

UNIVERSITY OF LOUISIANA SYSTEM
A COMPONENT OF THE
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2017
ISSUED DECEMBER 27, 2017

**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 \$3.05. 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. 80170092 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.....	183
Schedule of System Contributions	284
Schedule of Funding Progress for the Other Postemployment Benefits Plan.....	385
Supplemental Information Schedules:	
Combining Schedule of Net Position, by University, for the Year Ended June 30, 2017	487
Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University, for the Year Ended June 30, 2017	591

	Page
Combining Schedule of Cash Flows, by University, for the Year Ended June 30, 2017	6.....95
Combining Schedule of Net Position, by University, for the Year Ended June 30, 2016.....	7.....101
Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University, for the Year Ended June 30, 2016.....	8.....105
Combining Schedule of Cash Flows, by University, for the Year Ended June 30, 2016.....	9.....109
	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 14, 2017

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, 2017, 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 32.4 %, 25.1%, 7.6%, and 7.8% of total assets, liabilities, revenues, and expenses, respectively. We also did not audit the financial statements of the University of Louisiana at Lafayette Foundation, Inc., and the University of New Orleans Foundation, which are discretely presented component units included in the basic financial statements of the System. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts reported for these component units, are based solely on the reports of the other auditors.

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

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely-presented component units of the System as of June 30, 2017, 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 Matters

Pension Liabilities

As disclosed in note 8, the net pension liability for the System was \$1,204,336,212 at June 30, 2017, as determined by the Louisiana State Employees' Retirement System (LASERS) and Teachers' Retirement System of Louisiana (TRSL). The related actuarial valuations were performed by LASERS' 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, 2017, could be under or overstated.

Our opinion is not modified with respect to this matter.

Other Postemployment Benefits Liability

As discussed in note 1-Q to the basic financial statements, the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal year 2018, will require the System

to recognize its proportionate share of the other postemployment benefits liability. Though the System's proportionate share of the other postemployment benefits liability is currently unknown, the impact on the System's net position is expected to be significant.

Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 13, the Schedule of the System's Proportionate Share of the Net Pension Liability on page 83, the Schedule of System Contributions on page 84, and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 85 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 87 through 100, for the fiscal year ended June 30, 2017, 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, 2017, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2017.

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, 2016 (not presented herein), and have issued our report thereon dated December 19, 2016, 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 101 through 114 for the year ended June 30, 2016, 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 2016 financial statements. The combining schedules for the fiscal year ended June 30, 2016, have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the schedules for the fiscal year ended June 30, 2016, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

BDM:CGEW:BH:EFS:aa

ULS 2017

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, 2017. Please read this section in conjunction with the System's financial statements, which follow this section. The System is comprised of the following entities:

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

FINANCIAL HIGHLIGHTS

The System's net position overall changed from (\$64,891,981), restated, to (\$41,000,335), an approximate 37% increase from June 30, 2016, to June 30, 2017. Total revenues exceeded expenses by \$23,891,646, which represents a \$13 million increase from the fiscal year ended June 30, 2016, restated. The Legislature allowed the System to increase student tuition and fees at the individual universities during the fiscal year. In addition, capital appropriations increased 27.8%.

The System's operating revenues increased by approximately 7.2% to \$906,523,248 from June 30, 2016, to June 30, 2017, primarily from increases in revenues from tuition and fees and auxiliary enterprise revenues. Operating expenses increased by approximately 6.3% to \$1,303,242,852 for the year ended June 30, 2017.

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

\$363,596,153 in 2017 from \$345,669,010 in 2016 is primarily attributed to net investment income totaling \$24,811,905 in 2017 compared to net investment losses totaling \$2,511,012 in 2016, other nonoperating expenses totaling \$7,524,271 in 2017 compared to other nonoperating revenues totaling \$5,519,282 in 2016, and a decrease in interest expense totaling \$3,613,472.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

FINANCIAL ANALYSIS**Net Position**

The System's total net position at June 30, 2017, increased by approximately \$24 million, a 36.9% increase from June 30, 2016, as restated (Table A-1). Total assets increased 5.2% to \$2.5 billion, and total liabilities increased 8.6% to \$2.7 billion.

Table A-1
University of Louisiana System
Comparative Statement of Net Position
As of June 30, 2017, and June 30, 2016
(in millions of dollars)

	2017	2016 (Restated)	Variance	Percent Variance
Current and other assets	\$869	\$801	\$68	8.5%
Capital assets	1,644	1,588	56	3.5%
Total assets	<u>2,513</u>	<u>2,389</u>	<u>124</u>	5.2%
Deferred outflows related to pensions	<u>261</u>	<u>145</u>	<u>116</u>	80.0%
Current liabilities	158	153	5	3.3%
Noncurrent liabilities	2,604	2,390	214	9.0%
Total liabilities	<u>2,762</u>	<u>2,543</u>	<u>219</u>	8.6%
Deferred inflows related to pensions	<u>53</u>	<u>56</u>	<u>(3)</u>	(5.4%)
Net position:				
Net investment in capital assets	958	953	5	0.5%
Restricted	443	407	36	8.8%
Unrestricted	<u>(1,442)</u>	<u>(1,425)</u>	<u>(17)</u>	(1.2%)
Total net position	<u><u>(\$41)</u></u>	<u><u>(\$65)</u></u>	<u><u>\$24</u></u>	36.9%

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

Significant statement of net position changes from 2017 include the following:

- Capital assets increased from current-year additions and improvements offset by current-year depreciation.
- Noncurrent liabilities increased from current year bonds issued, including associated costs; other postemployment benefits payable; net pension liability.
- Unrestricted net position decreased primarily from increases in revenues offset by decreases in expenses.

