

Current liabilities:

Accounts payable and accruals (note 6)	56,544,863
--	------------

(Continued)

The accompanying notes are an integral part of this statement.

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Net Position, June 2015

LIABILITIES (CONT.)

Current liabilities: (Cont.)

Unearned revenues	\$43,905,249
Compensated absences payable (notes 7 and 12)	4,166,293
Capital lease obligations (notes 11 and 12)	1,570,228
Amounts held in custody for others	9,099,806
Notes payable (note 12)	800,934
Contracts payable	348,972
Bonds payable (note 12)	18,883,668
Other current liabilities	14,408,453
Total current liabilities	<u>149,728,466</u>

Noncurrent liabilities:

Unearned revenues	3,894,321
Compensated absences payable (notes 7 and 12)	42,106,606
Capital lease obligations (notes 11 and 12)	5,948,940
Notes payable (note 12)	6,398,981
Net pension liability (note 8 and 12)	1,028,690,407
Other postemployment benefits payable (note 10 and 12)	517,565,992
Bonds payable (note 12)	665,767,438
Other noncurrent liabilities	293,355
Total noncurrent liabilities	<u>2,270,666,040</u>
Total liabilities	<u>2,420,394,506</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions (note 8)	150,759,700
Total deferred inflows of resources	<u>150,759,700</u>

NET POSITION

Net investment in capital assets	919,004,229
Restricted:	
Nonexpendable (note 17)	186,203,436
Expendable (note 17)	219,347,917
Unrestricted	<u>(1,406,198,161)</u>
Total net position	<u>(\$81,642,579)</u>

(Concluded)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

COMPONENT UNITS

Statement of Financial Position, June 30, 2015

	University of Louisiana at Lafayette Foundation, Inc.	University of New Orleans Foundation*	Total Foundations
ASSETS			
Cash and cash equivalents (note 2)	\$9,162,956	\$2,192,844	\$11,355,800
Investments (note 3)	156,079,258	76,589,419	232,668,677
Receivables	104,088	1,335,250	1,439,338
Pledges receivable	8,124,878	599,321	8,724,199
Fixed assets, net (note 5)	11,620,668	9,456,868	21,077,536
Other assets	728,216	203,569	931,785
	<u>\$185,820,064</u>	<u>\$90,377,271</u>	<u>\$276,197,335</u>
LIABILITIES			
Accounts payable	\$1,510,286	\$2,563,811	\$4,074,097
Amounts held in custody for others (note 12)	35,241,653	20,232,615	55,474,268
Bonds payable (note 12)	800,000	367,000	1,167,000
Notes payable (note 12)	432,888		432,888
Other liabilities	135,941	333,980	469,921
Total liabilities	<u>38,120,768</u>	<u>23,497,406</u>	<u>61,618,174</u>
NET ASSETS			
Unrestricted	4,573,286	12,274,114	16,847,400
Temporarily restricted (note 17)	60,071,970	24,336,461	84,408,431
Permanently restricted (note 17)	83,054,040	30,269,290	113,323,330
Total net assets	<u>147,699,296</u>	<u>66,879,865</u>	<u>214,579,161</u>
Total liabilities and net assets	<u>\$185,820,064</u>	<u>\$90,377,271</u>	<u>\$276,197,335</u>

*as of December 31, 2014

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2015**

OPERATING REVENUES

Student tuition and fees (net of scholarship allowances of \$162,806,349)	\$472,529,198
Federal grants and contracts	52,478,259
State and local grants and contracts	47,773,306
Nongovernmental grants and contracts	27,652,684
Sales and services of educational departments	6,050,423
Auxiliary enterprise revenues (net of scholarship allowances of \$17,397,244 including revenues used as security for revenue bonds)	174,033,970
Other operating revenues	30,946,911
Total operating revenues	<u>811,464,751</u>

OPERATING EXPENSES

Educational and general:	
Instruction	384,856,956
Research	82,616,994
Public service	29,173,755
Academic support	85,006,931
Student services	73,561,072
Institutional support	120,607,867
Operations and maintenance of plant	100,230,928
Depreciation	79,392,992
Scholarships and fellowships	77,311,115
Auxiliary enterprises	180,660,846
Other operating expenses	6,507,596
Total operating expenses	<u>1,219,927,052</u>

OPERATING LOSS (408,462,301)

(Continued)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Position, June 2015**

NONOPERATING REVENUES (Expenses)	
State appropriations	\$235,378,770
Gifts	21,251,438
Federal nonoperating revenue	121,825,234
Investment income, net	2,429,734
Interest expense	(26,655,051)
Payments to or on behalf of the university	24,224
Other nonoperating revenues, net	6,218,445
Net nonoperating revenues	<u>360,472,794</u>
LOSS BEFORE OTHER REVENUES AND EXPENSES	(47,989,507)
Capital appropriations	27,350,630
Capital grants and gifts	9,741,088
Additions to permanent endowments	902,977
Other expenses, net	<u>(12,948,153)</u>
CHANGE IN NET POSITION	(22,942,965)
NET POSITION - BEGINNING OF YEAR, Restated (note 16)	<u>(58,699,614)</u>
NET POSITION - END OF YEAR	<u><u>(\$81,642,579)</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**COMPONENT UNITS
Statement of Activities
For the Year Ended June 30, 2015**

	University of Louisiana at Lafayette Foundation, Inc.	University of New Orleans Foundation*	Total Foundations
Changes in unrestricted net assets:			
Contributions and contributed services	\$115,124	\$1,155,815	\$1,270,939
Grants	9,195	1,064,941	1,074,136
Interest and dividends	2,977	347,976	350,953
Service fees		869,190	869,190
Other income	516,738	1,436,873	1,953,611
Net assets released from restrictions:			
Satisfaction of purpose restrictions	17,360,727	4,528,050	21,888,777
Transfers between net asset classifications	701,204	(537,056)	164,148
Total unrestricted revenues and other support	<u>18,705,965</u>	<u>8,865,789</u>	<u>27,571,754</u>
Expenses - amounts paid to benefit			
University of Louisiana System for:			
Projects specified by donors	14,707,426		14,707,426
Fundraising	738,904		738,904
Program operations/services		8,253,092	8,253,092
Property operations		613,002	613,002
Total program expenses	<u>15,446,330</u>	<u>8,866,094</u>	<u>24,312,424</u>
Supporting services:			
Salaries and benefits	317,942		317,942
Insurance	84,993		84,993
Office operations	125,566	65,505	191,071
Travel	9,301	1,872	11,173
Professional services	262,415	686,981	949,396
Dues and subscriptions	4,834	61,127	65,961
Meetings and development	3,958	32,874	36,832
Investment management fee	226,397		226,397
Interest	92,078		92,078
Depreciation and amortization	327,651	315,836	643,487
Impairment loss		3,542,611	3,542,611

(Continued)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
COMPONENT UNITS
Statement of Activities, June 30, 2015**

	University of Louisiana at Lafayette Foundation, Inc.	University of New Orleans Foundation*	Total Foundations
Supporting services: (Cont.)			
Other	\$531,868	\$15,156	\$547,024
Total supporting services	<u>1,987,003</u>	<u>4,721,962</u>	<u>6,708,965</u>
Total expenses	<u>17,433,333</u>	<u>13,588,056</u>	<u>31,021,389</u>
Changes in unrestricted net assets	<u>1,272,632</u>	<u>(4,722,267)</u>	<u>(3,449,635)</u>
Changes in temporarily restricted net assets:			
Contributions	18,868,086	2,056,190	20,924,276
Investment earnings	2,607,002	1,761,207	4,368,209
Realized gain on investments	972,383		972,383
Unrealized loss on investments	(1,779,205)		(1,779,205)
Service fees		238,266	238,266
Other	359,632		359,632
Total temporarily restricted revenues	<u>21,027,898</u>	<u>4,055,663</u>	<u>25,083,561</u>
Net assets released from restrictions:			
Satisfaction of purpose restrictions	(17,360,727)	(4,511,556)	(21,872,283)
Transfers between net asset classifications	(412,973)	367,082	(45,891)
Changes in temporarily restricted net assets	<u>3,254,198</u>	<u>(88,811)</u>	<u>3,165,387</u>
Changes in permanently restricted net assets:			
Contributions	1,241,693	775,597	2,017,290
Investment earnings		(11,851)	(11,851)
Service fees		6,863	6,863
Other income	632	191	823
Net assets released from restrictions		(16,494)	(16,494)
Transfers between net asset classifications	(288,231)	169,974	(118,257)
Changes in permanently restricted net assets	<u>954,094</u>	<u>924,280</u>	<u>1,878,374</u>
Change in net assets	5,480,924	(3,886,798)	1,594,126
Net assets at beginning of year	<u>142,218,372</u>	<u>70,766,663</u>	<u>212,985,035</u>
Net assets at end of year	<u>\$147,699,296</u>	<u>\$66,879,865</u>	<u>\$214,579,161</u>

*for the year ended December 31, 2014

(Concluded)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	\$481,267,878
Grants and contracts	133,555,006
Sales and services of educational departments	6,078,812
Auxiliary enterprise receipts	176,499,822
Payments for employee compensation	(526,122,713)
Payments for benefits	(203,212,791)
Payments for utilities	(41,587,359)
Payments for supplies and services	(267,134,093)
Payments for scholarships and fellowships	(91,472,656)
Loans issued to students and employees	(6,287,056)
Collection of loans to students and employees	6,893,228
Other receipts	29,208,954
Net cash used by operating activities	<u>(302,312,968)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	235,013,639
Gifts and grants for other than capital purposes	23,924,839
Pell Grant receipts	120,374,719
Private gifts for endowment purposes	(177,023)
Taylor Opportunity Program for Students (TOPS) receipts	123,826,811
TOPS disbursements	(124,640,129)
Federal Emergency Management Agency (FEMA) receipts	29,502
FEMA disbursements	(1,887)
Direct lending receipts	323,273,399
Direct lending disbursements	(322,751,645)
Other receipts	5,303,693
Net cash provided by noncapital financing sources	<u>384,175,918</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Proceeds from capital debt	47,079,553
Capital grants and gifts received	7,938,294
Proceeds from the sale of capital assets	5,250,000
Purchases of capital assets	(100,302,129)
Principal paid on capital debt and leases	(65,460,370)
Interest paid on capital debt and leases	(32,934,916)
Deposit with trustees	581,710
Other uses	(3,859,347)
Net cash used by capital financing activities	<u>(141,707,205)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	\$49,275,152
Interest received on investments	5,495,019
Purchase of investments	(18,506,787)
Net cash provided by investing activities	<u>36,263,384</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,580,871)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>373,302,132</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$349,721,261</u>

(Continued)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows, 2015**

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES:**

Operating loss	(\$408,462,301)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	79,392,992
Pension expense	91,659,301
Deferred outflows-pensions	(117,589,352)
Amortization of bond issuance costs	43,805
Cajundome rental income	(938,919)
Changes in assets and liabilities:	
(Increase) in accounts receivable, net	(3,439,836)
(Increase) in inventories	(49,710)
(Increase) in prepaid expenses and advances	(2,103,521)
Decrease in notes receivable, net	1,191,867
Decrease in other assets	2,223,237
Increase in accounts payable and accrued liabilities	2,183,435
Increase in unearned revenue	5,464,837
Increase in amounts held in custody for others	2,528,426
Increase in compensated absences	1,805,085
Increase in other postemployment benefits payable	43,570,378
Increase in other liabilities	207,308
	<u>(\$302,312,968)</u>
Net cash used by operating activities	

**RECONCILIATION OF CASH AND CASH EQUIVALENTS
TO THE STATEMENT OF NET POSITION:**

Cash and cash equivalents classified as current assets	\$216,316,577
Cash and cash equivalents classified as noncurrent assets	133,404,684
	<u>\$349,721,261</u>
Total cash and cash equivalents	

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital appropriations	\$27,350,630
Decrease in fair market value of assets	(1,627,445)
Private gifts for endowment purposes	1,000,000
Capital gifts and grants	1,802,794
Disposition of capital assets	(12,075,194)
Retirement contributions paid by third parties	2,668,390
Other	(249,275)

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

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

The System is comprised of nine universities in nine cities, which include Grambling State University at Grambling, Louisiana Tech University at Ruston, McNeese State University at Lake Charles, Nicholls State University at Thibodaux, Northwestern State University at Natchitoches, Southeastern Louisiana University at Hammond, University of Louisiana at Lafayette, University of Louisiana at Monroe, and University of New Orleans. The universities had approximately 88,670 students enrolled during the fall semester of the 2014/2015 academic year and employed approximately 9,794 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The System is considered a component unit of the state of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the majority of the members of the governing board are appointed by the governor; (2) the state has control and exercises authority over budget matters;

(3) the state issues bonds to finance certain construction; and (4) the universities within the System primarily serve state residents. The accompanying financial statements present information only as to the transactions of the programs of the System as authorized by Louisiana statutes and administrative regulations.

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

Blended Component Units

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

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

These component units are included in the reporting entity because they are fiscally dependent on the universities. The purpose of these organizations is to promote, assist, and benefit the mission of the universities through the acquisition, construction, development, management, leasing or otherwise assisting in the acquisition, construction, development, management, or leasing of student housing or other facilities on behalf of the universities. Although these facility corporations are legally separate, they are reported as a part of the System because:

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

including leases, is expected to be repaid entirely or almost entirely with the resources of its primary government, then that component unit shall be blended with its primary government.

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

- Black and Gold Facilities, Inc., c/o Mr. Leon Sanders, Grambling State University, P.O. Box 605, Grambling, Louisiana 71245
- Innovative Student Facilities, Inc., c/o Mrs. Lisa Cole, Louisiana Tech University, P.O. Box 7924, Ruston, Louisiana 71272
- Cowboy Facilities, Inc., c/o Mr. Eddie Meche, McNeese State University, 4205 Ryan Street, Lake Charles, Louisiana 70609
- NSU Facilities Corporation, c/o Mr. Ronnie Rodriguez, Nicholls State University, P.O. Box 2003, Thibodaux, Louisiana 70310
- University Facilities, Inc., c/o Mr. Sam Domiano, Southeastern Louisiana University, SLU Box 10709, Hammond, Louisiana 70402
- Ragin' Cajun Facilities, Inc., c/o Mrs. Debbie Calais, University of Louisiana at Lafayette, P.O. Box 42651, Lafayette, Louisiana 70504
- University of Louisiana at Monroe Facilities, Inc., c/o Dr. William Graves, University of Louisiana at Monroe, 700 University Avenue, Monroe, Louisiana 71209
- University of New Orleans Research and Technology Foundation, Inc., c/o Mr. Keith Hemel, University of New Orleans Research and Technology Foundation, 2021 Lakeshore Drive, Suite 420, New Orleans, Louisiana 70122

Discretely Presented Component Units

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

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

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

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

During the year ended June 30, 2015, the ULL Foundation and the UNO Foundation made distributions of \$14,707,426 and \$6,105,500, respectively, on behalf of their respective universities for unrestricted purposes.

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

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

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

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

C. BASIS OF ACCOUNTING

For financial reporting purposes, the System is considered a special-purpose government engaged only in business-type activities. All activities of the System are accounted for within a single proprietary (enterprise) fund. Accordingly, the System's financial

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

Discrete Component Unit

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

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

D. BUDGET PRACTICES

The state of Louisiana's appropriation is an annual lapsing appropriation established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive branches of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; and (4) inventories are recorded as expenditures at the time of purchase.

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes cash on hand (petty cash), demand deposits, and interest-bearing demand deposits. Cash equivalents include certificates of deposit and all highly liquid investments with a maturity of three months or less when purchased. Under state law, the System may deposit funds within a fiscal agent bank organized under the laws of the state

of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the System may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash equivalents reported on the Statement of Net Position include all negotiable certificates of deposit, regardless of maturity.

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

F. INVENTORIES

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

G. NONCURRENT RESTRICTED ASSETS

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

H. CAPITAL ASSETS

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

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

I. UNEARNED REVENUES

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

J. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during holiday periods when students are not in classes. Employees who are considered having nonexempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned.

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

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

K. NONCURRENT LIABILITIES

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

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

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

L. NET POSITION

The System's net position is classified as follows:

(1) Net Investment in Capital Assets

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

(2) Restricted Net Position - Expendable

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

(3) Restricted Net Position - Nonexpendable

Restricted nonexpendable net position consists of endowment and similar type funds that donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

(4) Unrestricted Net Position

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

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

M. CLASSIFICATION OF REVENUES AND EXPENSES

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

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

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

O. USE OF ESTIMATES

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

P. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2015, the System implemented the following accounting Standards:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These statements changed the accounting and financial reporting for pensions that are provided to the employees of state and local governmental

employers through pension plans that are administered through trusts. The cumulative effect of applying these statements is reported as a restatement of beginning net position for fiscal year 2015 (see note 16). The restatement of all prior year deferred outflows and inflows was not practical, so only deferred outflows related to fiscal year 2014 contributions were recorded at implementation.

- GASB Statement 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards for government combinations and for disposals of government operations that have been transferred or sold. This statement had no impact the System's financial statements.