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, 2017, is approximately \$13 million, or 118.2% higher than at June 30, 2016, 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 7.2% to approximately \$906 million, and total operating expenses increased by 6.3%, to approximately \$1.3 billion. These changes are the result of increases in net tuition and fees, auxiliary enterprise revenue, and offset by a 6.3% increase in total operating expenses.

Table A-2
University of Louisiana System
Comparative Statement of Changes in Revenues, Expenses, and Net Position
For the Fiscal Years Ended June 30, 2017, and June 30, 2016
(in millions of dollars)

	2017	2016 (Restated)	Variance	Percent Variance
Operating revenues:				
Student tuition and fees, net	\$552	\$514	\$38	7.4%
Auxiliary	182	168	14	8.3%
Other	172	163	9	5.5%
Total operating revenues	906	845	61	7.2%
Nonoperating revenues:				
State appropriations	226	234	(8)	(3.4%)
Gifts	21	18	3	16.7%
Other	154	130	24	18.5%
Total nonoperating revenues	401	382	19	5.0%
Other revenues:				
Capital appropriations	46	36	10	27.8%
Capital grants and gifts	9	23	(14)	(60.9%)
Additions to permanent endowments	4	3	1	33.3%
Total other revenues	59	62	(3)	(4.8%)
Total revenues	1,366	1,289	77	6.0%
Operating expenses:				
Educational and general	1,100	1,036	64	6.2%
Other	203	190	13	6.8%
Total operating expenses	1,303	1,226	77	6.3%
Other nonoperating expenses, net	39	52	(13)	(25.0%)
Total expenses	1,342	1,278	64	5.0%
Change in net position	24	11	13	118.2%
Net position, beginning of the year (restated)	(65)	(76)	11	14.5%
Total net position	(\$41)	(\$65)	\$24	36.9%

Table A-3
University of Louisiana System
Comparative Schedule of Educational and General Expenses
For the Fiscal Years Ended June 30, 2017, and June 30, 2016
(in millions of dollars)

	<u>2017</u>	<u>2016*</u>	<u>Variance</u>	<u>Percent Variance</u>
Instruction	\$410	\$393	\$17	4.3%
Research	90	85	5	5.9%
Public service	34	30	4	13.3%
Academic support	88	84	4	4.8%
Student services	73	69	4	5.8%
Institutional support	137	123	14	11.4%
Operations and plant maintenance	105	94	11	11.7%
Depreciation	82	80	2	2.5%
Scholarships and fellowships	81	78	3	3.8%
Total	<u>\$1,100</u>	<u>\$1,036</u>	<u>\$64</u>	6.2%

*The restatements to beginning net position for expenses did not impact operating expenses for the fiscal year ended June 30, 2016; therefore, no restatements were required for the purpose of this comparison.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, and 2016, the System's cost of capital assets totaled approximately \$3.17 billion and \$3.05 billion, respectively. Net of accumulated depreciation, the System's capital assets at June 30, 2017, total approximately \$1.6 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$56 million, or 3.5%, over June 30, 2016. The increases were primarily in construction of buildings financed through long-term obligations and purchases of equipment, offset by current-year depreciation.

Debt Administration

The System had outstanding bonds totaling \$755,301,970, net of bond discounts, premiums, and issuance costs at June 30, 2017, compared to \$676,940,460 at June 30, 2016.

Bond activity during the fiscal year ended June 30, 2017, follows:

- Grambling State University issued \$91,290,728 of revenue refunding bonds to refund the Student Housing Series 2006 A and Student Housing Series 2007A bonds.
- Louisiana Tech University issued \$36,695,000 in revenue bonds for construction of student housing.
- Southeastern Louisiana University issued \$35,465,000 in revenue bonds for construction of student housing.
- The University of Louisiana at Lafayette issued \$106,950,000 in revenue refunding bonds to refund the 2006 Cajundome bonds, the 2009 series housing bonds, and partially refund the 2010 housing and parking bonds.
- The University of Louisiana at Monroe issued \$4,000,000 in revenue bonds for the Brown Stadium Project.

CURRENTLY-KNOWN FACTS, DECISIONS, OR CONDITIONS

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

- Changes in current enrollment
- Changes in tuition and fees
- Changes in state appropriations
- Implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ending June 30, 2018.

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, 2017**

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$253,157,760
Investments (note 3)	43,112,920
Receivables, net (note 4)	85,602,883
Due from State Treasury	4,272,377
Due from Federal government (note 4)	9,193,240
Inventories	5,528,319
Prepaid expenses and advances	11,129,633
Notes receivable, net	3,561,317
Other current assets	809,277
Total current assets	<u>416,367,726</u>

Noncurrent assets:

Restricted:

Cash and cash equivalents (notes 2 and 3)	149,774,459
Investments (note 3)	276,753,837
Receivables, net (note 4)	1,617,072
Notes receivable, net	22,985,419
Other	27,671
Investments (note 3)	36,341
Capital assets (net) (note 5)	1,644,339,372
Other noncurrent assets	693,512
Total noncurrent assets	<u>2,096,227,683</u>
Total assets	<u>2,512,595,409</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on debt refunding	3,249,930
Deferred outflows related to pensions (note 8)	257,835,889
Total deferred outflows of resources	<u>261,085,819</u>

LIABILITIES

Current liabilities:

Accounts payable and accruals (note 6)	61,058,859
--	------------

(Continued)

The accompanying notes are an integral part of this statement.

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Net Position, June 2017

LIABILITIES (CONT.)

Current liabilities: (Cont.)

Unearned revenues	\$47,920,005
Compensated absences payable (notes 7 and 12)	4,029,786
Capital lease obligations (notes 11 and 12)	2,039,278
Amounts held in custody for others	8,515,656
Notes payable (note 12)	1,037,690
Contracts payable	1,107,399
Bonds payable (note 12)	24,157,704
Other current liabilities	7,775,035
Total current liabilities	157,641,412

Noncurrent liabilities:

Unearned revenues	3,322,712
Compensated absences payable (notes 7 and 12)	43,383,198
Capital lease obligations (notes 11 and 12)	5,894,986
Notes payable (note 12)	15,590,456
Net pension liability (notes 8 and 12)	1,204,336,212
Other postemployment benefits payable (notes 10 and 12)	589,687,622
Bonds payable (note 12)	731,144,266
Other noncurrent liabilities	10,768,038
Total noncurrent liabilities	2,604,127,490
Total liabilities	2,761,768,902

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions (note 8)	52,912,661
Total deferred inflows of resources	52,912,661

NET POSITION

Net investment in capital assets	958,258,658
Restricted:	
Nonexpendable (note 17)	195,259,547
Expendable (note 17)	247,463,831
Unrestricted	(1,441,982,371)
Total net position	(\$41,000,335)

(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, 2017

	University of Louisiana at Lafayette Foundation, Inc.	University of New Orleans Foundation*	Total Foundations
ASSETS			
Cash and cash equivalents (note 2)	\$9,349,119	\$2,727,196	\$12,076,315
Investments (note 3)	164,023,861	74,276,857	238,300,718
Receivables	275,764	826,773	1,102,537
Pledges receivable	5,574,080	511,406	6,085,486
Fixed assets, net (note 5)	11,474,429	9,705,090	21,179,519
Other assets	1,484,854	218,151	1,703,005
Total assets	\$192,182,107	\$88,265,473	\$280,447,580
LIABILITIES			
Accounts payable	\$2,667,997	\$1,737,912	\$4,405,909
Amounts held in custody for others	37,545,171	20,702,742	58,247,913
Notes payable (note 12)	398,905		398,905
Other liabilities	232,968	309,849	542,817
Total liabilities	40,845,041	22,750,503	63,595,544
NET ASSETS			
Unrestricted	4,657,281	10,398,598	15,055,879
Temporarily restricted (note 17)	51,122,270	23,788,485	74,910,755
Permanently restricted (note 17)	95,557,515	31,327,887	126,885,402
Total net assets	151,337,066	65,514,970	216,852,036
Total liabilities and net assets	\$192,182,107	\$88,265,473	\$280,447,580

* As of December 31, 2016

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, 2017**

OPERATING REVENUES

Student tuition and fees (net of scholarship allowances of \$190,001,757)	\$552,404,716
Federal grants and contracts	56,332,176
State and local grants and contracts	45,662,927
Nongovernmental grants and contracts	34,645,047
Sales and services of educational departments	7,152,522
Auxiliary enterprise revenues (net of scholarship allowances of \$19,851,827 including revenues used as security for revenue bonds)	182,366,775
Other operating revenues	27,959,085
Total operating revenues	<u>906,523,248</u>

OPERATING EXPENSES

Educational and general:	
Instruction	410,141,126
Research	90,334,807
Public service	33,422,805
Academic support	88,383,479
Student services	73,441,927
Institutional support	136,472,421
Operations and maintenance of plant	104,932,261
Depreciation	81,421,430
Scholarships and fellowships	81,122,082
Auxiliary enterprises	197,718,924
Other operating expenses	5,851,590
Total operating expenses	<u>1,303,242,852</u>

OPERATING LOSS (396,719,604)

(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 2017**

NONOPERATING REVENUES (Expenses)	
State appropriations	\$225,954,082
Gifts	20,595,578
Federal nonoperating revenue	128,809,267
Investment income, net	24,811,905
Interest expense	(29,396,149)
Payments to or on behalf of the university	345,741
Other nonoperating expenses, net	(7,524,271)
Net nonoperating revenues	<u>363,596,153</u>
LOSS BEFORE OTHER REVENUES AND EXPENSES	(33,123,451)
Capital appropriations	45,903,784
Capital grants and gifts	9,642,300
Additions to permanent endowments	3,827,000
Other expenses, net	<u>(2,357,987)</u>
CHANGE IN NET POSITION	23,891,646
NET POSITION - BEGINNING OF YEAR, Restated (note 16)	<u>(64,891,981)</u>
NET POSITION - END OF YEAR	<u><u>(\$41,000,335)</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, 2017