2. CASH AND CASH EQUIVALENTS

At June 30, 2015, the System has cash and cash equivalents (book balances) of \$349,721,621, as follows:

Petty cash	\$497,554
Demand deposits	230,844,558
Certificates of deposit	46,488,442
Money market funds	4,402,236
Short-term investments	1,727,841
Blended component unit cash	<u>65,760,630</u>
Total	<u><u>\$349,721,261</u></u>

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

As of June 30, 2015, \$3,656 of the System's bank balance totaling \$361,274,074 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Cash and cash equivalents of the component units totaling \$11,355,800, as shown on the Statement of Financial Position, are reported under FASB ASC §958, which does not require the disclosures of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

3. INVESTMENTS

At June 30, 2015, the System has investments totaling \$303,453,721, which includes \$1,727,841 of short-term investments reported on the Statement of Net Position as restricted cash equivalents. Each university within the System follows state law (R.S. 49:327) as applicable to institutions of higher education in establishing investment policy. State law authorizes the System universities to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds. A summary of the System's investments follows:

<u>Type of Investment</u>	<u>Percentage of Investments</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
U.S. government securities:			
U.S. Treasury Notes ⁵	0.21%		\$650,693
Federal Home Loan Mortgage Corporation ¹	0.05%	AAA	150,464
Federal National Mortgage Association ¹	0.03%	AA+	99,937
Federal Home Loan Bank ¹	0.12%	AA+	360,814
Federal Farm Credit Bank ¹	0.08%	AA+	240,625
Certificates of deposit	1.31%		3,984,728
Common and preferred stock ⁵	2.32%		7,026,424
Corporate bonds and bond funds ²	0.17%	A1	501,201
Mutual funds ⁴	4.39%		13,328,978
Louisiana Asset Management Pool ¹	0.57%	AAAm	1,727,841
Investments held by foundations ³	72.61%		220,347,066
Held by blended component units ³	18.13%		55,026,711
Other ⁵	0.00%		8,239
	<u>100.0%</u>		<u>\$303,453,721</u>

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

²Credit quality ratings obtained from Moody's Investor Service.

³Credit quality ratings not required for these investments.

⁴Credit quality ratings not available.

⁵Not rated

Type of Investment	Investment Maturities in Years			
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years
U.S. government securities:				
U.S. Treasury Notes/U.S. Government Obligations	\$650,693	\$101,071	\$500,165	\$49,457
Federal Home Loan Mortgage Corporation	150,464	150,464		
Federal National Mortgage Association	99,937		99,937	
Federal Home Loan Bank	360,814		303,805	57,009
Federal Farm Credit Bank	240,625		240,625	
Mutual funds	13,317,163	13,317,163		
Corporate bonds	501,201		501,201	
Total	<u>\$15,320,897</u>	<u>\$13,568,698</u>	<u>\$1,645,733</u>	<u>\$106,466</u>

Investments held by private foundations in external investment pools are managed in accordance with the terms outlined in management agreements executed between the System universities and their respective foundations. The System universities are voluntary participants. This investment totaling \$220,347,066 has no credit quality rating. The foundations hold and manage funds received by the university as state matching funds for the Endowed Chairs and Endowed Professorship programs. Of the \$220,347,066 reported as investments held by foundations, the amounts held by its discretely presented component units total \$106,041,503.

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

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

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. State law requires that at no time shall the funds invested in U.S. government agency obligations exceed 60% of all monies invested with maturities of 30 days or longer. In addition, state law limits the investment in commercial paper and corporate notes and bonds to 20% of all investments. Individual System universities do not have policies to further limit concentration of credit risk.

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

INVESTMENTS - COMPONENT UNITS

The component units' investments totaling \$232,668,677, as shown on the Statement of Financial Position, are reported under FASB ASC §958, which does not require the disclosures of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. The fair values of investments held by the component units at June 30, 2015, follow:

<u>Type of Investment</u>	University of Louisiana at Lafayette Foundation	University of New Orleans Foundation	Total Investments
Certificates of deposit	\$1,943,213		\$1,943,213
U.S. Treasury and agency bonds	202,435		202,435
Municipal and other government agency bonds	283,029		283,029
Fixed income		\$11,080	11,080
Commerical bonds	655,696		655,696
Stocks and equities	8,136,546	1,463,077	9,599,623
International stocks		1,529,855	1,529,855
Mutual and exchange traded funds	95,702,250	70,296,552	165,998,802
Hedge funds and alternative investments	48,848,959		48,848,959
Unit investment funds	307,130		307,130
Other		3,288,855	3,288,855
Total	<u>\$156,079,258</u>	<u>\$76,589,419</u>	<u>\$232,668,677</u>

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2015. These receivables are composed of the following:

<u>Type</u>	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Restricted Portion
Student tuition and fees	\$44,902,121	(\$12,963,726)	\$31,938,395	\$841,968
Auxiliary enterprises	10,932,634	(1,734,994)	9,197,640	284,138
Contributions and gifts	6,374,044		6,374,044	480,000
Federal, state, and private grants and contracts	26,187,395	(357,928)	25,829,467	
Insurance recoveries	2,825,403		2,825,403	
Other	7,085,143	(343,774)	6,741,369	
Total	<u>\$98,306,740</u>	<u>(\$15,400,422)</u>	<u>\$82,906,318</u>	<u>\$1,606,106</u>

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2015, follows:

University of Louisiana System

	Balance July 1, 2014	Prior Period Adjustment	Restated Balance July 1, 2014	Additions	Transfers	Retirements	Balance June 30, 2015
Capital assets not being depreciated:							
Land	\$94,924,261		\$94,924,261	\$2,592,970		(\$1,686,445)	\$95,830,786
Land improvements	7,205,897		7,205,897				7,205,897
Capitalized collections	314,621		314,621				314,621
Livestock	59,300		59,300	7,200		(13,600)	52,900
Software development in progress	3,879,608		3,879,608	4,436,284			8,315,892
Construction-in-progress	93,726,353	(\$10,375)	93,715,978	98,150,372	(\$115,431,955)	(1,224,225)	75,210,170
Total assets not being depreciated	200,110,040	(10,375)	200,099,665	105,186,826	(115,431,955)	(2,924,270)	186,930,266
Capital assets being depreciated:							
Infrastructure	29,181,659		29,181,659				29,181,659
Land improvements	69,148,357		69,148,357	2,305,152	7,377,758	(250,000)	78,581,267
Buildings	2,100,185,551		2,100,185,551	6,622,385	106,462,721	(18,315,169)	2,194,955,488
Equipment (including library books)	441,817,277	59,434	441,876,711	16,396,452	1,591,476	(7,017,386)	452,847,253
Software (internally generated and purchased)	2,458,405		2,458,405				2,458,405
Total capital assets being depreciated	2,642,791,249	59,434	2,642,850,683	25,323,989	115,431,955	(25,582,555)	2,758,024,072
Less accumulated depreciation:							
Infrastructure	(9,607,134)		(9,607,134)	(710,228)			(10,317,362)
Land improvements	(36,521,978)		(36,521,978)	(2,946,405)		200,000	(39,268,383)
Buildings	(910,044,111)		(910,044,111)	(53,551,407)		7,139,482	(956,456,036)
Equipment	(373,164,763)	(11,958)	(373,176,721)	(22,184,952)		6,034,943	(389,326,730)
Software (internally generated and purchased)	(2,458,405)		(2,458,405)				(2,458,405)
Total accumulated depreciation	(1,331,796,391)	(11,958)	(1,331,808,349)	(79,392,992)	NONE	13,374,425	(1,397,826,916)
Total capital assets, net	\$1,511,104,898	\$37,101	\$1,511,141,999	\$51,117,823	NONE	(\$15,132,400)	\$1,547,127,422

Component Units

	Balance July 1, 2014	Additions	Transfers	Retirements	Balance June 30, 2015
Capital assets not being depreciated:					
Real estate	\$2,252,809	\$124,637		(\$149,136)	\$2,228,310
Art and collectibles	2,898,271	44,800			2,943,071
Construction-in-progress	3,356,192	1,211,945	(\$36,110)		4,532,027
Total assets not being depreciated	8,507,272	1,381,382	(36,110)	(149,136)	9,703,408
Capital assets being depreciated:					
Buildings	20,121,854	381,393	36,110	(4,503,191)	16,036,166
Vehicles, furniture, and equipment	955,686	124,118			1,079,804
Software (internally generated/purchased)	67,529	34,564			102,093
Total assets being depreciated	21,145,069	540,075	36,110	(4,503,191)	17,218,063
Less accumulated depreciation	(6,312,394)	(641,258)	NONE	1,109,717	(5,843,935)
Total capital assets, net	\$23,339,947	\$1,280,199	NONE	(\$3,542,610)	\$21,077,536

The capital asset disclosure for the discretely presented component units has been adjusted to reflect the classifications of the assets as presented in the audited financial statements of the

discretely presented component units. Their financial statements have been prepared in accordance with FASB ASC §958. The disclosure requirements of FASB ASC §958 differ from those required for financial statements prepared in accordance with GASB requirements.

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

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

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

6. PAYABLES

The following is a summary of payables and accrued expenses at June 30, 2015:

<u>Account Name</u>	
Vendor payables	\$21,993,032
Accrued salaries and payroll deductions	28,985,187
Accrued interest	2,397,342
Other	3,169,302
	<u>3,169,302</u>
Total payables	<u><u>\$56,544,863</u></u>

7. COMPENSATED ABSENCES

At June 30, 2015, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$25,356,539; \$19,955,404; and \$960,956, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

8. PENSION LIABILITY

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

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

General Information About the Pension Plans

Plan Descriptions/Benefits Provided

Louisiana State Employees' Retirement System

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

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

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

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

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

Teacher's Retirement System of Louisiana

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

Members are eligible to receive retirement benefits 1) at the age of 60 with 5 years of service, 2) at the age of 55 with at least 25 years of service, or 3) at any age with at least 30 years of service. Retirement benefits are calculated by applying a percentage ranging from 2% to 3% of final average salary multiplied by years of service. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2011, or highest 60 consecutive months of employment for members employed after that date.

Under R.S. 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011, and attained at least 5 years of service or if employed on or after January 1, 2011, and attained at least 10 years of service. Members employed prior to January 1, 2011, receive disability benefits equal to 2.5% of average compensation multiplied by the years of service, but not more than 50% of average compensation subject to statutory minimums. Members employed on or after January 1, 2011, receive disability benefits equivalent to the regular retirement formula without reduction by reason of age.

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

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

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

Cost of Living Adjustments

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

Contributions

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

Employer contributions to LASERS for fiscal year 2015 were \$29,253,345, with active member contributions ranging from 7.5% to 8%, and System (employer) contributions of 37%. Employer defined benefit plan contributions to TRSL for fiscal year 2015 were \$88,336,007, with active member contributions of 8%, and employer contributions of 22.7% and 26.4% to 28% for ORP and defined benefit plan employees, respectively. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenues, totaled \$2,668,390 for fiscal year 2015, and were recognized as revenue by the System.

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

At June 30, 2015, the System reported liabilities of \$269,536,389 and \$759,154,018 under LASERS and TRSL, respectively, for its proportionate share of the net pension liability (NPL). The NPL for LASERS and TRSL was measured as of June 30, 2014, and the total pension liability used to calculate the NPL was determined based on an actuarial valuation as of that date. The System's proportion of the NPL was based on projections of the System's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

As of June 30, 2014, the most recent measurement date, the System's proportion and the change in proportion from the prior measurement date were 4.31059% and an increase of 0.04266%, respectively, for LASERS and 7.24707% and an increase of 0.16442%, respectively, for TRSL.

For the year ended June 30, 2015, the System recognized pension expense of \$21,715,498 for LASERS and \$69,943,802 for TRSL for a total of \$91,659,300. The System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LASERS		TRSL		Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$4,802,808		\$7,188,935		\$11,991,743
Net difference between projected and actual earnings on pension plan investments		34,098,932		104,138,020		138,236,952
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$2,071,699	531,005	\$20,402,551		\$22,474,250	531,005
Employer contributions subsequent to the measurement date	29,253,345		88,336,007		117,589,352	
Total	\$31,325,044	\$39,432,745	\$108,738,558	\$111,326,955	\$140,063,602	\$150,759,700

Deferred outflows of resources related to pensions resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the LASERS and TRSL NPL in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>LASERS</u>	<u>TRSL</u>	<u>Total</u>
<u>Fiscal year ended June 30,</u>			
2016	(\$10,155,790)	(\$22,731,100)	(\$32,886,890)
2017	(10,155,790)	(22,731,100)	(32,886,890)
2018	(8,524,733)	(22,731,100)	(31,255,833)
2019	(8,524,733)	(22,731,100)	(31,255,833)

Actuarial Assumptions

The total pension liability for LASERS and TRSL in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

	LASERS	TRSL
Valuation Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Expected Remaining Service Lives	3 years	5 years
Investment Rate of Return	7.75% per annum	7.75% per annum
Inflation Rate	3% per annum	2.5% per annum
Mortality - Non-disabled	RP-2000, improvement to 2015	RP-2000, scale AA to 2025
Mortality - Disabled	RP-2000	RP-2000, scale AA to 2025
Termination, Disability, Retirement	2009-2013 experience study	2008-2012 experience study
Salary Increases	2009-2013 experience study, ranging from 3.0% to 14.5%	3.5% to 10.0%
Cost of Living Adjustments	Not substantively automatic	Not substantively automatic

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

	LASERS (Geometric)		TRSL (Arithmetic)	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Cash	0.00%	0.50%		
Domestic equity	27.00%	4.69%	31.00%	4.71%
International equity	30.00%	5.83%	19.00%	5.69%
Domestic fixed income	11.00%	2.34%	14.00%	2.04%
International fixed income	2.00%	4.00%	7.00%	2.80%
Alternative investments	23.00%	8.09%	29.00%	5.94%
Global tactical asset allocation	7.00%	3.42%		
Total	100.00%		100.00%	

Discount Rate

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

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
LASERS	\$345,702,263	\$269,536,389	\$204,974,966
TRSL	\$966,893,400	\$759,154,018	\$582,357,491

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2015, the System had \$2,570,000 and \$8,212,062 payable to LASERS and TRSL for the June 2015 employee and employer legally-required contributions, respectively.

9. OPTIONAL RETIREMENT SYSTEM

TRSL administers an optional retirement plan (ORP), which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. This program was designed to aid universities in recruiting employees who may not be expected to remain in the TRSL for five or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRSL and purchase retirement and death benefits through contracts provided by designated companies. Benefits payable to participants are not the obligation of the state of Louisiana or the TRSL. Such benefits and other rights of the ORP are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

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

Employer ORP contributions to TRSL for fiscal year 2015 totaled \$51,902,014, which represents pension expense for the System. Employee contributions totaled \$14,839,598. The active member and employer contribution rates were 8% and 5.2%, respectively, with an additional employer contribution of 22.7% made to the TRSL defined benefit plan described in note 8 above.

10. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

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

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

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

Plan Descriptions

State OGB Plan

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

LSU System Health Plan (Health Plan)

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

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

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

Funding Policy

State OGB Plan

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

what health care provider is selected from the plan and if the member has Medicare coverage. OGB offers several standard healthcare plans for both active and retired employees. In addition, retired employees who have Medicare Part A and Part B coverage also have access to several OGB Medicare Advantage plans.

The plan is financed on a pay-as-you-go basis. As of June 30, 2015, the state does not use an OPEB trust. A trust was established with an effective date of July 1, 2008, but was not funded, has no assets, and hence has a funded ratio of zero.

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

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

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

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

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

LSU System Health Plan

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

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

Annual OPEB Cost and Net OPEB Obligation - The System's annual required contribution (ARC) is an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year, open amortization period has been used. The total ARC for fiscal year 2015 is \$69,343,718.

The following schedule presents the System's OPEB obligation for fiscal year 2015:

	State OGB Plan	LSU System Health Plan	Total
Beginning net OPEB obligations at July 1, 2014 (restated)	\$461,790,594	\$12,205,020	\$473,995,614
ARC adjustment	68,558,800	784,918	69,343,718
Interest on net OPEB obligation	18,471,500	493,611	18,965,111
ARC adjustment	(17,645,700)	(471,552)	(18,117,252)
OPEB cost	69,384,600	806,977	70,191,577
Contributions made - current-year retiree premiums	(25,949,456)	(671,743)	(26,621,199)
Increase in net OPEB obligation	43,435,144	135,234	43,570,378
Ending net OPEB obligation at June 30, 2015	\$505,225,738	\$12,340,254	\$517,565,992

The System's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2015, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation*
June 30, 2013	\$64,950,989	40.8%	\$434,743,186
June 30, 2014	\$65,268,089	39.7%	\$473,995,614
June 30, 2015	\$70,191,577	37.9%	\$517,565,992

*Net OPEB obligation at June 30, 2014, was restated.