	University of Louisiana at Lafayette Foundation, Inc.	University of New Orleans Foundation*	Total Foundations
Changes in unrestricted net assets:			
Contributions and contributed services	\$100,418	\$454,683	\$555,101
Grants	3,300		3,300
Interest and dividends	10,745	606,976	617,721
Service fees		862,863	862,863
Other income	903,509	2,790,949	3,694,458
Net loss on disposal of property	(9,454)		(9,454)
Net assets released from restrictions:			
Satisfaction of purpose restrictions	17,499,692	4,360,313	21,860,005
Transfers between net asset classifications	538,144		538,144
Total unrestricted revenues and other support	<u>19,046,354</u>	<u>9,075,784</u>	<u>28,122,138</u>
Expenses - amounts paid to benefit			
University of Louisiana System for:			
Projects specified by donors	14,251,331		14,251,331
Fundraising	793,290		793,290
Program operations/services		5,552,469	5,552,469
Property operations		675,780	675,780
Total program expenses	<u>15,044,621</u>	<u>6,228,249</u>	<u>21,272,870</u>
Supporting services:			
Salaries and benefits	461,823	1,272,618	1,734,441
Insurance	86,442		86,442
Office operations	335,772	77,204	412,976
Travel	18,188	4,638	22,826
Professional services	385,333	409,816	795,149
Dues and subscriptions	43,479	30,235	73,714
Meetings and development	1,994	7,042	9,036
Investment management fee	187,368		187,368
Interest	43,857		43,857
Depreciation and amortization	360,972	403,907	764,879

(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, 2017**

	University of Louisiana at Lafayette Foundation, Inc.	University of New Orleans Foundation*	Total Foundations
Supporting services: (Cont.)			
Other	\$1,585,333		\$1,585,333
Total supporting services	3,510,561	\$2,205,460	5,716,021
Total expenses	18,555,182	8,433,709	26,988,891
Changes in unrestricted net assets	491,172	642,075	1,133,247
Changes in temporarily restricted net assets:			
Contributions	13,105,890	2,465,718	15,571,608
Investment earnings	2,247,662	3,223,165	5,470,827
Realized loss on investments	(133,551)		(133,551)
Unrealized gain on investments	10,202,799		10,202,799
Service fees		254,356	254,356
Other	378,938		378,938
Net assets released from restrictions:			
Satisfaction of purpose restrictions	(17,455,984)	(4,360,313)	(21,816,297)
Transfers between net asset classifications	(1,035,199)	(125,750)	(1,160,949)
Changes in temporarily restricted net assets	7,310,555	1,457,176	8,767,731
Changes in permanently restricted net assets:			
Contributions	2,466,765	527,643	2,994,408
Investment loss		(838)	(838)
Service fees		6,129	6,129
Other income	307		307
Net assets released from restrictions:			
Satisfaction of purpose restrictions	(43,708)		(43,708)
Transfers between net asset classifications	497,055	125,750	622,805
Changes in permanently restricted net assets	2,920,419	658,684	3,579,103
Increase in net assets	10,722,146	2,757,935	13,480,081
Net assets at beginning of year	140,614,920	62,757,035	203,371,955
Net assets at end of year	\$151,337,066	\$65,514,970	\$216,852,036

*For the year ended December 31, 2016

(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, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	\$551,605,290
Grants and contracts	132,440,604
Sales and services of educational departments	7,430,081
Auxiliary enterprise receipts	182,132,147
Payments for employee compensation	(539,356,991)
Payments for benefits	(218,275,080)
Payments for utilities	(40,191,880)
Payments for supplies and services	(296,729,724)
Payments for scholarships and fellowships	(82,201,778)
Loans issued to students and employees	(2,518,759)
Collection of loans to students and employees	4,957,074
Other receipts	25,311,527
Net cash used by operating activities	<u>(275,397,489)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	227,103,756
Gifts and grants for other than capital purposes	21,061,300
Pell Grant receipts	129,104,860
Private gifts for endowment purposes	3,627,000
Taylor Opportunity Program for Students receipts	101,086,163
Taylor Opportunity Program for Students disbursements	(101,265,564)
Direct lending receipts	373,235,859
Direct lending disbursements	(372,710,987)
Other uses	(1,065,095)
Net cash provided by noncapital financing sources	<u>380,177,292</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Proceeds from capital debt	295,070,271
Capital appropriations received	7,426
Capital grants and gifts received	6,910,270
Loss from the sale of capital assets	1,253,495
Purchases of capital assets	(83,836,993)
Principal paid on capital debt and leases	(220,615,357)
Interest paid on capital debt and leases	(30,710,922)
Other uses	(18,173,217)
Net cash used by capital financing activities	<u>(50,095,027)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	42,372,199
Interest received on investments	6,986,285
Purchase of investments	(66,000,665)
Net cash used by investing activities	<u>(16,642,181)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	38,042,595
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>364,889,624</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$402,932,219</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows, 2017**

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

Operating loss	(\$396,719,604)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	81,421,430
Nonemployer contributing entity revenue	2,883,394
Amortization of bond issuance costs	37,452
Loss on impairment	381,375
Changes in assets, deferred outflows, liabilities and deferred inflows:	
(Increase) in accounts receivable, net	(5,602,465)
Decrease in inventories	338,127
(Increase) in prepaid expenses and advances	(289,511)
Decrease in notes receivable, net	3,435,335
Decrease in other assets	257,980
(Increase) in deferred outflows related to pensions	(112,829,071)
Increase in accounts payable and accrued liabilities	6,867,492
Increase in unearned revenue	1,559,723
Increase in amounts held in custody for others	633,224
Increase in compensated absences	533,788
Increase in net pension liability	121,342,809
Increase in other postemployment benefits payable	27,909,887
(Decrease) in other liabilities	(4,905,556)
(Decrease) in deferred inflows related to pensions	(2,653,298)
	<u>(\$275,397,489)</u>
Net cash used by operating activities	<u>(\$275,397,489)</u>