Funded Status and Funding Progress - The funded status of the plan, as determined by an actuary as of July 1, 2014, was as follows:

	<u>State OGB Plan</u>	<u>LSU System Health Plan</u>	<u>Total</u>
Actuarial accrued liability (AAL)	\$912,892,200	\$19,750,866	\$932,643,066
Actuarial value of plan assets	NONE	NONE	NONE
UAAL	<u>\$912,892,200</u>	<u>\$19,750,866</u>	<u>\$932,643,066</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%	0%
Covered payroll	\$323,840,500	\$0	\$323,840,500
UAAL as percentage of covered payroll	282%	0%	288%

Actuarial Methods and Assumptions

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

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

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

A summary of the actuarial assumptions is presented as follows:

	<u>State OGB Plan</u>	<u>LSU System Health Plan</u>
Actuarial valuation date	July 1, 2014	July 1, 2014
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level % of payroll	Level % of payroll
Amortization period	30 years, open	30 years, open
Asset valuation method	None	None
Actuarial assumptions:		
Discount rate	4%	4.25%
Projected salary increases	3%	4%
Health care inflation rate	4.5%-8%	8.5%
Health care inflation rate - ultimate	4.5%	4.5%

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2015, the total rental expense for all operating leases is \$1,207,113. The following is a schedule, by years, of future minimum annual rental payments required under operating leases:

<u>Fiscal Year Ending June 30,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Land</u>	<u>Other</u>	<u>Total Minimum Payments Required</u>
2016	\$809,005	\$157,316	\$102,408	\$90,286	\$1,159,015
2017	558,528	61,531	103,874	94,620	818,553
2018	449,107	51,530	79,995	99,171	679,803
2019	415,201	23,779	5,027	75,562	519,569
2020	415,209	23,779	5,032		444,020
2021-2025	2,076,005	69,982	25,237		2,171,224
2026-2030	1,221,005	47,315	25,363		1,293,683
2031-2035	1,176,005	47,315	25,490		1,248,810
2036-2040	1,176,005	47,315	25,617		1,248,937
2041-2045	1,176,005	47,315	25,745		1,249,065
Thereafter	48		78,451		78,499
Total	<u>\$9,472,123</u>	<u>\$577,177</u>	<u>\$502,239</u>	<u>\$359,639</u>	<u>\$10,911,178</u>

Capital Leases

The System records items under capital leases as assets and obligations in the accompanying financial statements. The System's capital leases at June 30, 2015, consist of various leases as follows:

<u>Nature of Lease</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Gross amount of leased assets (historical cost)	\$5,523,464	\$14,508,129	\$20,031,593
Remaining interest to end of lease	280,540	472,227	752,767
Remaining principal to end of lease	3,580,000	3,939,168	7,519,168

The System's component unit foundations have no capital leases at June 30, 2015.

The following is a schedule of future minimum lease payments under these capital leases, together with the present value of minimum lease payments at June 30, 2015:

<u>Fiscal Year Ending June 30,</u>	<u>System</u>
2016	\$1,859,254
2017	1,832,747
2018	1,792,773
2019	1,139,217
2020	549,237
2021-2025	1,098,707
Total minimum lease payments	8,271,935
Less - amount representing executory costs	NONE
Net minimum lease payments	8,271,935
Less - amount representing interest	752,767
Present value of net minimum lease payments	<u><u>\$7,519,168</u></u>

Lessor - Operating Leases

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

The following schedule provides an analysis of the System's investment in property on operating leases and property held for lease by major classes as of June 30, 2015:

	Cost	Accumulated Depreciation	Carrying Amount
Office space	\$52,284,892	(\$16,291,072)	\$35,993,820
Buildings	59,510,657	(17,798,210)	41,712,447
Equipment	231,580	(86,030)	145,550
Land	10,661,193		10,661,193
Other	161,821	(131,120)	30,701
Total	<u>\$122,850,143</u>	<u>(\$34,306,432)</u>	<u>\$88,543,711</u>

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2015:

<u>Fiscal Year Ending June 30,</u>	<u>Office Space</u>	<u>Buildings</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
2016	\$6,826,719	\$450,000	\$114,231	\$2,292,567	\$9,683,517
2017	6,299,600	250,000	106,223	2,299,161	8,954,984
2018	5,880,149	250,000	106,221	2,290,570	8,526,940
2019	5,089,916	250,000	106,221	2,003,550	7,449,687
2020	4,186,135	250,000	103,013	1,737,102	6,276,250
2021-2025	16,833,971	500,000	350,938	7,184,834	24,869,743
2026-2030	4,543,113		105,605	500,000	5,148,718
2031-2035			17,605	500,000	517,605
2036-2040			8,614	500,000	508,614
2041-2045			7,605	500,000	507,605
Thereafter			59,679	237,500	297,179
Total minimum future rentals	<u>\$49,659,603</u>	<u>\$1,950,000</u>	<u>\$1,085,955</u>	<u>\$20,045,284</u>	<u>\$72,740,842</u>

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume or customer usage of services provided. Contingent rentals received from operating leases of office space and buildings for the year ended June 30, 2015, were \$5,001,097 and \$477,655, respectively.

12. LONG-TERM LIABILITIES

The following is a summary of bond and other long-term debt transactions of the System for the year ended June 30, 2015:

University of Louisiana System

	Balance June 30, 2014	Adjustments	Balance June 30, 2014 Restated	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Bonds and notes payable:							
Bonds payable	\$703,341,326		\$703,341,326	\$46,332,118	(\$65,022,338)	\$684,651,106	\$18,883,668
Notes payable	8,385,014		8,385,014		(1,185,099)	7,199,915	800,934
Total bonds and notes payable	<u>711,726,340</u>	<u>NONE</u>	<u>711,726,340</u>	<u>46,332,118</u>	<u>(66,207,437)</u>	<u>691,851,021</u>	<u>19,684,602</u>
Other liabilities:							
Accrued compensated absences payable	44,519,890	(\$52,077)	44,467,813	11,723,814	(9,918,728)	46,272,899	4,166,293
Capital lease obligations	9,002,051	47,476	9,049,527		(1,530,359)	7,519,168	1,570,228
Pension liability		1,178,298,383	1,178,298,383	110,002,093	(259,610,069)	1,028,690,407	
OPEB payable	474,130,863	(135,249)	473,995,614	70,191,577	(26,621,199)	517,565,992	
Total other liabilities	<u>527,652,804</u>	<u>1,178,158,533</u>	<u>1,705,811,337</u>	<u>191,917,484</u>	<u>(297,680,355)</u>	<u>1,600,048,466</u>	<u>5,736,521</u>
Total	<u>\$1,239,379,144</u>	<u>\$1,178,158,533</u>	<u>\$2,417,537,677</u>	<u>\$238,249,602</u>	<u>(\$363,887,792)</u>	<u>\$2,291,899,487</u>	<u>\$25,421,123</u>

Component Units

	Balance June 30, 2014	Adjustments	Balance June 30, 2014 Restated	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Bonds and notes payable:							
Bonds payable	\$2,037,000		\$2,037,000		(\$870,000)	\$1,167,000	\$179,000
Notes payable	450,568		450,568		(17,680)	432,888	432,888
Total bonds and notes payable	<u>2,487,568</u>	<u>NONE</u>	<u>2,487,568</u>	<u>NONE</u>	<u>(887,680)</u>	<u>1,599,888</u>	<u>611,888</u>
Other liabilities:							
Amounts held in custody for others	55,139,026	(\$641,127)	54,497,899	\$325,697	(42,018)	54,781,578	
Total other liabilities	<u>55,139,026</u>	<u>(641,127)</u>	<u>54,497,899</u>	<u>325,697</u>	<u>(42,018)</u>	<u>54,781,578</u>	<u>NONE</u>
Total	<u>\$57,626,594</u>	<u>(\$641,127)</u>	<u>\$56,985,467</u>	<u>\$325,697</u>	<u>(\$929,698)</u>	<u>\$56,381,466</u>	<u>\$611,888</u>

Details of all debt outstanding at June 30, 2015, are as follows:

Bonds Payable - University of Louisiana System

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2014	Issued (Redeemed)	Principal Outstanding June 30, 2015	Maturities	Interest Rates	Interest Outstanding June 30, 2015
Grambling State University								
Black and Gold Facilities, Inc. (blended component unit):								
Louisiana Public Facilities Authority - Student Housing Revenue Bonds:								
Series 2006 A	October 24, 2006	\$55,705,000	\$54,415,000	(\$1,150,000)	\$53,265,000	2039	4.0%-5.0%	\$35,385,900
Series 2006 C	December 28, 2006	5,700,000	5,135,000	(105,000)	5,030,000	2038	5.80%	4,158,835
Series 2007 A	December 5, 2007	39,330,000	39,330,000		39,330,000	2040	4.0%-4.25%	29,651,963
Series 2007 B	December 5, 2007	2,595,000	975,000	(645,000)	330,000	2016	5.72%	9,438
Louisiana Tech University								
Revenue Refunding Bonds Series 2012	October 24, 2012	3,975,000	3,280,000	(380,000)	2,900,000	2022	2.05%	242,412
Innovative Student Facilities, Inc. (blended component unit):								
Louisiana Local Government Environmental Facilities and Community Development Authority:								
Student Housing and Recreational Facilities - Series 2007	September 26, 2007	51,670,000	48,560,000	(870,000)	47,690,000	2038	4.0%-5.25%	30,104,350
Student Housing and Related Refunding Bonds - Series 2013	June 6, 2013	19,065,000	18,250,000	(565,000)	17,685,000	2034	3.0%-5.0%	7,088,278
University Athletic and Related Facilities Series 2014	April 10, 2014	9,000,000	9,000,000	(210,000)	8,790,000	2039	4.48%	5,737,536
McNeese State University								
Field House - Series 2009	August 6, 2009	6,000,000	5,140,000	(240,000)	4,900,000	2029	3.93%	1,582,415
Cowboy Facilities, Inc. (blended component unit):								
Calcasieu Parish Trust Authority:								
University Scoreboard Project Bonds - Series 2005	April 1, 2005	1,900,000	250,000	(250,000)				
University Student Lease Revenue Bonds - Series 2011	December 7, 2011	18,655,000	16,955,000	(615,000)	16,340,000	2033	3.0-5.0%	10,495,744
Louisiana Local Government Environmental Facilities and Community Development Authority:								
University Student Parking Bonds - Series 2011	December 28, 2011	13,850,000	13,440,000	(265,000)	13,175,000	2042	3.0-5.0%	7,926,150
Nicholls State University								
NSU Facilities Corporation (blended component unit):								
Louisiana Local Government Environmental Facilities and Community Development Authority:								
Streets and Parking Revenue Bonds - Series 2006 A	May 1, 2006	3,320,000	2,320,000	(150,000)	2,170,000	2026	4.76%	676,413
Cafeteria and Student Union Revenue Bonds - Series 2006 B	May 1, 2006	5,000,000	4,110,000	(140,000)	3,970,000	2031	6.69%	2,644,219
Student Revenue Housing - Series 2007A	August 23, 2007	17,680,000	13,930,000	(1,055,000)	12,875,000	2024	4.38%	3,034,537
Student Revenue Housing - Series 2007B	August 23, 2007	32,380,000	32,380,000		32,380,000	2039	4.49%	22,578,372
Student Self-Assessed Fees - Series 2010	December 15, 2010	10,860,000	10,475,000	(200,000)	10,275,000	2041	4.13%	8,273,468
Northwestern State University								
Wellness, Recreation, and Activity Center Bonds - Series 2011	October 25, 2011	4,500,000	3,650,000	(310,000)	3,340,000	2024	3.80%	666,520

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2014	Issued (Redeemed)	Principal Outstanding June 30, 2015	Maturities	Interest Rates	Interest Outstanding June 30, 2015
Southeastern Louisiana University								
Student Recreation and Activity								
Center Revenue Bonds - Series 2011	December 7, 2011	\$3,650,000	\$2,560,000	(\$395,000)	\$2,165,000	2020	2.0%-3.375%	\$209,750
University Facilities, Inc. (blended component unit):								
Student Housing, Intermodal Parking and Stadium - Series 2004	August 13, 2004	15,000,000	15,000,000		15,000,000	2035	Variable	518,963
Intermodal Parking - Series 2007 A and B	March 14, 2007	8,035,000	4,755,000	(185,000)	4,570,000	2037	4.0%-4.375%	1,944,362
Student Union - Series 2010	November 17, 2010	31,255,000	29,605,000	(625,000)	28,980,000	2041	0.80%-5.0%	21,309,878
Student Housing - Series 2013 Refunding Bonds	November 13, 2013	40,910,000	40,910,000	(2,685,000)	38,225,000	2027	4.0%-5.25%	10,392,868
University of Louisiana at Lafayette								
Lease Revenue Refunding Bonds, Series 2006								
Cajundome Convention Center Project	April 26, 2007	13,370,000	10,770,000	(475,000)	10,295,000	2030	4.0%-5.0%	3,632,772
Ragin' Cajun Facilities, Inc. (blended component unit) -								
Lafayette Public Trust Financing Authority:								
Student Housing - Series 2009	April 14, 2009	12,500,000	12,250,000	(160,000)	12,090,000	2039	4.0%-6.0%	10,334,648
Student Union and University Facilities Project - Series 2010	December 2, 2010	22,200,000	20,980,000	(450,000)	20,530,000	2041	2.0%-5.0%	15,040,635
Housing and Parking Project - Series 2010	December 14, 2010	100,050,000	98,810,000	(1,480,000)	97,330,000	2042	3.0%-5.5%	86,084,346
Refunding Bonds Series 2012	October 30, 2012	14,740,000	14,740,000		14,740,000	2032	3.0%-5.0%	5,728,849
Louisiana Local Government Environmental Facilities and Community Development Authority -								
Lewis Street Parking Garage Project, Series 2013	November 21, 2013	25,205,000	25,205,000		25,205,000	2044	2.0%-5.0%	20,562,955
Athletic Facilities Project Series 2013	November 26, 2013	23,605,000	23,605,000		23,605,000	2043	2.0%-5.0%	19,230,945
University of Louisiana at Monroe								
ULM Facilities, Inc. (blended component unit):								
Louisiana Local Government Environmental Facilities and Community Development Authority:								
Student Housing, Infirmary, and Student Center:								
Revenue Bonds Series 2004 A & A-T	June 30, 2004	35,210,000	32,625,000	(865,000)	31,760,000	2035	2.92%	10,390,138
Revenue Bonds Series 2004 C & C-T	December 8, 2004	33,680,000	29,755,000	(675,000)	29,080,000	2036	2.92%	10,642,742
Intermodal Transit Facility and Parking - Revenue Bonds Series 2006	November 7, 2006	1,500,000	530,000	(170,000)	360,000	2016	5.06%	18,468
Clarke Williams Student Center Renovation Project - Series 2007	October 25, 2007	2,045,000	1,635,000	(1,635,000)				
Revenue and Refunding Bonds - Series 2014 Stadium and Scoreboard	June 30, 2014	1,845,000	1,845,000	(155,000)	1,690,000	2024	2.90%	242,552
Revenue Refunding Bonds, Student Center - Series 2014	July 9, 2014	1,645,000		1,620,000	1,620,000	2027	3.14%	328,880
University of New Orleans								
Housing Revenue Bonds of 1998	August 15, 1998	15,915,000	2,825,000	(2,825,000)				
Revenue Bonds of 2004 - Series B	October 19, 2004	8,480,000	5,690,000	(5,690,000)				
Revenue Bonds - Series 2012	August 22, 2012	9,700,000	8,995,000	(530,000)	8,465,000	2028	2.99%	1,747,132
Revenue Bonds Series 2015	February 27, 2015	2,990,000		2,990,000	2,990,000	2031	3.47%	1,469,545
Revenue Bonds Series 2015B	May 29, 2015	3,580,000		3,580,000	3,580,000	2026	2.9%	644,396
UNO Research and Technology Foundation:*								
Louisiana Public Facilities Authority								
Revenue Bonds Series 2006	August 6, 2006	38,500,000	37,360,000	(37,360,000)				
Revenue Refunding Bonds Series 2014	August 28, 2014	36,000,000		36,000,000	36,000,000	2035	3.5%-5.0%	21,577,378
Total		802,795,000	702,045,000	(19,320,000)	682,725,000			
Premiums/discounts, net			1,296,326	629,780	1,926,106			
Total		<u>\$802,795,000</u>	<u>\$703,341,326</u>	<u>(\$18,690,220)</u>	<u>\$684,651,106</u>			<u>\$412,308,752</u>

*Fiscal year ended December 31, 2014

Component Units

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2014</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2015</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2015</u>
University of Louisiana at Lafayette Foundation, Inc.								
Lafayette Economic Development Authority	February 1, 2002	\$8,500,000	\$1,500,000	(\$700,000)	\$800,000	2017	4.50%	\$72,000
University of New Orleans Foundation*								
Film Studio Bond Debt - NIMS Center	August 1, 2001	2,000,000	537,000	(170,000)	367,000	2016	2.09%	11,616
Total		<u>\$10,500,000</u>	<u>\$2,037,000</u>	<u>(\$870,000)</u>	<u>\$1,167,000</u>			<u>\$83,616</u>

*Fiscal year ended December 31, 2014

The annual requirements to amortize all System bonds outstanding at June 30, 2015, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$18,871,000	\$29,227,166	\$48,098,166
2017	20,679,000	28,548,371	49,227,371
2018	21,493,000	27,800,599	49,293,599
2019	22,596,000	26,949,221	49,545,221
2020	23,735,000	26,009,996	49,744,996
2021-2025	131,487,000	114,060,832	245,547,832
2026-2030	138,029,000	84,624,807	222,653,807
2031-2035	159,710,000	52,623,465	212,333,465
2036-2040	115,840,000	20,658,994	136,498,994
2041-2045	30,285,000	1,805,301	32,090,301
Sub-total	<u>682,725,000</u>	<u>412,308,752</u>	<u>1,095,033,752</u>
Unamortized Discount/ Premium	<u>1,926,106</u>	<u>NONE</u>	<u>1,926,106</u>
Total	<u>\$684,651,106</u>	<u>\$412,308,752</u>	<u>\$1,096,959,858</u>

The annual requirements to amortize all component unit bonds outstanding at June 30, 2015, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$179,000	\$43,681	\$222,681
2017	988,000	39,935	1,027,935
Total	<u>\$1,167,000</u>	<u>\$83,616</u>	<u>\$1,250,616</u>

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2015:

<u>Bond Issue</u>	<u>Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
Grambling State University			
U.S. Department of Education Note	\$528,000	\$528,000	
Revenue Bonds - Debt Service	7,234,722	7,205,390	\$29,332
Revenue Bonds - Maintenance	6,577,668	5,370,766	1,206,902
Louisiana Tech University			
Innovative Student Facilities, Inc., Revenue Bonds 2007	3,416,811	3,416,725	86
Innovative Student Facilities, Inc., Revenue Bonds 2013	684,484	684,484	
McNeese State University			
McNeese State University Field House Project, Series 2009	442,619	437,286	5,333
Cowboy Facilities, Inc., Student Parking Bonds 2011	879,256	879,256	
Cowboy Facilities, Inc., Student Lease Revenue Bonds 2011	1,356,535	1,356,513	22
Nicholls State University			
NSU Facilities, Inc., Revenue Bonds 2006, Series A and B	677,176	677,170	6
NSU Facilities, Inc., Revenue Bonds 2007, Series A and B	3,275,951	3,275,945	6
NSU Facilities, Inc., Revenue Bonds, Series 2010	689,750	689,750	
Southeastern Louisiana University			
University Facilities, Inc., (UFI) Revenue Bonds 2004	1,500,075	1,500,000	75
University Facilities, Inc., (UFI) Revenue Bonds 2007	482,969	482,969	
University Facilities, Inc., (UFI) Revenue Bonds 2010A	1,578,621	1,578,569	52
University Facilities, Inc., (UFI) Revenue Bonds 2010B	358,552	358,540	12
University Facilities, Inc., (UFI) Revenue Bonds 2013	2,045,585	2,045,500	85
University of Louisiana at Lafayette			
Ragin' Cajun Facilities, Inc., Project Series 2009	975,317	975,300	17
Ragin' Cajun Facilities, Inc., Student Union/University Facilities Project Series 2010	1,379,820	1,379,681	139
Ragin' Cajun Facilities, Inc., Housing and Parking Project Series 2010	6,846,312	6,845,625	687
Ragin' Cajun Facilities, Inc., Project Series 2013 Lewis Street Parking Garage	1,590,623	1,590,463	160
Ragin' Cajun Facilities, Inc., Project Series 2013 Athletic Facilities Project	1,488,401	1,488,250	151
University of Louisiana at Monroe			
ULM Facilities, Inc., Student Housing and Student Center Revenue Bonds 2004 A & B	1,121,924	1,120,465	1,459
ULM Facilities, Inc., Student Housing and Student Center Revenue Bonds 2004 C & C-T	1,022,876	1,021,535	1,341
ULM Facilities, Inc., Intermodal Transit Facility and Parking Project Revenue Bonds 2006	150,009	150,000	9
Total	<u>\$46,304,056</u>	<u>\$45,058,182</u>	<u>\$1,245,874</u>

The University of Louisiana at Lafayette has a bond liability totaling \$10,295,000 at June 30, 2015 in its long-term liabilities for Lease Revenue Refunding Bonds, Series 2006-Cajundome Convention Center Project (Convention Center Bonds) based on a lease agreement between the Cajundome Commission and the Cajundome (note 15). At October 31, 2014, the Cajundome reported a debt service reserve requirement of \$485,525 and deposits totaling \$497,508 for the Convention Center Bonds. The reserves are held at BNY Mellon, Baton Rouge, Louisiana, the trustee bank. The debt reserve is not included in the System's financial statements because the reserves are held by the Cajundome Commission, which is not a component unit of the System.

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

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

Notes Payable - University of Louisiana System

Note	Date of Issue	Original Issue	Outstanding June 30, 2014	Issued (Redeemed)	Outstanding June 30, 2015	Maturities	Interest Rates	Interest Outstanding June 30, 2015
Grambling State University								
U.S. Department of Education	May 1, 1993	\$3,500,000	\$1,459,908	(\$134,961)	\$1,324,947	2023	3.0%	\$185,962
University of New Orleans								
LEAF - Computer/Phone Equipment	June 24, 2014	842,977	842,977	(280,559)	562,418	2017	1.04%	7,326
UNO Research and Technology Foundation:*								
LPFA	October 19, 1999	1,500,000	1,387,984	(34,700)	1,353,284	2024		
Whitney Bank	April 19, 2001	7,350,000	4,187,073	(227,807)	3,959,266	2016	6.5%	334,804
FNBC	December 23, 2009	1,162,521	507,072	(507,072)				
Total		\$14,355,498	\$8,385,014	(\$1,185,099)	\$7,199,915			\$528,092

*Fiscal year ended December 31, 2014

The System's component unit foundations had the following outstanding note payable at June 30, 2015:

Note	Date of Issue	Original Issue	Outstanding June 30, 2014	Issued (Redeemed)	Outstanding June 30, 2015	Maturities	Interest Rates	Interest Outstanding June 30, 2015
University of Louisiana at Lafayette Foundation, Inc.								
U.S. Department of Education	June 9, 2011	<u>\$500,000</u>	<u>\$450,568</u>	<u>(\$17,680)</u>	<u>\$432,888</u>	2016	4.75%	<u>\$18,450</u>

The annual requirements to amortize all notes outstanding for the System at June 30, 2015, including interest of \$528,092, are as follows:

	Principal	Interest	Total
2016	\$800,934	\$297,471	\$1,098,405
2017	4,280,636	117,884	4,398,520
2018	286,371	30,181	316,552
2019	290,831	25,721	316,552
2020	295,426	21,125	316,551
2021-2025	<u>1,245,717</u>	<u>35,710</u>	<u>1,281,427</u>
Total	<u>\$7,199,915</u>	<u>\$528,092</u>	<u>\$7,728,007</u>

The annual requirements to amortize notes outstanding for the component unit foundations at June 30, 2015, including interest of \$18,450, are as follows:

	Principal	Interest	Total
2016	<u>\$432,888</u>	<u>\$18,450</u>	<u>\$451,338</u>

13. REFUNDING OF BONDS

University of New Orleans

In February 2015, the University of New Orleans issued \$2,990,000 of nontaxable revenue refunding bonds. The purpose of the issue was to refund fiscal years 2029, 2030, and 2031 principal payments for the Housing Revenue Bonds, originally issued to finance the acquisition and construction of the Wellness Center Project, Series 1998. Principal of the bonds on the refunding date totaled \$2,825,000. The refunding resulted in an economic gain totaling \$549,782.

In May 2015, the University of New Orleans issued \$3,580,000 of nontaxable revenue refunding bonds. The purpose of the issue was to refund the Series 2004B revenue bonds, which refunded the Series 1996 and 1997A revenue bonds to purchase the Jefferson Center and for auxiliaries, respectively. The Jefferson Center was sold in May 2015 and proceeds from the sale paid off the

remaining debt associated with the Jefferson Center. Principal of the bonds on the refunding date totaled \$5,690,000. The refunding resulted in an economic gain totaling \$209,759.

Facility Corporations

During the fiscal year ended June 30, 2015, ULM Facilities, Inc., at the University of Louisiana at Monroe and the University of New Orleans Research and Technology Foundation entered into transactions to refund certain bonds as described below. These corporations are reported under FASB accounting standards, the requirements of which differ from the requirements of GASB for disclosures related to advance refunding of bonds.

University of Louisiana at Monroe

On July 9, 2014, the Louisiana Local Government Environmental Facilities and Community Development Authority (the Issuer), University of Louisiana Monroe Facilities, Inc. (the Corporation), issued \$1,645,000 of Refunding Bonds, Series 2014. The purpose of the issue was to refund the Clarke Williams Student Center Renovation Project, Series 2007 bonds and to pay the issuance cost of the bonds. The proceeds of the bonds have been loaned to the Corporation pursuant to a Loan and Assignment Agreement dated as of July 9, 2014, between the Issuer and the Corporation for the foregoing purposes.

The refunding resulted in reducing the interest rate and shortening the amortization period of the existing bonds. The refunding resulted in a net present value savings of \$159,708.

University of New Orleans

In August 2014, The University of New Orleans Research and Technology Foundation issued \$36,000,000 Louisiana Public Facilities Authority (LPFA) Revenue Refunding Bonds, Series 2014. The bonds were issued for the purpose of refunding the LPFA Revenue Bonds, Series 2006, originally issued for financing, planning, designing, constructing, furnishing, and equipping residence facilities for use by the University of New Orleans. The refunding resulted in an overall savings of \$5,456,855.

14. INTEREST RATE SWAP AGREEMENTS

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

NSU Facilities Corporation

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

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

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

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

Fair Value: The fair value of the Swap agreement as of June 30, 2015, which is not reported in the financial statements, was \$10,364,000 in favor of the Provider. The fair value was provided by Sisung Securities Corporation.

Credit Risk: Credit risk is the risk that the counterparty will not fulfill its obligations. At June 30, 2015, the Authority is not exposed to credit risk because the Swap has a negative fair value. However, should interest rates change and the fair value of the Swap becomes positive, the Authority would be exposed to credit risk in the amount of the Swap’s fair value.

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

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

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

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

15. REVENUE USED AS SECURITY FOR REVENUE BONDS

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

Louisiana Tech University

Refunding Revenue Bonds Series 2009

Revenue pledged for this bond includes all auxiliary fund revenues. The original issue of the bonds was \$3,975,000, and the bonds were issued for the installation of a turbine generation system. The debt secured by the pledge is \$2,900,000. The approximate remaining amount of the pledge is \$3,142,412. The term of commitment is October 24, 2012, through April 1, 2022. For the year ended June 30, 2015, the requirements for principal and interest were \$380,000 and \$67,240, respectively. The amount of pledged revenues recognized for fiscal year 2015 was \$6,783,159.

McNeese State University

McNeese State University Field House Revenue Bonds Series 2009

The pledged revenues for the Board of Supervisors for the University of Louisiana System Revenue Bonds (McNeese State University Field House Project) Revenue Bonds Series 2009 include (1) a university student self-assessed fee in the amount of \$10 per semester obligated and dedicated to the Field House Project and the maintenance and operations; (2) the entirety of the university's portion of the monies in the Calcasieu Parish Higher Education Improvement Fund from the 1% hotel motel occupancy tax; (3) revenues received by the university's athletic department budget from a \$2 increase in ticket sales that began with the 2008 football season, the total dedication not to exceed \$100,000 annually from the university's budget; and (4) all funds and accounts held pursuant to the Bond Resolution, except any fund created to hold monies pending rebate to the United States for payment of costs of issuance of bonds. Pledged revenues shall not include funds appropriated to the board or the university by the legislature of the state from time to time. The bonds were originally issued for \$6,000,000. As of June 30, 2015, the

principal and interest outstanding totaled \$4,900,000 and \$1,582,415, respectively. The revenues are pledged for the period July 2009 through June 2030.

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

For the year ending June 30, 2015, the requirements for principal and interest were \$240,000 and \$197,286, respectively. Pledged revenues recognized for the period were \$1,067,825.

Northwestern State University

Wellness, Recreation, and Activity Center Bonds, Series 2011

Specific pledged revenue is student self-assessed fees approved for the project by the students of Northwestern State University in the amount of \$75 per semester. The debt secured by the pledged revenue was \$4,500,000, the original bond issue. The approximate remaining amount of the pledge is \$4,006,520 at June 30, 2015, representing \$3,340,000 in principal and \$666,250 in interest. The term of commitment was 25 years beginning in October 1999 and ending in April 2024. The general purpose for the debt secured by the pledge was the planning, acquisition, construction, and equipping of the university's Student Wellness, Recreation, and Activity Center. The dedicated revenues are pledged 100% annually up to the current amount due for principal and interest. For the year ended June 30, 2015, the requirements for principal and interest were \$310,000 and \$138,700, respectively. The amount of pledged revenues recognized for fiscal year 2015 was \$1,333,093.

Southeastern Louisiana University

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

Revenue pledged for this bond includes all revenue related to the Student Recreation and Activity Center, including student fees, membership fees, and other miscellaneous revenue related to the Recreation Center. The bond was originally issued for \$3,650,000. As of June 30, 2015, principal and interest outstanding was \$2,165,000 and \$209,750, respectively. The revenue was pledged for the purpose of this bond through June 2020.

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

users other than Southeastern Louisiana University students. The pledged student fee is equal to \$25 per student per regular semester and \$12.50 per student per summer semester.

For the year ending June 30, 2015, principal and interest requirements were \$395,000 and \$79,081, respectively. Pledged revenues recognized for the period were \$1,311,038.

University of Louisiana at Lafayette

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

The Convention Center adjacent to the Cajundome is owned by the Board of Supervisors for the University of Louisiana System and the University of Louisiana at Lafayette. The Convention Center is leased to and operated by the Cajundome Commission. In consideration for use and possession of the Convention Center and the issuance of bonds by the Board, the Commission has entered into a lease agreement dated June 10, 1997, with the Board. Under the terms of the agreement, the Commission pays rentals for the facility in the amount of debt service of the bonds issued by the Board, including any penalties or premiums, and any and all expenses related to the trustee for the bonds. Rental payments are payable only from pledged revenues, which consist of a hotel/motel tax, which is subject to annual appropriation by the legislature, and excess revenues after deduction of operating expenditures of the Convention Center for each fiscal year of operation. Rental payments under the lease agreement during the fiscal year ended 2015 totaled \$931,002, which consisted of the bond principal and interest payments.

University of New Orleans

Revenue Bond Series 2012, Recreation and Wellness Center

Revenue pledged for these bonds includes per semester student charges and other fees imposed on users of the fitness center. The original issue of the bonds was \$9,700,000, and the bonds were issued for refunding of Series 1998 bonds and the construction of the student fitness center. The debt secured by the pledge is \$9,700,000. The approximate remaining amount of the pledge is \$10,212,132. The term of commitment is August 2012 through October 2027. For the year ended June 30, 2015, the requirements for principal and interest were \$530,000 and \$261,027, respectively. The amount of pledged revenues recognized for the fiscal year 2015 was \$1,406,942. These revenues are also pledged for the Series 2015 Recreation and Wellness Center bonds.

Revenue Bond Series 2015, Recreation and Wellness Center

Revenue pledged for these bonds includes per semester student charges and other fees imposed on users of the fitness center. The original issue of the bonds was \$2,990,000, and the bonds were issued to refund the Series 1998 bonds, originally issued for the construction of the student fitness center. The debt secured by the pledge is \$2,990,000. The remaining amount of the pledge is \$4,459,545. The term of commitment is February 2015 through October 2030. For the year ended June 30, 2015, the requirements for principal and interest were \$0 and \$9,799, respectively. The amount of pledged revenues recognized for the fiscal year 2015 was

\$1,406,942. These revenues are also pledged for the Series 2012 Recreation and Wellness Center bonds.

Revenue Bonds Series 2015, Auxiliaries

Revenue pledged for these bonds includes student housing, food and vending services, the student union, and other miscellaneous auxiliaries. The original issue of the bonds was \$3,580,000, and the bonds were issued for refunding of the auxiliary portion of the Series 2004B bonds. The debt secured by the pledge is \$3,580,000. The remaining amount of the pledge is \$4,224,396. The term of commitment is May 2015 through May 2026. For the year ended June 30, 2015, there were no requirements for principal and interest payments. The amount of pledged revenues recognized for the fiscal year 2015 was \$9,710,184.

16. RESTATEMENT OF BEGINNING NET POSITION

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

	<u>System</u>
Net position at June 30, 2014	\$1,008,901,282
Net pension liability restatement required by of GASB Statement Nos. 68 and 71	
Net pension liability at June 30, 2013	(\$1,178,298,383)
Pension contributions during the fiscal year ended June 30, 2014	<u>110,313,436</u>
Net pension liability restatement	(1,067,984,947)
Grambling State University	
Black and Gold Facilities Corporation	498,189
McNeese State University	
Capital assets	47,476
Capital leases	(47,476)
Southeastern Louisiana University	
Capital assets	(10,375)
Compensated absences	52,077
University of Louisiana at Monroe	
Ticket revenues	(36,790)
Payroll expenses	(86,915)
Unearned revenues	(168,314)
Endowment Professorships and Chairs	(86,070)
University of New Orleans - other	
postemployment benefits	135,249
Board of Supervisors - expenses	<u>87,000</u>
Net position at June 30, 2014, restated	<u><u>(\$58,699,614)</u></u>

The net pension liability restatements by university are as follows:

	Net Pension Liability at June 30, 2013	Pension Contributions During the Fiscal Year Ended June 30, 2014	Net Pension Liability Restatement
Grambling State University	(\$79,727,765)	\$7,215,211	(\$72,512,554)
Louisiana Tech University	(136,255,790)	12,514,090	(123,741,700)
McNeese State University	(87,872,137)	8,000,831	(79,871,306)
Nicholls State University	(79,990,366)	7,636,888	(72,353,478)
Northwestern State University	(92,396,719)	9,010,474	(83,386,245)
Southeastern Louisiana University	(161,683,557)	15,166,766	(146,516,791)
University of Louisiana at Lafayette	(261,080,385)	24,874,736	(236,205,649)
University of Louisiana at Monroe	(115,611,553)	10,784,260	(104,827,293)
University of New Orleans	(159,267,189)	14,685,173	(144,582,016)
Board of Supervisors	(4,412,922)	425,007	(3,987,915)
	<u>(\$1,178,298,383)</u>	<u>\$110,313,436</u>	<u>(\$1,067,984,947)</u>
Totals			

17. RESTRICTED NET POSITION

The System has the following restricted expendable net position at June 30, 2015:

<u>Account Title</u>	<u>Amount</u>
Student fees	\$49,557,845
Grants and contracts	9,973,515
Gifts - restricted by donors	2,985,102
Endowment	67,741,739
Auxiliary enterprises	18,955,611
Student loan fund	37,654,973
Capital construction/plant projects	10,241,566
Debt service/retirement of indebtedness	4,989,372
Maintenance reserves	3,821,128
WRAC Fund	1,188,886
Scholarships	4,872,387
Other	7,365,793
	<u>7,365,793</u>
Total expendable	<u>\$219,347,917</u>

The System's restricted nonexpendable net position totaling \$186,203,436 as of June 30, 2015, was comprised entirely of endowment funds.