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

Cash and cash equivalents classified as current assets	\$253,157,760
Cash and cash equivalents classified as noncurrent assets	149,774,459
	<u>\$402,932,219</u>
Total cash and cash equivalents	<u>\$402,932,219</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital appropriations	\$45,896,358
Increase in fair market value of assets	\$19,288,317
Private gifts for endowment purposes	\$200,000
Capital gifts and grants	\$2,764,883
Capital assets acquired through capital leases and notes payable	\$5,268,913
Disposition of capital assets	(\$205,600)
Retirement contributions paid by third parties	\$2,883,394
Other	(\$4,727,259)

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

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

The System is comprised of nine universities in nine cities, which include Grambling State University at Grambling, Louisiana Tech University at Ruston, McNeese State University at Lake Charles, Nicholls State University at Thibodaux, Northwestern State University at Natchitoches, Southeastern Louisiana University at Hammond, University of Louisiana at Lafayette, University of Louisiana at Monroe, and University of New Orleans. The universities had approximately 90,980 students enrolled during the fall semester of the 2016/2017 academic year and employed approximately 9,480 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The System is considered a component unit of the State of Louisiana because the State exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the majority of the members of the governing board are appointed by the Governor; (2) the State has control and exercises authority over budget matters; (3) the State issues bonds to finance certain construction; and (4) the universities within

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

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

Blended Component Units

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

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

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

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

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

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

- Black and Gold Facilities, Inc., c/o Mr. Martin Lemelle, Grambling State University, P.O. Box 4287, Grambling, Louisiana 71245
- Innovative Student Facilities, Inc., c/o Mrs. Lisa Cole, Louisiana Tech University, P.O. Box 7924, Ruston, Louisiana 71272
- Cowboy Facilities, Inc., c/o Mr. Eddie Meche, McNeese State University, 4205 Ryan Street, Lake Charles, Louisiana 70605
- NSU Facilities Corporation, c/o Mr. Terry Braud Jr., Nicholls State University, P.O. Box 2003, Thibodaux, Louisiana 70310
- University Facilities, Inc., c/o Mr. Sam Domiano, Southeastern Louisiana University, SLU Box 10709, Hammond, Louisiana 70402
- Ragin' Cajun Facilities, Inc., c/o Mrs. Debbie Calais, University of Louisiana at Lafayette, P.O. Box 42651, Lafayette, Louisiana 70504
- University of Louisiana at Monroe Facilities, Inc., c/o Dr. William Graves, University of Louisiana at Monroe, 700 University Avenue, Monroe, Louisiana 71209
- University of New Orleans Research and Technology Foundation, Inc., c/o Mr. Keith Hemel, University of New Orleans Research and Technology Foundation, 2021 Lakeshore Drive, Suite 420, New Orleans, Louisiana 70122

Discretely-presented Component Units

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

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

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

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

During the year ended June 30, 2017, the ULL Foundation and the UNO Foundation made distributions of \$14,251,331 and \$3,485,755, respectively, on behalf of their respective universities for unrestricted purposes.

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

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

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

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

C. BASIS OF ACCOUNTING

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

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

Discrete Component Units

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

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

D. BUDGET PRACTICES

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

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

F. INVENTORIES

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

G. NONCURRENT RESTRICTED ASSETS

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

H. CAPITAL ASSETS

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

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

I. UNEARNED REVENUES

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

J. COMPENSATED ABSENCES

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

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

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

K. NONCURRENT LIABILITIES

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

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

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

L. NET POSITION

The System's net position is classified as follows:

(1) Net Investment in Capital Assets

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

(2) Restricted Net Position - Expendable

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

(3) Restricted Net Position - Nonexpendable

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

(4) Unrestricted Net Position

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

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

M. CLASSIFICATION OF REVENUES AND EXPENSES

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

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

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

O. USE OF ESTIMATES

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

P. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2017, the System implemented the following accounting standard:

- GASB Statement No. 77, *Tax Abatement Disclosures*. The objective of Statement No. 77 is to provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and other with information they need to evaluate the financial health of governments, make decisions, and assess accountability. Statement No. 77 had no impact on the System's financial statements.

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. Statement No. 77 excludes certain pensions from the requirements of Statement No. 68 and establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for certain pensions. The implementation Statement No. 78 had no significant impact on the System's financial statements.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Statement No. 79 establishes criteria for external investment pools to make the election to measure their investments at amortized cost for financial reporting purposes, and it establishes additional note disclosures for external investment pools that measure all of their investment at amortized cost for financial reporting purposes and for governments that participate in those pools. The implementation Statement No. 79 had no significant impact on the System's financial statements.
- GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. Statement No. 82 addresses the presentation of payroll-related measures in the required supplementary information, the selection of assumptions and treatment of deviations from the guidance in actual standards for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of Statement No. 82 had no significant impact on the System's financial statements.

**Q. NEW ACCOUNTING STANDARD
NOT YET EFFECTIVE**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2017 and is effective for fiscal years beginning after June 15, 2017. Statement No. 75 addresses accounting and financial reporting for other postemployment benefits (OPEB) for health care and life insurance that are provided to employees of state and local governmental employers. In addition, Statement No. 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Most significantly, the System will be required to recognize the remaining liability for its proportionate share of the OPEB liability of the State of Louisiana's retiree health plans presented in note 10. As shown in note 10, at June 30, 2017, the System reported an unfunded actuarial accrued liability totaling \$782,518,617, of which \$589,687,622 has been recognized as a noncurrent liability on the Statement of Net Position.