Statement of Net Position

	Black and Gold Facilities, Inc.	Innovative Student Facilities, Inc.	Cowboy Facilities, Inc.	NSU Facilities Corporation
Assets				
Current assets	\$9,863,942	\$77,348	\$905,000	\$2,699,848
Capital assets	65,944,125	79,820,142	21,961,614	58,323,215
Other assets	15,810,002	17,733,007	5,462,431	7,553,671
Total assets	\$91,618,069	\$97,630,497	\$28,329,045	\$68,576,734
Liabilities				
Current liabilities	\$5,459,965	\$2,770,538	\$1,224,351	\$9,126,676
Long-term liabilities	96,292,265	72,544,039	27,728,359	59,621,728
Total liabilities	\$101,752,230	\$75,314,577	\$28,952,710	\$68,748,404
Net Position				
Net investment in capital assets		\$13,891,883	(\$3,252,647)	\$4,090,575
Restricted net position - expendable			2,628,982	3,207,775
Unrestricted net position	(\$10,134,161)	8,424,037		(7,470,020)
Total net position	(\$10,134,161)	\$22,315,920	(\$623,665)	(\$171,670)
Assets				
Current assets	\$18,062,743	\$166,828	\$7,335,875	\$12,318,686
Capital assets	91,866,616	199,395,594	51,237,544	94,632,403
Other assets	8,158,242	32,411,398	7,580,827	709,651
Total assets	\$118,087,601	\$231,973,820	\$66,154,246	\$107,660,740
Liabilities				
Current liabilities	\$7,158,409	\$12,856,673	\$3,736,083	\$8,415,570
Long-term liabilities	85,449,365	187,828,593	62,375,000	46,933,776
Total liabilities	\$92,607,774	\$200,685,266	\$66,111,083	\$55,349,346
Net Position				
Net investment in capital assets	\$13,222,847	\$25,788,248	(\$13,272,456)	\$51,210,796
Restricted net position - expendable	10,867,134	3,226,978		140,350
Unrestricted net position	1,389,846	2,273,328	13,315,619	960,248
Total net position	\$25,479,827	\$31,288,554	\$43,163	\$52,311,394

*Fiscal year ended December 31, 2014

Statement of Revenues, Expenses, and Changes in Net Position

	Black and Gold Facilities, Inc.	Innovative Student Facilities, Inc.	Cowboy Facilities, Inc.	NSU Facilities Corporation
Operating revenues	\$9,845,318	\$5,704,998	\$4,249,231	\$6,412,622
Operating expenses	(3,532,096)	0	(1,847,874)	(672,160)
Depreciation expense	(3,479,496)	(2,025,014)	(1,000,444)	(3,346,885)
Net operating income	2,833,726	3,679,984	1,400,913	2,393,577
Nonoperating revenues (expenses):				
Investment income	1,757	2,205	466	138,158
Interest expense	(4,798,668)	(2,915,874)	(1,412,457)	(2,788,256)
Other (net)	(801,314)	(484,123)	(62,385)	
Capital contributions/additions to permanent and term endowments				
Changes in net position	(2,764,499)	282,192	(73,463)	(256,521)
Net position beginning of the year, restated	(7,369,662)	22,033,728	(550,202)	84,851
Net position end of the year	<u>(\$10,134,161)</u>	<u>\$22,315,920</u>	<u>(\$623,665)</u>	<u>(\$171,670)</u>
	University Facilities, Inc.	Ragin' Cajun Facilities, Inc.	University of Louisiana at Monroe Facilities, Inc.	University of New Orleans Research and Technology Foundation, Inc.*
Operating revenues	\$15,462,802	\$10,299,230	\$10,712,478	\$8,815,725
Operating expenses	(7,881,150)	(112,033)	(3,037,538)	(7,711,244)
Depreciation expense	(2,880,354)	(5,400,642)	(2,009,384)	(2,842,811)
Net operating income (loss)	4,701,298	4,786,555	5,665,556	(1,738,330)
Nonoperating revenues (expenses):				
Investment income	9,025	15,100	9,017	362,718
Interest expense	(2,520,457)	(7,692,375)	(1,938,312)	(1,050,835)
Other (net)	(116,720)		(696,776)	(13,029,852)
Capital contributions/additions to permanent and term endowments		9,980,294		
Changes in net position	2,073,146	7,089,574	3,039,485	(15,456,299)
Net position beginning of the year	23,406,681	24,198,980	(2,996,322)	67,767,693
Net position end of the year	<u>\$25,479,827</u>	<u>\$31,288,554</u>	<u>\$43,163</u>	<u>\$52,311,394</u>

*Fiscal year ended December 31, 2014

Statement of Cash Flows

	Black and Gold Facilities, Inc.	Innovative Student Facilities, Inc.	Cowboy Facilities, Inc.	NSU Facilities Corporation
Net cash flows provided (used) by:				
Operating activities	\$571,841	\$5,704,998	\$979,579	\$5,182,686
Noncapital financing				
Capital and related financing	(1,909,336)	(18,128,274)	(1,062,149)	(4,754,816)
Investing activities	1,669,326	2,205		(427,870)
Net increase in cash	331,831	(12,421,071)	(82,570)	NONE
Cash, beginning of the year, restated	1,123,313	28,554,198	5,659,061	
Cash, end of the year	\$1,455,144	\$16,133,127	\$5,576,491	NONE
	University Facilities, Inc.	Ragin' Cajun Facilities, Inc.	University of Louisiana at Monroe Facilities, Inc.	University of New Orleans Research and Technology Foundation, Inc.*
Net cash flows provided (used) by:				
Operating activities	\$3,950,223	\$12,757,896	\$7,518,494	\$1,572,105
Noncapital financing			(590,000)	225,883
Capital and related financing	(10,035,390)	(48,093,238)	(6,239,870)	(6,212,774)
Investing activities	6,066,702	17,235,271	9,017	3,771,318
Net increase (decrease) in cash	(18,465)	(18,100,071)	697,641	(643,468)
Cash, beginning of the year	214,383	40,489,653	12,253,404	2,081,080
Cash, end of the year	\$195,918	\$22,389,582	\$12,951,045	\$1,437,612

*Fiscal year ended December 31, 2014

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$245,680,412	\$108,988,437	\$376,773	\$28,916,510	\$894,824		\$384,856,956
Research	49,278,188	15,755,642	1,591,630	15,989,289	2,245		82,616,994
Public service	14,730,373	6,134,857	96,198	8,209,627	2,700		29,173,755
Academic support	45,999,991	20,899,644	598,062	17,419,351	89,883		85,006,931
Student services	35,458,361	14,210,361	1,389,773	22,102,888	399,689		73,561,072
Institutional support	62,583,380	29,540,949	666,198	27,666,919	150,421		120,607,867
Operations and maintenance of plant	26,182,857	14,564,859	28,040,742	31,432,955	9,515		100,230,928
Depreciation						\$79,392,992	79,392,992
Scholarships and fellowships	555,175		20,000	29,863	76,706,077		77,311,115
Auxiliary enterprises	48,434,961	18,415,908	12,875,068	97,193,513	3,741,396		180,660,846
Other	1,545,565	1,538,821		3,408,795	14,415		6,507,596
Total operating expenses	<u>\$530,449,263</u>	<u>\$230,049,478</u>	<u>\$45,654,444</u>	<u>\$252,369,710</u>	<u>\$82,011,165</u>	<u>\$79,392,992</u>	<u>\$1,219,927,052</u>

20. CONTINGENT LIABILITIES AND RISK MANAGEMENT

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

21. ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS

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

The amount of on-behalf payments for salaries and fringe benefits included in the accompanying financial statements for the fiscal year ended June 30, 2015, was \$2,078,836.

22. DONOR RESTRICTED ENDOWMENTS

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

At June 30, 2015, net appreciation of donor-restricted endowments is equal to \$58,397,601, which is available to be spent for restricted purposes. The System limits endowment spending to the income earned in a given year for purposes specified by donors. The donated portion of the endowments is reported in restricted net position - nonexpendable in the Statement of Net Position; the endowment income is reported in restricted net position - expendable.

23. FOUNDATIONS

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

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

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

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

for Higher Education. At June 30, 2015, the foundations held in custody \$220,347,066 of Endowed Chair and Endowed Professorship Program funds. Amounts invested by private foundations for the System are included as investments held by private foundations in external investment pools in the disclosures in note 3.

24. DEFERRED COMPENSATION PLAN

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

25. ALTERNATIVE FINANCING AGREEMENTS

Grambling State University (Grambling)

On October 1, 2006, Black and Gold Facilities, Inc., entered into a loan agreement with the Louisiana Public Facilities Authority (LPFA) to obtain financing for the demolition of existing residential facilities; the acquisition of existing apartments and related parking facilities; and the planning, designing, constructing, furnishing, and equipping of residence facilities for use by Grambling. The project also includes the conversion of an existing bookstore to a student food-service and conference facility. Financing for the project is through the issuance of \$61,405,000 of LPFA Revenue Bonds, Series 2006 A and C.

Pursuant to the terms of the ground lease agreement, the corporation will lease from the Board the land upon which the new student housing will be built and food service facilities that will be renovated. The corporation will contract with Ambling, Inc., to manage the residential facilities and with Aramark to manage the food services upon completion. The board's right to obtain title to the facilities is set forth in the facilities lease agreement. The rental income derived from the facilities lease will be used to pay the bonds.

On December 5, 2007, Black and Gold Facilities, Inc., entered into a loan agreement with the LPFA to obtain financing for the acquisition, design, development, equipping, renovation, reconstruction and/or construction of new residence hall facilities, related parking facilities, related sewer and water lines, and the demolition of existing facilities. Financing for the project is through the issuance of \$41,925,000 of LPFA Revenue Bonds, Series 2007 A and B.

Pursuant to the terms of the ground lease agreement, the corporation will lease from the Board the land upon which the new residence halls will be built. The Board's right to obtain title to the facilities is set forth in the facilities lease agreement. The rental income derived from the facilities lease will be used to pay the bonds.

Louisiana Tech University (Tech)

On July 1, 2003, the Louisiana Local Government Environmental Facilities and Community Development Authority agreed to issue revenue bonds totaling \$21,840,000 for the Innovative Student Facilities Inc., a nonprofit corporation, for constructing student housing and related facilities for the Board of Supervisors of the University of Louisiana System. In June 2014, the corporation refunded the Series 2003 bonds and issued Refunding Revenue Bonds Series 2013 totaling \$19,065,000.

Pursuant to the terms of the ground lease agreement, the corporation will lease from the Board the land upon which the facilities will be built. The new facilities will be leased by the corporation to the Board in accordance with the provisions of an agreement to lease (facilities lease). In accordance with the facilities lease, the corporation will construct student housing facilities and lease back the facilities to the board for use by students, faculty, and staff of Tech. The rental income derived from the facilities lease will be used to pay the bonds.

On September 26, 2007, the Louisiana Local Government Environmental Facilities and Community Development Authority agreed to issue revenue bonds totaling \$51,670,000 for the corporation for acquiring land to be purchased by the Board of Supervisors for the University of Louisiana System and financing the development, design, construction, renovation, and equipping of certain student housing and recreational facilities, including all furnishings, fixtures, and equipment necessary for the completion of the projects.

Pursuant to the terms of the ground lease agreement, the corporation will lease from the Board the land upon which the facilities will be built. The new facilities will be leased by the corporation to the Board in accordance with the provisions of an agreement to lease (facilities lease). In accordance with the facilities lease, the corporation will construct student housing facilities and lease back the facilities to the board for use by students, faculty, and staff of Tech. The rental income derived from the facilities lease will be used to pay the bonds.

On April 10, 2014, the Louisiana Local Government Environmental Facilities and Community Development Authority agreed to issue revenue bonds totaling \$9,000,000 for the corporation to pay the costs of issuance of the revenue bonds and to finance the design, development, construction, renovation and equipping of certain athletic and student facilities on the Louisiana Tech University campus, along with all necessary furnishings, fixtures, and equipment.

Pursuant to the terms of the ground lease agreement, the corporation will lease from the Board the land upon which the facilities are to be built. The Board will lease the new facilities from the corporation in accordance with the provision of an agreement to lease (facilities lease). In accordance with the facilities lease, the corporation will construct the athletic and student facilities and lease back the facilities to the Board for use by students, faculty, and staff of Louisiana Tech University. The rental income derived from the facilities lease will be used to pay the bonds.

McNeese State University (McNeese)

On May 31, 2001, Cowboy Facilities, Inc., entered into a loan agreement with the Calcasieu Parish Public Trust Authority to obtain financing for constructing student housing facilities on the McNeese campus. Financing for the project is through the issuance of \$21,120,000 of University Student Lease Revenue Bonds, Series 2001. On December 7, 2011, the Calcasieu Parish Trust Authority issued \$18,655,000 of nontaxable University Student Lease Revenue Refunding Bonds Series 2011. The purpose of this issue was to refund the University Student Lease Series 2001 Bonds.

Pursuant to the terms of the ground lease agreement, the corporation leases from the Board the land upon which three residential facilities have been constructed. McNeese will lease the facilities from Cowboy Facilities, Inc., for 33 years, after which the facilities become McNeese's property (McNeese has contracted with Ambling, Inc., to manage the facilities). The Board's right to obtain title to the facilities is set forth in the facilities lease agreement. The rental income derived from the facilities lease will be used to first pay the bonds, then to pay building maintenance, and then to pay management fees.

On April 1, 2005, Cowboy Facilities, Inc., entered into a loan agreement with the Calcasieu Parish Public Trust Authority to obtain financing for purchasing scoreboards on the McNeese campus. Financing for the project is through the issuance of \$1,900,000 of Revenue Bonds, Series 2005.

Pursuant to the terms of the ground lease agreement, the corporation leases the facilities from the Board upon which the scoreboards are installed. The property is leased by the corporation to the Board in accordance with the provisions of the lease agreement. The Board's right to obtain title to the scoreboards is set forth in the facilities lease agreement. The rental income derived from the facilities lease will be used to pay the bonds.

On December 28, 2011, Cowboy Facilities, Inc., entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority to obtain financing for the construction of a new parking garage. Financing of the project is through the issuance of \$13,850,000 of Revenue Bonds, Series 2011.

In April 2011, McNeese students approved a \$75 per semester self-assessed fee. The self-assessed fee will generate sufficient income to fund the annual principal and interest payments.

Nicholls State University (Nicholls)

On May 1, 2006, NSU Facilities Corporation entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority to obtain financing for street and parking lot improvements along with renovations to the cafeteria on the Nicholls campus. Financing for the project is through the issuance of \$8,320,000 of Series 2006 A tax exempt bonds and Series B taxable bonds.

Pursuant to the terms of a ground lease agreement, the corporation leases from the Board the land on which the improvements to the streets, parking lots, and facilities will take place. In return, the university leases the facilities from the corporation for use by university students, faculty, and staff and others. The university has agreed to make lease payments to the corporation in amounts sufficient to allow the corporation to pay the debt service and related bond expenses.

On August 23, 2007, NSU Facilities Corporation entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority to obtain financing for the demolition of four existing housing facilities; the renovation of existing facilities; and the development and construction of new student housing, including parking improvements; and the construction of a convenience store. Financing for the project is through the issuance of \$50,060,000 of tax-exempt Series 2007 A and B bonds.

Pursuant to the terms of the ground lease agreement, the corporation leases from the Board the land on which the additional facilities will be located, the existing facilities are located, and certain other land. In return, the university leases the facilities from the corporation for use by university students, faculty, and staff. Proceeds of the rental payments will be used to pay the debt service and related bond expenses.

On December 1, 2010, NSU Facilities Corporation entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority to obtain financing for the construction of a student recreation center. Financing for the project is through the issuance of \$10,860,000 of Series 2010 tax exempt bonds.

Pursuant to the terms of a ground lease agreement, the corporation leases from the Board the land on which the construction will take place. In return, the university leases the facilities from the corporation for use by university students, faculty, and staff and other persons who are participants in any other activities related to the mission of the university. The university has agreed to make lease payments to the corporation in amounts sufficient to allow the corporation to pay the debt service and related bond expenses.