2. CASH AND CASH EQUIVALENTS

At June 30, 2017, the System has cash and cash equivalents (book balances) of \$402,932,219, as follows:

Petty cash	\$370,297
Demand deposits	255,121,850
Certificates of deposit	37,305,828
Money market funds	17,835,013
Short-term investments	1,854,784
Blended component unit cash	<u>90,444,447</u>
 Total	 <u><u>\$402,932,219</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, 2017, \$86,477 of the System's bank balance totaling \$403,743,260 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Cash and cash equivalents of the component units totaling \$12,076,315, 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, 2017, the System has investments totaling \$321,757,882, which includes \$1,854,784 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.

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

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

Fair values of assets measured on a recurring basis at June 30, 2017, are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
U.S. government securities:				
U.S. Treasury Notes	\$376,191		\$376,191	
Federal National Mortgage Association	24,968		24,968	
Federal Home Loan Bank	129,960		129,960	
Federal Farm Credit Bank	135,303		135,303	
Common and preferred stock	6,445,341	\$6,445,341		
Corporate bonds and bond funds	462,198		462,198	
Mutual funds	14,420,999	14,420,999		
Louisiana Asset Management Pool	1,854,784		1,854,784	
Investments held by foundations:				
U.S. Treasury Notes	3,503,081		3,503,081	
Federal Home Loan Mortgage Corporation	507,110		507,110	
Federal National Mortgage Association	1,355,178		1,355,178	
Other fixed income securities	1,371,836		1,371,836	
Mutual funds	84,690,388	80,980,102	3,710,286	
Money market accounts	4,176,392	3,547,716	628,676	
Equity funds	24,872,801	12,734,314	7,889,145	\$4,249,342
Common and preferred stock	56,959,110	56,950,940		8,170
Corporate bonds/obligations	17,160,333		17,160,333	
Hedge funds	12,409,842		959,598	11,450,244
Certificates of Deposit	60,000		60,000	
Other	6,907,657	10,919	1,235,171	5,661,567
	<u>237,823,472</u>	<u>\$175,090,331</u>	<u>\$41,363,818</u>	<u>\$21,369,323</u>
Subtotal	237,823,472	\$175,090,331	\$41,363,818	\$21,369,323
Not categorized	<u>83,934,410</u>			
Total	<u>\$321,757,882</u>			

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

Investments not categorized totaling \$83,934,410 represent the System's investment held in external investment pools, which GASB Statement No. 72 excludes from the fair value disclosures, and investment held by the System's blended component units reported under FASB ASC §958.

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. The System's fixed-income investments and maturities at June 30, 2017, follow:

Type of Investment	Investments	Fair Value	Investment Maturities in Years				
			Less Than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 20 Years
U.S. government securities:							
U.S. Treasury Notes	0.12%	\$376,191		\$299,919	\$76,272		
Federal National Mortgage Association	0.01%	24,968	\$24,968				
Federal Home Loan Bank	0.04%	129,960		129,960			
Federal Farm Credit Bank	0.04%	135,303		135,303			
Common and preferred stock	2.00%	6,445,341					
Corporate bonds and bond funds	0.14%	462,198	462,198				
Mutual funds	4.48%	14,420,999					
Louisiana Asset Management Pool	0.58%	1,854,784					
Investments held by foundations in external investment pools	6.45%	20,753,960					
Investments held by foundations:							
U.S. Treasury Notes	1.09%	3,503,081	225,750	2,111,413	1,165,918		
Federal Home Loan Mortgage Corporation	0.16%	507,110		104,034	4,724	\$6,502	\$391,850
Federal National Mortgage Association	0.42%	1,355,178		199,774	123,444	107,569	924,391
Other fixed income securities	0.43%	1,371,836		957,151	414,685		
Mutual funds	26.32%	84,690,388		472,418	393,227		
Money market accounts	1.30%	4,176,392	7,592				
Equity funds	7.73%	24,872,801					
Common and preferred stock	17.70%	56,959,110					
Corporate bonds/obligations	5.33%	17,160,333	1,007,664	5,344,367	4,783,798	140,989	5,883,515
Hedge funds	3.86%	12,409,842					
Certificates of deposit	0.02%	60,000					
Other	2.15%	6,907,657		129,948			
Held by blended component units	19.63%	63,180,450					
	100.00%	\$321,757,882	\$1,728,172	\$9,884,287	\$6,962,068	\$255,060	\$7,199,756

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.

The System's universities' respective foundations hold and manage funds received by the universities as state matching funds for the Endowed Chairs and Endowed Professorship

programs. Of the \$234,727,688 reported as investments held by foundations, the amounts held by its discretely presented component units total \$114,930,390.

Investments held by the University of New Orleans Foundation (UNO Foundation), a private foundation, in an external investment pool are managed in accordance with the terms outlined in a management agreement executed between the University of New Orleans (UNO) and the UNO Foundation. UNO is a voluntary participant. This investment totaling \$20,753,960 has no credit quality rating.

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.