Southeastern Louisiana University (SLU)

On August 13, 2004, University Facilities, Inc. (UFI), entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority to obtain financing for the acquisition, construction, renovation, and furnishing of student housing and demolishing existing housing; to provide working capital; to fund interest on the Series 2004 bonds; and to repay certain indebtedness of the corporation. Financing for the project is through the issuance of \$76,910,000 of Revenue Bonds, Series 2004(A), Series 2004(B), and Series 2004(C). On November 13, 2013, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$40,910,000 of nontaxable Student Housing Refunding Bonds, Series 2013 to refund a portion of the Series 2004 bonds. The original bonds were issued for and constructing student housing, intermodal parking, stadium, and other related facilities on the campus of Southeastern Louisiana University.

Pursuant to the terms of the ground lease agreement, the corporation leases from the Board the land upon which the new facilities will be built. The new facilities are leased by the corporation to the board in accordance with the provisions of the lease agreement. The Board's right to obtain title to the facilities is set forth in the facilities lease agreement. The rental income derived from the facilities lease will be used to pay the bonds.

On March 14, 2007, UFI entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority to obtain financing of \$8,035,000 for a new intermodal transit facility to be located on the SLU campus. This project is a continuation of the improvements and construction on the SLU campus that were financed with Revenue Bonds, Series 2004.

Pursuant to the terms of the ground lease agreement, the corporation will lease the land from the Board. The new parking facility will be leased back to and operated by the Board in accordance with the provisions of an agreement to lease with option to purchase by and between the Board and UFI. Revenues from auxiliary operations and student fees will be used to pay the bonds.

On November 3, 2010, UFI entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority to obtain financing of \$31,255,000 for demolishing certain existing facilities and renovating, developing, and constructing the Student Union, the Center for Student Excellence, Student Health Center, Food Services Areas, the Bookstore, and other related facilities on the campus of Southeastern Louisiana University.

Pursuant to the terms of the ground lease agreement, the corporation will lease the land from the Board. The student union and related facilities will be leased back to and operated by the Board in accordance with the provisions of an agreement to lease with option to purchase by and between the Board and UFI. Revenues derived from the facilities lease will be used to pay the bonds.

University of Louisiana at Lafayette (ULL)

On October 1, 2002, the Lafayette Public Trust Financing Authority agreed to issue revenue bonds totaling \$19,065,000 for the Ragin' Cajun Facilities, Inc., for constructing a student apartment complex, food service facility, and child care facility including parking and other infrastructure on land owned by the Board of Supervisors of the University of Louisiana System on behalf of ULL. In October 2012, the Ragin' Cajun Facilities, Inc., issued \$14,740,000 of non-taxable refunding revenue bonds through the Lafayette Public Trust Financing Authority. The purpose of the issue was to refund the Series 2002 revenue bonds of the corporation.

Pursuant to the terms of the ground lease agreements, the corporation leases the land from the Board. The new facilities are leased by the corporation to the Board in accordance with the provisions of an agreement to lease (facilities lease). In accordance with the facilities lease, the corporation has constructed and equipped student housing facilities and leased the facilities back to the Board for use by students, faculty, and staff of ULL. The rental income derived from the facilities lease will be used to pay the bonds.

On April 14, 2009, the Lafayette Public Trust Financing Authority agreed to issue revenue bonds totaling \$12,500,000 for the Ragin' Cajun Facilities, Inc., for demolishing certain facilities and the development, design, construction, and equipping of a student parking complex, including parking and other infrastructure at ULL.

Pursuant to the terms of the ground lease agreement, the corporation will lease the land required for the project from the Board. The new student parking complex will be leased back to the Board by the corporation in accordance with the provisions of an agreement to lease (facilities lease). The income derived from parking fees will be used to pay the bonds.

On November 15, 2010, the Lafayette Public Trust Financing Authority agreed to issue revenue bonds totaling \$22,200,000 for the Ragin' Cajun Facilities, Inc., for demolishing certain facilities and the development, design, expansion, and renovation of the existing ULL student union.

Pursuant to the terms of the ground lease agreement, the corporation will lease the land required for the project from the Board. The new student union will be leased back to the Board by the corporation in accordance with the provisions of an agreement to lease (facilities lease). The income derived from rental revenues will be used to pay the bonds.

On December 1, 2010, the Lafayette Public Trust Financing Authority agreed to issue revenue bonds totaling \$100,050,000 for the Ragin' Cajun Facilities, Inc., for demolishing certain facilities and the development, design, construction, and equipping of student housing facilities and certain other facilities at ULL.

Pursuant to the terms of the ground lease agreement, the corporation will lease the land required for the project from the Board. The new student housing facilities will be leased back to the Board by the corporation in accordance with the provisions of an agreement to lease (facilities lease). The income derived from rental income will be used to pay the bonds.

On November 21, 2013, the Lafayette Public Trust Financing Authority agreed to issue revenue bonds totaling \$25,205,000 for the Ragin' Cajun Facilities, Inc., for the design, development, equipping, and construction of a parking facility and related facilities for students, faculty, staff and the public on the University of Louisiana at Lafayette campus.

Pursuant to the terms of the lease agreement, the parking garage will be leased back to and operated by the Board. The income derived from the rental payments will be used to pay the bonds.

On November 26, 2013, the Lafayette Public Trust Financing Authority agreed to issue revenue bonds totaling \$23,605,000 for the Ragin' Cajun Facilities, Inc., for the (1) design, development, equipping, renovation, construction of an addition to the indoor athletic practice field and the addition of 5,900 seats in the football stadium; and (2) other athletic facilities on the University of Louisiana at Lafayette campus.

Pursuant to the terms of the ground lease agreement, the corporation will lease the land required for the project from the Board. The new athletic facilities will be leased back to the Board by the corporation in accordance with the provisions of an agreement to lease (facilities lease). The income derived from rental income will be used to pay the bonds.

University of Louisiana at Monroe (ULM)

On June 30, 2004, the Louisiana Local Government Environmental Facilities and Community Development Authority agreed to issue revenue bonds totaling \$35,210,000 for the University of Louisiana Monroe Facilities, Inc., for paying prior debt and constructing student housing, a student union, a student health center, and other facilities for the Board of Supervisors of the University of Louisiana System.

Pursuant to the terms of the ground lease agreement, the corporation leases the land from the Board. The new facilities are leased by the corporation to the Board in accordance with the provisions of an agreement to lease (facilities lease). In accordance with the facilities lease, the corporation constructed student housing facilities, a student health center, and other student facilities and leased the facilities back to the Board for use by students, faculty, and staff of ULM. The rental income derived from the facilities lease will be used to pay the bonds.

On December 8, 2004, the Louisiana Local Government Environmental Facilities and Community Development Authority agreed to issue revenue bonds totaling \$33,680,000 for the University of Louisiana Monroe Facilities, Inc., for demolishing existing dormitories on the campus; to design, develop, and construct new student housing and a student union; and to refurbish existing on-campus student housing.

Pursuant to the terms of the ground lease agreement, the corporation leased the land from the Board. The new facilities are leased by the corporation to the Board in accordance with the provisions of an agreement to lease (facilities lease). In accordance with the facilities lease, the corporation constructed student housing facilities and leased the facilities back to the Board for use by students, faculty, and staff of ULM. The rental income derived from the facilities lease will be used to pay the bonds.

On November 7, 2006, the Louisiana Local Government Environmental Facilities and Community Development Authority agreed to issue revenue bonds totaling \$1,500,000 for the University of Louisiana Monroe Facilities, Inc. Bond proceeds will be used for constructing and equipping an intermodal transit facility and improving existing parking lots or constructing new parking lots for students, faculty, staff, and the public on the ULM campus.

Pursuant to the terms of the ground lease agreement, the corporation will lease the land required for the project from the Board. The new facilities/parking lots will be leased back to the Board by the corporation in accordance with the provisions of an agreement to lease with option to purchase (facilities lease). The income derived from parking fees will be used to pay the bonds.

On October 25, 2007, the Louisiana Local Government Environmental Facilities and Community Development Authority agreed to issue revenue bonds totaling \$2,045,000 for the University of

Louisiana Monroe Facilities, Inc., for demolishing and renovating certain existing buildings and developing, constructing, and equipping a student learning enhancement facility and related facilities.

Pursuant to the terms of the loan and assignment agreement, the corporation transferred, assigned, and pledged to the Authority all right, title, and interest of the corporation in, to, and under the agreement to lease with option to purchase, and all rents, issues, receipts, and profits derived related to the learning center.

On June 30, 2014, the Louisiana Local Government Environmental Facilities and Community Development Authority agreed to issue revenue and refunding bonds totaling \$1,845,000. The purpose of the issue was to refunding the prior rate, the proceeds of which were loaned to the University of Louisiana Monroe Facilities, Inc., to finance capital expenditure projects consisting of the installation of scoreboards at the football, baseball, soccer and softball fields, replacement of chair-back seating at the football stadium, and the construction of dugouts at the soccer and softball fields; financing the football field improvements; paying the costs of issuance of the bonds.

Pursuant to the terms of the loan and assignment agreement, the bonds will be secured by the revenues pledged and assigned by the Indenture to secure that payment. Those payments include those required to be made by the University of Louisiana Monroe Facilities, Inc., under the loan agreement; revenues received by the University of Louisiana Monroe Facilities, Inc., under the facilities lease; and all other moneys and investments received in accordance with the provisions of the indenture.

University of New Orleans (UNO)

On August 8, 2006, the University of New Orleans Research and Technology Foundation entered into a loan agreement with the Louisiana Public Facilities Authority (Authority) to obtain financing for financing, planning, designing, constructing, furnishing, and equipping residential facilities for use by UNO. Financing for the project is through the issuance of \$38,500,000 of Authority Revenue Bonds, Series 2006. On August 28, 2014, the Series 2006 bonds were refinanced through the issue of \$36,000,000 of Authority Revenue Bonds, Series 2014.

Pursuant to the terms of the ground lease agreement, the corporation leases from the Board the land upon which the facilities will be built. The Board's right to obtain title to the facilities is set forth in the facilities lease agreement. The rental income derived from the facilities lease will be used to pay the bonds.

26. COOPERATIVE ENDEAVOR AGREEMENTS

University of Louisiana at Lafayette

General

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

Obligations

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

The university is funding the construction costs incurred by Ragin' Cajun Facilities, Inc., as a funding mechanism until such costs are reimbursed by the state. Through June 30, 2015, project payments totaling \$2,900,303 were paid and reimbursed by the state for the project. At June 30, 2015, Ragin' Cajun Facilities, Inc., had no costs paid by the university that had not been reimbursed by the state and had not been remitted to the university. At June 30, 2015, the project had outstanding payables for the facility totaling \$1,226,919, which will be submitted for reimbursement when the invoices are paid.

University of New Orleans Research and Technology Foundation (Foundation)

University of New Orleans/Avondale Maritime Technology Center of Excellence (Avondale)

General

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

Obligations

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

On May 16, 1997, the Foundation and Avondale entered into a sub-lease agreement, for a term of 50 years, which provides for Avondale to lease from the Foundation the land located in Jefferson Parish together with the facilities to be constructed on the land, the facility equipment and the right of uninterrupted access to and from all streets and roads adjoining the land.

**National Center for Advanced Manufacturing/NASA
Facilities Modifications and Equipment Acquisition***General*

Effective July 15, 2007, the state of Louisiana (the State), the University, the Foundation, and NASA's George C. Marshall Space Flight Center entered into a Cooperative Endeavor Agreement (the Agreement) for an initial term of 10 years with options for four additional five-year periods.

The Agreement provides for the use of State appropriations to fund an approximately \$20 million expansion of the 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 facilities modifications were transferred to NASA during the year ended December 31, 2014.

**National Center for Advanced Manufacturing
MAF Research Administration Building***General*

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

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

At December 31, 2011, the Agreement for this project was on hold until further notice. The Foundation has a balance of \$705,896 in construction-in-progress as of December 31, 2014, related to the Agreement. Management will reassess this project annually to determine if such costs are impaired. As of December 31, 2014, no impairment has been recognized by the Foundation.

Memorandum of Understanding related to National Center for Advanced Manufacturing

General

In a memorandum of understanding dated October 25, 2012, the Foundation agreed to receive a portion of the state of Louisiana's recovery costs associated with the NCAM consortium, subject to an annual cap of \$30,000 for administrative costs associated with serving as fiscal agent for the University of New Orleans.

Obligations

The Foundation shall seek support for NCAM activities from appropriate public and private sources, and work with NASA to develop a long-term agreement for the NCAM/Michoud Assembly Facility to accommodate University of New Orleans access for NCAM education and outreach activities.

27. SUBSEQUENT EVENTS

Board of Supervisors for the University of Louisiana System

On November 20, 2015, Dr. Sandra Woodley, System President, announced her resignation, to be effective December 31, 2015. Dr. Woodley will remain with the System in a transitional role until March 31, 2016.

At its December 10, 2015, meeting, the Board of Supervisors selected Dr. Daniel Reneau to serve as Interim President for the System until a new president is selected.

Effective January 14, 2016, Dr. Karla Hughes, System Executive Vice President and Provost, has resigned her position to accept a position with a university outside Louisiana.

Louisiana Tech University (LA Tech)

On October 15, 2015, the Board of Supervisors for the University of Louisiana system approved LA Tech's request to issue approximately \$100 million in bonds to refund the LA Tech's Series

2007 bonds (principal outstanding at June 30, 2015, totaled \$47,690,000) and to provide approximately \$44,139,000 for construction of housing and parking on campus.

University of Louisiana at Lafayette (ULL)

In February 2015, the Louisiana Bond Commission approved the issuance of up to \$20,000,000 of bonds to fund improvements to ULL's Cajundome Facility. The bonds issued for the project will be used for designing, renovating, constructing, furnishing and/or equipping certain improvements for the Cajundome, including seating replacement and improvements to the concession stand, storage, elevators, kitchen, lobby, roof, and lighting. On August 18, 2015, \$18,500,000 of bonds were issued for the project.

On September 18, 2015, Ragin' Cajun Facilities, Inc. exercised its lease option to buy the Ander's bookstore property by securing a loan through Mid-South Bank for \$1,300,000. The bookstore is located on 210 East St. Mary Boulevard.

University of New Orleans (UNO)

On August 31, 2015, the UNO President, Dr. Peter Fos, announced his retirement to be effective January 31, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Schedule of System Contributions

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

Schedule of Funding Progress for the Other Postemployment Benefits Plan

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Schedule of the System's Proportionate Share
of the Net Pension Liability
Fiscal Year Ended June 30, 2015**

<u>Fiscal Year*</u>	<u>System's proportion of the net pension liability (asset)</u>	<u>System's proportionate share of the net pension liability (asset)</u>	<u>System's covered-employee payroll</u>	<u>System's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Louisiana State Employees' Retirement System					
2015	4.31059%	\$269,536,389	\$83,429,752	323%	65.0%
Teachers Retirement System of Louisiana					
2015	7.24707%	\$759,154,018	\$356,854,834	213%	63.7%

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

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

Notes to Required Supplementary Information

Changes of Benefit Terms include:

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Schedule of System Contributions
Fiscal Year Ended June 30, 2015**

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	System's covered-employee payroll	Contributions as a percentage of covered-employee payroll
Louisiana State Employees' Retirement System					
2015	\$29,253,345	\$29,253,345	NONE	\$80,240,614	36.5%
Teachers Retirement System of Louisiana					
2015	\$88,336,007	\$88,336,007	NONE	\$360,842,983	24.5%

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

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

Notes to Required Supplementary Information

Changes of Benefit Terms include:

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Schedule of Funding Progress for the
Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2012	NONE	\$858,155,190	\$858,155,190	0.0%	\$337,942,506	254%
July 1, 2013	NONE	\$889,696,439	\$889,696,439	0.0%	\$345,205,228	258%
July 1, 2014	NONE	\$932,643,066	\$932,643,066	0.0%	\$323,840,500	288%

Factors contributing to the increase in the Office of Group Benefits plan were:

1. A change in the retiree benefit plans for those retiring past 3/31/15
2. A change in the mortality tables used
3. An update to the retirement and termination assumptions
4. A change in the different age graded claim curve and updated per capita health claim costs

Factors contributing to the increase in the LSU System Health Plan were:

1. A change in the demographics of the population as there are fewer actives subject to the LASERS criteria and fewer actives overall compared to the last valuation
2. An update to the retirement and termination assumptions for both TRSL and LASERS
3. A change in the mortality tables used
4. A change in the discount rate from 4.25% to 4%

(Both the Office of Group Benefits Plan and the LSU System Health Plan actuarial valuations were completed by a different actuary than in the prior year.)