Rating Agency	Rating	Fair Value
Moody's	A1	\$110,591
Moody's	A2	139,464
Moody's	A3	376,204
Moody's	Baa	373,801
Moody's	Baa1	160,874
Moody's	Baa2	117,513
Moody's	Baa3	102,333
Moody's	Aa1	79,764
Moody's	Aa2	84,765
Moody's	Aa3	52,251
Moody's	Aaa	1,798,016
Standard & Poor's	A	6,232,798
Standard & Poor's	A+	778,652
Standard & Poor's	A-	773,508
Standard & Poor's	AA	3,470,986
Standard & Poor's	AA+	1,530,268
Standard & Poor's	AA-	393,397
Standard & Poor's	AAA	5,251,241
Standard & Poor's	AAAm	1,743,734
Standard & Poor's	BB+	71,861
Standard & Poor's	BBB	1,029,182
Standard & Poor's	BBB+	1,662,752
Standard & Poor's	BBB-	724,773
	Unrated	294,699,154
Total		<u>\$321,757,882</u>

INVESTMENTS - COMPONENT UNITS

The component units' investments totaling \$238,300,718, 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*, and Statement No. 72, *Fair Value Measurement and Application*. The fair values of investments held by the component units at June 30, 2017, follow:

<u>Type of Investment</u>	University of Louisiana at Lafayette Foundation	University of New Orleans Foundation*	Total Investments
Certificates of deposit	\$805,475		\$805,475
Fixed income		\$72	72
Stocks and equities	8,430,992	3,756,335	12,187,327
International stocks		1,594,926	1,594,926
Mutual and exchange traded funds	98,570,583	61,479,035	160,049,618
Oil and gas interests		94,204	94,204
Land		3,179,182	3,179,182
Hedge funds and alternative investments	56,177,489	4,173,103	60,350,592
Unit investment funds	39,322		39,322
Total	<u>\$164,023,861</u>	<u>\$74,276,857</u>	<u>\$238,300,718</u>

*For the year ended December 31, 2016

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2017. 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	\$46,853,524	(\$17,704,803)	\$29,148,721	\$690,962
Auxiliary enterprises	12,174,246	(2,522,748)	9,651,498	168,477
Contributions and gifts	7,758,813		7,758,813	757,633
Federal, state, and private grants and contracts	41,329,716	(293,890)	41,035,826	
Insurance recoveries	2,140,885		2,140,885	
Other	6,789,637	(112,185)	6,677,452	
Total	<u>\$117,046,821</u>	<u>(\$20,633,626)</u>	<u>\$96,413,195</u>	<u>\$1,617,072</u>

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2017, follows:

University of Louisiana System

	Balance July 1, 2016	Prior Period Adjustment	Restated Balance July 1, 2016	Additions	Transfers	Retirements	Balance June 30, 2017
Capital assets not being depreciated:							
Land	\$96,065,764		\$96,065,764	\$649,359		(\$7,500)	\$96,707,623
Land improvements	7,225,697		7,225,697		\$19,800		7,245,497
Capitalized collections	314,621		314,621		7,000		321,621
Livestock	40,100		40,100	3,600		(4,250)	39,450
Software development in progress	9,126,068		9,126,068	1,545,334			10,671,402
Construction-in-progress	76,792,949	\$67,693	76,860,642	108,952,002	(45,079,043)		140,733,601
Other	33,110		33,110				33,110
Total assets not being depreciated	<u>189,598,309</u>	<u>67,693</u>	<u>189,666,002</u>	<u>111,150,295</u>	<u>(45,052,243)</u>	<u>(11,750)</u>	<u>255,752,304</u>
Capital assets being depreciated:							
Infrastructure	31,985,379		31,985,379				31,985,379
Land improvements	82,949,434	209,168	83,158,602	996,229	5,148,752	(500,000)	88,803,583
Buildings	2,275,549,978		2,275,549,978	3,684,782	39,903,491	(7,553,683)	2,311,584,568
Equipment (including library books)	461,314,328	80,809	461,395,137	23,536,906		(13,238,754)	471,693,289
Software (internally generated and purchased)	7,257,269		7,257,269				7,257,269
Total capital assets being depreciated	<u>2,859,056,388</u>	<u>289,977</u>	<u>2,859,346,365</u>	<u>28,217,917</u>	<u>45,052,243</u>	<u>(21,292,437)</u>	<u>2,911,324,088</u>
Less accumulated depreciation:							
Infrastructure	(11,069,398)		(11,069,398)	(752,038)			(11,821,436)
Land improvements	(42,221,673)	(22,825)	(42,244,498)	(3,310,680)		250,000	(45,305,178)
Buildings	(1,007,705,278)	14,110	(1,007,691,168)	(55,425,644)		5,749,976	(1,057,366,836)
Equipment	(395,414,380)	(7,441)	(395,421,821)	(20,333,447)		13,169,345	(402,585,923)
Software (internally generated and purchased)	(4,058,026)		(4,058,026)	(1,599,621)			(5,657,647)
Total accumulated depreciation	<u>(1,460,468,755)</u>	<u>(16,156)</u>	<u>(1,460,484,911)</u>	<u>(81,421,430)</u>	<u>NONE</u>	<u>19,169,321</u>	<u>(1,522,737,020)</u>
Total capital assets, net	<u>\$1,588,185,942</u>	<u>\$341,514</u>	<u>\$1,588,527,456</u>	<u>\$57,946,782</u>	<u>NONE</u>	<u>(\$2,134,866)</u>	<u>\$1,644,339,372</u>