SUPPLEMENTAL INFORMATION SCHEDULES

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

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

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

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

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

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

Combining Schedule of Net Position, by University, for the year ended June 30, 2014

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

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University, for the year ended June 30, 2014

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

Combining Schedule of Cash Flows, by University, for the year ended June 30, 2014

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Net Position, by University
For the Year Ended June 30, 2015**

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

(Continued)

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

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

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

(Concluded)

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

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

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

(Continued)

Schedule 5

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

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

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

(Concluded)

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

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

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

(Continued)

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Year Ended June 30, 2015**

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

(Continued)

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Year Ended June 30, 2015**

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

(Concluded)

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Net Position, by University
For the Year Ended June 30, 2014**

	GRAMBLING STATE UNIVERSITY	LOUISIANA TECH UNIVERSITY	MCNEESE STATE UNIVERSITY	NICHOLLS STATE UNIVERSITY	NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY
ASSETS						
Current assets:						
Cash and cash equivalents	\$7,816,177	\$22,124,118	\$26,490,273	\$13,681,224	\$30,418,332	\$24,824,721
Investments	6,631,856					17,858,950
Receivables (net)	6,380,853	4,012,226	4,573,393	4,874,560	3,740,864	5,278,681
Due from State Treasury	78,978	149,482	100,226	84,639	98,740	145,332
Due from federal government	1,048,960	2,985,122	649,759	24,195	2,337,592	1,557,297
Inventories	141,721	472,777	1,648,176	128,763	306,524	812,820
Prepaid expenses and advances	203,652	2,321,175	330,607	1,185,592	197,019	295,044
Notes receivable (net)		765,889	363,309		937	312,283
Other current assets		198,651			144,653	2,371,621
Total current assets	<u>22,302,197</u>	<u>33,029,440</u>	<u>34,155,743</u>	<u>19,978,973</u>	<u>37,244,661</u>	<u>53,456,749</u>
Noncurrent assets:						
Restricted:						
Cash and cash equivalents	788,329	34,903,267	8,300,504	4,930,404	1,698,263	21,150,057
Investments	24,294,911	40,543,464	18,530,908	23,152,767	13,315,548	19,879,047
Receivables (net)		124			109,961	
Notes receivable (net)	341	5,239,493	1,561,382		1,637,603	1,923,662
Other						
Investments						
Capital assets (net)	139,627,706	191,206,449	106,669,021	108,431,370	69,549,717	179,935,523
Other noncurrent assets	4,306,631	1,685,561	853,325	2,205,080		1,608,938
Total noncurrent assets	<u>169,017,918</u>	<u>273,578,358</u>	<u>135,915,140</u>	<u>138,719,621</u>	<u>86,311,092</u>	<u>224,497,227</u>
Total assets	<u>191,320,115</u>	<u>306,607,798</u>	<u>170,070,883</u>	<u>158,698,594</u>	<u>123,555,753</u>	<u>277,953,976</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accruals	3,964,615	4,942,372	4,424,783	2,957,275	3,366,509	7,921,319
Unearned revenues	25,669	6,346,699	2,943,990	3,016,088	3,331,278	4,987,149
Compensated absences payable	374,191	388,582	253,707	322,987	280,705	470,133
Capital lease obligations		139,340				470,000
Amounts held in custody for others	1,103,682	1,126,998	425,778	382,570	32,826	336,051
Notes payable	134,961					
Pollution remediation						
Contracts payable						
Bonds payable	1,900,000	2,037,668	1,370,000	1,545,000	310,000	3,890,000
Other current liabilities	4,146,357	1,100,141		252,703		11,674
Total current liabilities	<u>11,649,475</u>	<u>16,081,800</u>	<u>9,418,258</u>	<u>8,476,623</u>	<u>7,321,318</u>	<u>18,086,326</u>

(Continued)

Schedule 7

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
ASSETS					
Current assets:					
Cash and cash equivalents	\$38,856,433	\$26,645,469	\$11,243,432	\$105,612	\$202,205,791
Investments			6,854,761		31,345,567
Receivables (net)	17,105,858	6,994,740	13,101,694		66,062,869
Due from State Treasury	201,551	142,648	193,428		1,195,024
Due from federal government		1,674,686	2,912,508		13,190,119
Inventories	2,426,199	131,440	227,736		6,296,156
Prepaid expenses and advances	2,221,110	343,893	588,109		7,686,201
Notes receivable (net)	1,379,664	804,480	558,450		4,185,012
Other current assets	110,464		28,640		2,854,029
Total current assets	<u>62,301,279</u>	<u>36,737,356</u>	<u>35,708,758</u>	<u>105,612</u>	<u>335,020,768</u>
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	84,185,886	13,105,588	2,034,043		171,096,341
Investments	110,432,614	27,333,299	25,747,923		303,230,481
Receivables (net)		720,451			830,536
Notes receivable (net)	9,077,187	4,616,003	4,303,450		28,359,121
Other	54,488				54,488
Investments			30,356		30,356
Capital assets (net)	336,276,456	122,813,012	256,580,201	15,443	1,511,104,898
Other noncurrent assets	5,510,206	1,716,210	855,534		18,741,485
Total noncurrent assets	<u>545,536,837</u>	<u>170,304,563</u>	<u>289,551,507</u>	<u>15,443</u>	<u>2,033,447,706</u>
Total assets	<u>607,838,116</u>	<u>207,041,919</u>	<u>325,260,265</u>	<u>121,055</u>	<u>2,368,468,474</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accruals	15,627,612	4,985,266	7,890,457	82,461	56,162,669
Unearned revenues	10,111,439	3,806,991	4,070,672		38,639,975
Compensated absences payable	784,216	631,441	775,390	67,782	4,349,134
Capital lease obligations			909,150		1,518,490
Amounts held in custody for others	1,481,792	300,629	896,575	91,227	6,178,128
Notes payable			1,050,172		1,185,133
Pollution remediation	162,604				162,604
Contracts payable	496,972	74,401			571,373
Bonds payable	2,565,000	1,945,000	1,320,000		16,882,668
Other current liabilities	2,706,004	1,562,518	5,184,644	14,335	14,978,376
Total current liabilities	<u>33,935,639</u>	<u>13,306,246</u>	<u>22,097,060</u>	<u>255,805</u>	<u>140,628,550</u>

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Position, by University
For the Year Ended June 30, 2014**

	GRAMBLING STATE UNIVERSITY	LOUISIANA TECH UNIVERSITY	MCNEESE STATE UNIVERSITY	NICHOLLS STATE UNIVERSITY	NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY
LIABILITIES (CONT.)						
Noncurrent liabilities:						
Unearned revenues						
Compensated absences payable	\$3,412,974	\$3,625,724	\$2,936,785	\$3,264,286	\$2,274,373	\$6,619,375
Capital lease obligations		248,188				3,580,000
Notes payable	1,324,947					
Other postemployment benefits payable	29,365,760	49,483,311	38,010,223	36,990,375	43,201,242	75,488,354
Bonds payable	98,413,882	77,246,707	33,465,508	61,288,113	3,340,000	91,715,937
Other noncurrent liabilities					86,037	
Total noncurrent liabilities	<u>132,517,563</u>	<u>130,603,930</u>	<u>74,412,516</u>	<u>101,542,774</u>	<u>48,901,652</u>	<u>177,403,666</u>
Total liabilities	<u>144,167,038</u>	<u>146,685,730</u>	<u>83,830,774</u>	<u>110,019,397</u>	<u>56,222,970</u>	<u>195,489,992</u>
NET POSITION						
Net investment in capital assets	62,611,165	132,745,611	76,164,553	52,446,202	65,899,717	102,057,045
Restricted for:						
Nonexpendable	7,233,883	31,389,090	12,586,000	17,117,511	14,343,530	10,996,418
Expendable	13,467,774	22,821,007	19,468,185	12,111,632	9,123,558	31,958,075
Unrestricted	(36,159,745)	(27,033,640)	(21,978,629)	(32,996,148)	(22,034,022)	62,547,554
Total net position	<u>\$47,153,077</u>	<u>\$159,922,068</u>	<u>\$86,240,109</u>	<u>\$48,679,197</u>	<u>\$67,332,783</u>	<u>\$82,463,984</u>

(Concluded)

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
LIABILITIES (CONT.)					
Noncurrent liabilities:					
Unearned revenues			\$3,131,478		\$3,131,478
Compensated absences payable	\$9,376,914	\$3,093,929	5,379,040	\$187,356	40,170,756
Capital lease obligations			3,655,372		7,483,560
Notes payable			5,874,934		7,199,881
Other postemployment benefits payable	91,311,790	49,035,219	60,244,479	1,000,110	474,130,863
Bonds payable	201,901,569	64,445,000	54,641,942		686,458,658
Other noncurrent liabilities			277,409		363,446
Total noncurrent liabilities	<u>302,590,273</u>	<u>116,574,148</u>	<u>133,204,654</u>	<u>1,187,466</u>	<u>1,218,938,642</u>
Total liabilities	<u>336,525,912</u>	<u>129,880,394</u>	<u>155,301,714</u>	<u>1,443,271</u>	<u>1,359,567,192</u>
NET POSITION					
Net investment in capital assets	187,575,798	56,455,667	193,087,855	15,443	929,059,056
Restricted for:					
Nonexpendable	50,515,000	24,719,869	23,250,028		192,151,329
Expendable	69,126,556	19,067,217	13,316,192		210,460,196
Unrestricted	(35,905,150)	(23,081,228)	(59,695,524)	(1,337,659)	(322,769,299)
Total net position	<u>\$271,312,204</u>	<u>\$77,161,525</u>	<u>\$169,958,551</u>	<u>(\$1,322,216)</u>	<u>\$1,008,901,282</u>

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
For the Year Ended June 30, 2014**

	<u>GRAMBLING STATE UNIVERSITY</u>	<u>LOUISIANA TECH UNIVERSITY</u>	<u>MCNEESE STATE UNIVERSITY</u>	<u>NICHOLLS STATE UNIVERSITY</u>	<u>NORTHWESTERN STATE UNIVERSITY</u>	<u>SOUTHEASTERN LOUISIANA UNIVERSITY</u>
OPERATING REVENUES						
Student tuition and fees (net of scholarship allowances of \$148,981,771)	\$20,910,528	\$56,874,703	\$34,512,603	\$30,973,639	\$43,152,108	\$57,904,647
Federal grants and contracts	7,761,422	9,166,191	1,031,422	624,571	1,431,766	6,106,406
State and local grants and contracts	1,886,328	2,864,004	1,839,209	1,769,922	3,642,092	3,304,067
Nongovernmental grants and contracts	262,318	927,370	80,608	222,330	986,159	202,361
Sales and services of educational departments	883,192	403,669	553,640	169,105	2,101,201	485,300
Auxiliary enterprise revenues (net of scholarship allowances of \$16,956,685, including revenues used as security for revenue bonds)	25,286,009	22,942,154	12,014,930	18,967,727	3,915,638	20,078,460
Other operating revenues	1,003,390	943,195	2,537,011	1,182,756	4,040,973	3,260,229
Total operating revenues	<u>57,993,187</u>	<u>94,121,286</u>	<u>52,569,423</u>	<u>53,910,050</u>	<u>59,269,937</u>	<u>91,341,470</u>
OPERATING EXPENSES						
Educational and general:						
Instruction	21,759,909	45,187,031	28,938,380	27,958,903	35,669,747	60,936,358
Research	918,642	17,896,210	3,138,006	1,658,931	1,429,645	1,194,473
Public service	5,206	196,016	734,896	1,312,718	1,307,476	3,013,228
Academic support	7,001,122	9,987,615	8,388,309	6,793,953	7,943,686	12,497,367
Student services	5,607,424	5,303,812	5,665,489	4,689,116	7,870,128	10,000,284
Institutional support	12,649,493	9,914,089	8,947,126	7,097,399	9,725,668	11,751,940
Operations and maintenance of plant	7,785,829	9,978,093	9,201,721	6,959,089	8,438,827	14,769,717
Depreciation	6,671,229	10,020,155	5,498,123	5,887,394	4,871,765	7,355,168
Scholarships and fellowships	8,089,956	8,407,953	6,636,608	5,437,505	14,360,738	17,253,691
Auxiliary enterprises	17,753,172	31,247,317	15,739,619	15,146,423	13,981,904	14,847,788
Other operating expenses	3,868,024	360,556	65,676	(147,199)	757,123	704,727
Total operating expenses	<u>92,110,006</u>	<u>148,498,847</u>	<u>92,953,953</u>	<u>82,794,232</u>	<u>106,356,707</u>	<u>154,324,741</u>
OPERATING LOSS	<u>(34,116,819)</u>	<u>(54,377,561)</u>	<u>(40,384,530)</u>	<u>(28,884,182)</u>	<u>(47,086,770)</u>	<u>(62,983,271)</u>
NONOPERATING REVENUES (Expenses)						
State appropriations	15,000,969	30,732,694	19,950,744	16,696,725	22,443,206	32,667,298
Gifts	760,686	9,183,546	1,006,854	505,356		870,493
Federal nonoperating revenues	15,880,921	8,567,676	12,307,606	9,869,170	14,411,231	20,145,019
American Recovery and Reinvestment Act revenues						32,006
Investment income, net	2,474,551	1,101,562	2,132,252	1,491,082	1,974,031	290,598
Interest expense	(5,061,831)	(3,188,845)	(1,660,692)	(2,642,536)	(150,894)	(2,366,646)
Payments to or on behalf of the university				24,224		
Other nonoperating revenues (expenses)		1,294,068	248,648	(391,101)	(411)	(2,947,241)
Net nonoperating revenues	<u>29,055,296</u>	<u>47,690,701</u>	<u>33,985,412</u>	<u>25,552,920</u>	<u>38,677,163</u>	<u>48,691,527</u>

(Continued)

Schedule 8

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowances of \$148,981,771)	\$83,220,277	\$44,264,298	\$58,420,753		\$430,233,556
Federal grants and contracts	16,736,566	4,784,434	9,002,156		56,644,934
State and local grants and contracts	4,109,610	8,590,974	11,768,669		39,774,875
Nongovernmental grants and contracts	15,103,953	412,733	8,563,173		26,761,005
Sales and services of educational departments	87,623	321,126	158,504		5,163,360
Auxiliary enterprise revenues (net of scholarship allowances of \$16,956,685, including revenues used as security for revenue bonds)	36,049,298	16,978,128	12,765,150		168,997,494
Other operating revenues	5,649,493	848,636	9,487,415		28,953,098
Total operating revenues	160,956,820	76,200,329	110,165,820		756,528,322
OPERATING EXPENSES					
Educational and general:					
Instruction	69,451,315	36,994,999	49,140,572		376,037,214
Research	42,717,574	4,596,564	15,892,074		89,442,119
Public service	3,989,158	8,082,391	10,308,319		28,949,408
Academic support	17,198,880	5,812,909	11,072,781		86,696,622
Student services	18,015,755	8,944,417	8,565,243		74,661,668
Institutional support	29,468,739	12,131,333	20,377,631	\$3,820,521	125,883,939
Operations and maintenance of plant	18,054,452	13,014,207	17,426,762		105,628,697
Depreciation	14,318,263	6,077,860	16,030,566	3,908	76,734,431
Scholarships and fellowships	2,022,833	8,298,571	10,373,075		80,880,930
Auxiliary enterprises	40,455,243	18,102,818	12,012,521		179,286,805
Other operating expenses	248,540	(252,576)	1,668,246		7,273,117
Total operating expenses	255,940,752	121,803,493	172,867,790	3,824,429	1,231,474,950
OPERATING LOSS	(94,983,932)	(45,603,164)	(62,701,970)	(3,824,429)	(474,946,628)
NONOPERATING REVENUES (Expenses)					
State appropriations	49,718,532	27,592,057	34,040,104	1,034,112	249,876,441
Gifts	6,697,682	674,372	2,905,671		22,604,660
Federal nonoperating revenues	21,619,309	12,171,690	10,061,413		125,034,035
American Recovery and Reinvestment Act revenues			12,924		44,930
Investment income, net	11,245,582	3,491,117	2,924,531	19,420	27,144,726
Interest expense	(6,912,305)	(2,003,128)	(2,892,022)		(26,878,899)
Payments to or on behalf of the university					24,224
Other nonoperating revenues (expenses)	2,010,720	(371,669)		2,155,212	1,998,226
Net nonoperating revenues	84,379,520	41,554,439	47,052,621	3,208,744	399,848,343

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
For the Year Ended June 30, 2014**

	<u>GRAMBLING STATE UNIVERSITY</u>	<u>LOUISIANA TECH UNIVERSITY</u>	<u>MCNEESE STATE UNIVERSITY</u>	<u>NICHOLLS STATE UNIVERSITY</u>	<u>NORTHWESTERN STATE UNIVERSITY</u>	<u>SOUTHEASTERN LOUISIANA UNIVERSITY</u>
LOSS BEFORE OTHER REVENUES AND EXPENSES	(\$5,061,523)	(\$6,686,860)	(\$6,399,118)	(\$3,331,262)	(\$8,409,607)	(\$14,291,744)
Capital appropriations	1,016,609	307,142	1,891,847	989,691	729,033	117,171
Capital grants and gifts		15,372,963	1,451,410	1,476,833	181,514	37,735
Additions to permanent endowments		1,305,000		300,000	400,000	160,000
Other expenses, net		(2,321,818)				
CHANGE IN NET POSITION	(4,044,914)	7,976,427	(3,055,861)	(564,738)	(7,099,060)	(13,976,838)
NET POSITION - BEGINNING OF YEAR (Restated)	51,197,991	151,945,641	89,295,970	49,243,935	74,431,843	96,440,822
NET POSITION - END OF YEAR	<u>\$47,153,077</u>	<u>\$159,922,068</u>	<u>\$86,240,109</u>	<u>\$48,679,197</u>	<u>\$67,332,783</u>	<u>\$82,463,984</u>

(Concluded)

Schedule 8

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
LOSS BEFORE OTHER REVENUES AND EXPENSES	(\$10,604,412)	(\$4,048,725)	(\$15,649,349)	(\$615,685)	(\$75,098,285)
Capital appropriations	4,311,939	2,800,320	4,142,300		16,306,052
Capital grants and gifts	1,106,570	205,416	460,484		20,292,925
Additions to permanent endowments	1,800,000	100,000	80,000		4,145,000
Other expenses, net			(2,376,015)		(4,697,833)
CHANGE IN NET POSITION	(3,385,903)	(942,989)	(13,342,580)	(615,685)	(39,052,141)
NET POSITION - BEGINNING OF YEAR (Restated)	274,698,107	78,104,514	183,301,131	(706,531)	1,047,953,423
NET POSITION - END OF YEAR	\$271,312,204	\$77,161,525	\$169,958,551	(\$1,322,216)	\$1,008,901,282

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by University
For the Year Ended June 30, 2014**

	GRAMBLING STATE UNIVERSITY	LOUISIANA TECH UNIVERSITY	MCNEESE STATE UNIVERSITY	NICHOLLS STATE UNIVERSITY	NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY
CASH FLOWS FROM OPERATING ACTIVITIES:						
Tuition and fees	\$31,607,931	\$57,111,319	\$33,482,587	\$31,260,923	\$47,654,131	\$57,730,157
Grants and contracts	9,268,119	13,993,550	4,264,395	3,362,093	4,949,981	10,323,834
Sales and services of educational departments	883,192	407,610	553,640	241,125	2,101,201	760,189
Auxiliary enterprise receipts	26,546,980	22,569,974	12,785,571	18,581,227	3,915,638	22,381,684
Payments for employee compensation	(35,269,197)	(63,610,921)	(37,480,491)	(33,852,657)	(40,078,870)	(69,541,825)
Payments for benefits	(11,035,319)	(23,514,179)	(14,806,388)	(14,420,363)	(12,214,639)	(26,170,143)
Payments for utilities	(4,107,276)	(6,392,746)	(2,898,292)	(3,090,826)	(2,545,924)	(4,344,796)
Payments for supplies and services	(24,170,420)	(30,632,039)	(20,279,494)	(15,276,286)	(29,042,388)	(29,651,441)
Payments for scholarships and fellowships	(21,463,447)	(9,652,747)	(9,273,612)	(7,267,463)	(14,360,738)	(11,819,582)
Loans to students		(856,001)	(225,733)		(213,965)	(365,210)
Collection of loans to students		793,378	196,891		462,427	328,403
Other receipts (payments)	1,167,790	1,136,040	2,494,263	598,593	3,694,730	2,339,474
Net cash used by operating activities	(26,571,647)	(38,646,762)	(31,186,663)	(19,863,634)	(35,678,416)	(48,029,256)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	14,963,616	30,664,677	19,916,443	16,658,213	22,453,079	32,596,103
Gifts and grants for other than capital purposes	1,326,539	9,320,520	1,006,854	505,356		870,493
Pell grant receipts	15,315,068	8,387,550	12,307,606	9,869,170	14,411,231	19,915,033
Private gifts for endowment purposes				300,000	400,000	160,000
Taylor Opportunity Program for Students (TOPS) receipts	959,192	16,247,184	10,163,118	9,232,933	8,903,070	18,696,893
TOPS disbursements	(959,192)	(16,301,448)	(10,163,118)	(9,232,933)	(8,903,070)	(18,655,642)
Federal Emergency Management Agency (FEMA) receipts						
FEMA disbursements						
American Recovery and Reinvestment Act receipts		40,198				32,006
Direct lending receipts	52,246,207	27,995,539	26,266,081	24,977,819	40,390,670	41,937,590
Direct lending disbursements	(52,246,207)	(28,306,325)	(26,266,081)	(24,977,819)	(40,390,670)	(41,899,534)
Other receipts (payments)		1,152,817		(249,747)	(411)	(201,363)
Net cash provided by noncapital financing sources	31,605,223	49,200,712	33,230,903	27,082,992	37,263,899	53,451,579
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:						
Proceeds from capital debt		9,000,000				44,231,040
Capital grants and gifts received		12,246,672		1,476,833		
Purchases of capital assets	(521,188)	(3,419,581)	(1,613,233)	(3,955,276)	(3,267,442)	(13,746,054)
Principal paid on capital debt and leases	(1,881,002)	(1,853,021)	(1,251,918)	(1,395,000)	(330,000)	(56,277,902)
Interest paid on capital debt and leases	(4,646,182)	(3,512,020)	(1,668,179)	(2,642,536)	(150,894)	(2,366,646)
Deposit with trustees	(222,119)					
Other receipts (payments)		(2,143,455)	312,587	23,033		(1,588,597)
Net cash provided (used) by capital financing activities	(7,270,491)	10,318,595	(4,220,743)	(6,492,946)	(3,748,336)	(29,748,159)

(Continued)

Schedule 9

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
CASH FLOWS FROM OPERATING ACTIVITIES:					
Tuition and fees	\$82,847,868	\$43,780,930	\$58,386,327		\$443,862,173
Grants and contracts	38,187,567	13,126,909	29,520,262		126,996,710
Sales and services of educational departments	87,623	321,831	477,396		5,833,807
Auxiliary enterprise receipts	36,314,026	16,290,321	13,169,104		172,554,525
Payments for employee compensation	(119,023,556)	(45,364,276)	(71,952,146)	(\$1,802,024)	(517,975,963)
Payments for benefits	(42,455,374)	(19,747,738)	(26,629,699)	(649,911)	(191,643,753)
Payments for utilities	(8,378,593)	(3,118,380)	(6,409,556)		(41,286,389)
Payments for supplies and services	(59,354,353)	(35,618,164)	(31,780,265)		(275,804,850)
Payments for scholarships and fellowships	(4,398,451)	(8,298,571)	(10,552,431)		(97,087,042)
Loans to students	(3,523,426)	(1,681,213)	(1,025,544)		(7,891,092)
Collection of loans to students	3,630,821	663,083	634,480		6,709,483
Other receipts (payments)	4,599,556	641,755	10,079,185	(1,287,254)	25,464,132
Net cash used by operating activities	<u>(71,466,292)</u>	<u>(39,003,513)</u>	<u>(36,082,887)</u>	<u>(3,739,189)</u>	<u>(350,268,259)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	49,626,823	27,527,150	33,952,091	1,034,112	249,392,307
Gifts and grants for other than capital purposes	6,777,853	674,372	2,726,878		23,208,865
Pell grant receipts	21,378,932	12,190,340	10,061,413		123,836,343
Private gifts for endowment purposes	2,920,000	100,000	80,000		3,960,000
Taylor Opportunity Program for Students (TOPS) receipts	25,656,379	10,312,050	8,695,781		108,866,600
TOPS disbursements	(25,589,369)	(10,546,499)	(8,678,585)		(109,029,856)
Federal Emergency Management Agency (FEMA) receipts			436,685		436,685
FEMA disbursements			(396,060)		(396,060)
American Recovery and Reinvestment Act receipts			12,924		85,128
Direct lending receipts	46,754,212	33,804,899	29,149,481		323,522,498
Direct lending disbursements	(44,631,389)	(33,804,899)	(29,362,979)		(321,885,903)
Other receipts (payments)	(1,092,964)			2,155,212	1,763,544
Net cash provided by noncapital financing sources	<u>81,800,477</u>	<u>40,257,413</u>	<u>46,677,629</u>	<u>3,189,324</u>	<u>403,760,151</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from capital debt	48,486,086	1,845,000			103,562,126
Capital grants and gifts received		95,642	142,867		13,962,014
Purchases of capital assets	(40,711,636)	(1,598,466)	(8,568,959)	(6,199)	(77,408,034)
Principal paid on capital debt and leases	(1,795,000)	(1,875,000)	(3,842,338)		(70,501,181)
Interest paid on capital debt and leases	(8,098,419)	(2,003,128)	(2,892,022)		(27,980,026)
Deposit with trustees					(222,119)
Other receipts (payments)	153,623		245,884		(2,996,925)
Net cash used by capital financing activities	<u>(1,965,346)</u>	<u>(3,535,952)</u>	<u>(14,914,568)</u>	<u>(6,199)</u>	<u>(61,584,145)</u>

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Year Ended June 30, 2014

	GRAMBLING STATE UNIVERSITY	LOUISIANA TECH UNIVERSITY	MCNEESE STATE UNIVERSITY	NICHOLLS STATE UNIVERSITY	NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	\$2,637,006		\$1,807,762	\$180,538		\$18,476,187
Interest received on investments	319,327	\$381,363	324,490	1,310,544	\$1,974,031	1,170,904
Purchase of investments	(994,190)		(2,417,188)	(1,760,457)	(2,019,560)	(6,479,925)
Net cash provided (used) by investing activities	<u>1,962,143</u>	<u>381,363</u>	<u>(284,936)</u>	<u>(269,375)</u>	<u>(45,529)</u>	<u>13,167,166</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(274,772)	21,253,908	(2,461,439)	457,037	(2,208,382)	(11,158,670)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, restated						
	<u>8,879,278</u>	<u>35,773,477</u>	<u>37,252,216</u>	<u>18,154,591</u>	<u>34,324,977</u>	<u>57,133,448</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR						
	<u>\$8,604,506</u>	<u>\$57,027,385</u>	<u>\$34,790,777</u>	<u>\$18,611,628</u>	<u>\$32,116,595</u>	<u>\$45,974,778</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating loss	(\$34,116,819)	(\$54,377,561)	(\$40,384,530)	(\$28,884,182)	(\$47,086,770)	(\$62,983,271)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation expense	6,671,229	10,020,155	5,498,123	5,887,394	4,871,765	7,355,168
Amortization of bond issuance costs	188,252					
Changes in assets and liabilities:						
(Increase) Decrease in accounts receivable, net	(702,826)	932,787	1,065,690	(157,218)	3,560,476	2,642,195
(Increase) Decrease in inventories	22,785	(5,553)	(111,024)	(17,800)	81,952	(153,642)
(Increase) Decrease in prepaid expenses and advances	14,438	(135,907)	(38,599)	(566,706)	109,244	(102,560)
(Increase) Decrease in notes receivable		245,204	124,353		248,462	(36,807)
(Increase) Decrease in other assets		518			(21,310)	(194,006)
Increase (Decrease) in accounts payable and accrued liabilities	(465,643)	341,435	(930,117)	(84,699)	(1,236,781)	(1,009,281)
Increase (Decrease) in unearned revenue	(1,112,558)	1,189	334,972	895,076	(31,650)	(9,390)
Increase (Decrease) in amounts held in custody for others	283,234	280,213	5,409	(19,782)		(4,622)
Increase (Decrease) in compensated absences	55,862	34,707	65,807	345,062	143,308	198,111
Increase in other postemployment benefits payable	1,998,023	4,073,381	3,183,253	2,739,221	3,612,963	6,268,849
Increase (Decrease) in other liabilities	592,376	(57,330)			69,925	
Net cash used by operating activities	<u>(\$26,571,647)</u>	<u>(\$38,646,762)</u>	<u>(\$31,186,663)</u>	<u>(\$19,863,634)</u>	<u>(\$35,678,416)</u>	<u>(\$48,029,256)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:						
Cash and cash equivalents classified as current assets	\$7,816,177	\$22,124,118	\$26,490,273	\$13,681,224	\$30,418,332	\$24,824,721
Cash and cash equivalents classified as noncurrent assets	<u>788,329</u>	<u>34,903,267</u>	<u>8,300,504</u>	<u>4,930,404</u>	<u>1,698,263</u>	<u>21,150,057</u>
Cash and cash equivalents at the end of the year	<u>\$8,604,506</u>	<u>\$57,027,385</u>	<u>\$34,790,777</u>	<u>\$18,611,628</u>	<u>\$32,116,595</u>	<u>\$45,974,778</u>

(Continued)

Schedule 9

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments		\$41,417,619			\$64,519,112
Interest received on investments	\$1,945,286	718,224	\$2,888,602	\$19,420	11,052,191
Purchase of investments	(7,755,008)	(42,039,294)	(9,846,116)		(73,311,738)
Net cash provided by investing activities	(5,809,722)	96,549	(6,957,514)	19,420	2,259,565
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	2,559,117	(2,185,503)	(11,277,340)	(536,644)	(5,832,688)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, restated					
	120,483,202	41,936,560	24,554,815	642,256	379,134,820
CASH AND CASH EQUIVALENTS AT END OF THE YEAR					
	\$123,042,319	\$39,751,057	\$13,277,475	\$105,612	\$373,302,132
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating loss	(\$94,983,932)	(\$45,603,164)	(\$62,701,970)	(\$3,824,429)	(\$474,946,628)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation expense	14,318,263	6,077,860	16,030,566	3,908	76,734,431
Amortization of bond issuance costs			(30,175)		158,077
Changes in assets and liabilities:					
(Increase) Decrease in accounts receivable, net	560,396	(1,347,958)	1,579,942	7,750	8,141,234
(Increase) Decrease in inventories	(474,191)	8,225	32,556		(616,692)
(Increase) Decrease in prepaid expenses and advances	(1,021,096)	51,413	(60,569)		(1,750,342)
(Increase) Decrease in notes receivable	248,117	(1,018,129)	(391,377)		(580,177)
(Increase) Decrease in other assets	(950,094)	(41,652)			(1,206,544)
Increase (Decrease) in accounts payable and accrued liabilities	1,138,050	(464,740)	44,264	9,236	(2,658,276)
Increase (Decrease) in unearned revenue	1,464,775	66,216	(166,900)		1,441,730
Increase (Decrease) in amounts held in custody for others	2,700	8,701	132,086	(40,596)	647,343
Increase (Decrease) in compensated absences	97,808	(252,576)	(263,028)	(695)	424,366
Increase in other postemployment benefits payable	7,970,308	3,310,453	6,139,924	91,302	39,387,677
Increase (Decrease) in other liabilities	162,604	201,838	3,571,794	14,335	4,555,542
Net cash used by operating activities	(\$71,466,292)	(\$39,003,513)	(\$36,082,887)	(\$3,739,189)	(\$350,268,259)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:					
Cash and cash equivalents classified as current assets	\$38,856,433	\$26,645,469	\$11,243,432	\$105,612	\$202,205,791
Cash and cash equivalents classified as noncurrent assets	84,185,886	13,105,588	2,034,043		171,096,341
Cash and cash equivalents at the end of the year	\$123,042,319	\$39,751,057	\$13,277,475	\$105,612	\$373,302,132

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Year Ended June 30, 2014**

	GRAMBLING STATE UNIVERSITY	LOUISIANA TECH UNIVERSITY	MCNEESE STATE UNIVERSITY	NICHOLLS STATE UNIVERSITY	NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Capital appropriations	\$1,016,609	\$307,142	\$1,891,847	\$989,691	\$729,033	\$117,171
Change in fair market value of assets	2,205,111	720,260	1,808,959	718,213		880,306
Private gifts for endowment purposes		1,305,000				
Capital gifts and grants		3,126,291	1,451,410		181,514	37,735
Capital assets acquired through capital leases		249,232				
Disposition of capital assets		(8,593)		(5,022)		
Third-party bond principal and interest payments and amortization of discounts premiums and insurance costs						
Other	415,649			117,130		

(Concluded)

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital appropriations	\$4,311,939	\$2,800,320	\$4,142,300		\$16,306,052
Change in fair market value of assets	9,316,195	(979,100)	(904)		14,669,040
Private gifts for endowment purposes					1,305,000
Capital gifts and grants	1,106,570	109,774	317,617		6,330,911
Capital assets acquired through capital leases			842,977		1,092,209
Disposition of capital assets		(102,675)	(2,376,015)		(2,492,305)
Third-party bond principal and interest payments and amortization of discounts premiums and insurance costs	(1,235,136)				(1,235,136)
Other		74,401			607,180

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Exhibit A

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



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 11, 2015

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

Independent Auditor's Report

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component units of the University of Louisiana System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 11, 2015. Our report was modified to include emphasis of matter paragraphs regarding actuarial assumptions and financial statement comparability.

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

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Reports

Other external auditors audited the Black and Gold Facilities, Inc.; Innovative Student Facilities, Inc.; Cowboy Facilities, Inc.; Nicholls State University Facilities Corporation; University Facilities, Inc.; Ragin' Cajun Facilities, Inc.; University of Louisiana at Monroe Facilities, Inc.; and University of New Orleans Research and Technology Foundation, Inc., which are blended component units included in the System's basic financial statements for the year ended June 30, 2015. In addition, other external auditors audited the University of Louisiana at Lafayette Foundation, Inc., and University of New Orleans Foundation, which are discretely presented component units included in the basic financial statements of the System. To obtain copies of those reports, refer to note 1-B to the basic financial statements for mailing addresses.

As a part of our audit of the System's basic financial statements for the year ended June 30, 2015, we performed certain procedures on campuses within the System. Our reports on those procedures for those campuses are listed as follows:

Campus	Audit Type	Issued	Finding Title
Grambling State University	Management Letter	December 2, 2015	Untimely Determination of Students' Withdrawal Dates
Louisiana Tech University	Management Letter	November 25, 2015	None
Nicholls State University	Management Letter	November 25, 2015	Information Technology Control Weaknesses
Northwestern State University	Management Letter	November 30, 2015	Inappropriate System Access
Southeastern Louisiana University	Management Letter	December 16, 2015	Inadequate Controls over the PeopleSoft System
University of Louisiana at Lafayette	Management Letter	December 14, 2015	Misappropriation of Assets by Contractor Untimely Federal Reporting Failure to Provide Proper Student Loan Notice Error in Federal Reporting Noncompliance over Return of Title IV Funds
University of New Orleans	Management Letter	December 21, 2015	None

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

Purpose of This Report

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

Respectfully submitted,

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

Daryl G. Purpera, CPA, CFE
Legislative Auditor

CGEW:BDC:EFS:ch

ULS 2015