Component Units

	Balance July 1, 2016	Additions	Transfers	Retirements	Balance June 30, 2017
Capital assets not being depreciated:					
Real estate	\$2,228,310	\$217,194		(\$62,000)	\$2,383,504
Art and collectibles	3,012,016			(23,500)	2,988,516
Construction-in-progress	203,599	118,789	(\$322,388)		
Total assets not being depreciated	<u>5,443,925</u>	<u>335,983</u>	<u>(322,388)</u>	<u>(85,500)</u>	<u>5,372,020</u>
Capital assets being depreciated:					
Buildings	20,928,603	477,426	322,388		21,728,417
Vehicles, furniture, and equipment	1,167,363	68,482			1,235,845
Software (internally generated/purchased)	111,268				111,268
Total assets being depreciated	<u>22,207,234</u>	<u>545,908</u>	<u>322,388</u>	<u>NONE</u>	<u>23,075,530</u>
Less accumulated depreciation	<u>(6,508,619)</u>	<u>(759,412)</u>			<u>(7,268,031)</u>
Total capital assets, net	<u>\$21,142,540</u>	<u>\$122,479</u>	<u>NONE</u>	<u>(\$85,500)</u>	<u>\$21,179,519</u>

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, 2017:

<u>Account Name</u>	
Vendor payables	\$27,073,881
Accrued salaries and payroll deductions	27,781,697
Accrued interest	2,370,864
Other	3,832,417
	<u>3,832,417</u>
Total payables	<u><u>\$61,058,859</u></u>

7. COMPENSATED ABSENCES

At June 30, 2017, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$25,764,416; \$20,101,530; and \$1,547,038, 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 State 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 R.S. 11:921-931 for academic and administrative employees of public institutions of higher education and is considered a defined contribution plan (see note 9 below). A portion of the employer contributions for ORP plan members is dedicated to the unfunded accrued liability of the TRSL defined benefit plan.

General Information About the Pension Plans

Plan Descriptions/Benefits Provided

Louisiana State Employees' Retirement System

LASERS administers a plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in R.S. 11:411-414. The age and years of creditable service (service) required 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. The computation of retirement benefits is defined in R.S. 11:444. Act 992 of the 2010 Regular Legislative Session 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 the System's members are regular plan members. Regular plan members hired prior to July 1, 2006, may retire with full benefits at any age upon completing 30 years of service and at age 60 upon completing 10 years of service. Regular plan members hired from July 1, 2006, through June 30, 2015, may retire with full benefits at age 60 upon completing 5 years of service. Regular plan members hired on or after July 1, 2015, may retire with full benefits at age 62 upon completing 5 years of service. Additionally, all members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for regular plan members is equal to 2.5% of average compensation multiplied by the number of years of service, generally not to exceed 100% of average compensation. Average compensation for regular plan members 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 the highest 60 consecutive months of employment for members employed after that date. A member leaving service before attaining minimum retirement eligibility 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 their respective dates of hire who become disabled may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation.

Provisions for survivor benefits are provided for in R.S. 11:471-478. Under these statutes, the deceased member, hired before January 1, 2011, who was in state service at the time of death must have a minimum of five years of service, at least two of 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 age 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. The deceased member, hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The minimum service credits for a surviving spouse include active service at the time of death and a minimum of 10 years of service credit with two years being earned immediately prior to death, or a minimum of 20 years regardless of when earned. In addition, the deceased member's spouse must have been married for at least one year before death.

LASERS has established a Deferred Retirement Option Plan (DROP). When members enter DROP, their statuses change from active members to retirees even though they continue to work and draw their salaries for a period of up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited into 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.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits.

Teachers' Retirement System of Louisiana

TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in R.S. 11:701. The age and years of creditable service (service) required for a member to receive retirement benefits are established

by R.S. 11:761 and vary depending on the member's hire date. The calculation of retirement benefits is defined in R.S. 11:768. Statutory changes closed existing sub-plans, and created new sub-plans for members hired on or after January 1, 2011.

Most of the System's TRSL members are participants in the Regular Plan. In the regular plan, eligibility for retirement is determined by the date the member joined TRSL. Members hired prior to January 1, 2011, are eligible to receive retirement benefits (1) at the age of 60 with five years of service; (2) at the age of 55 with at least 25 years of service; or (3) at any age with at least 30 years of service. Members hired between January 1, 2011, and June 30, 2015, are eligible to retire at age 60 with five years of service. Members hired on or after July 1, 2015, are eligible to retire at age 62 with five years of service. All regular plan members are eligible to retire at any age with 20 years of service and a reduced benefit. Retirement benefits for regular plan members are calculated by applying a percentage ranging from 2% to 2.5% of final average compensation multiplied by years of creditable service. Average compensation is defined in R.S. 11:701 as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to January 1, 2011, or the highest 60 consecutive months of employment for members employed on or after that date.

Under R.S. 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if they were employed prior to January 1, 2011, and attained at least five years of service, or if they were 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 their 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.

The minimum service credit requirement is 10 years for a surviving spouse with no minor children. Surviving spouse 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 the years of service or age, or \$600 per month, whichever is greater. Benefits are payable to an unmarried child until age 21, or age 23 if the child remains a full-time student. Benefits are paid for life to a qualified handicapped child. Benefits are paid for life to a surviving spouse unless the deceased active member has less than 20 years of creditable service and the surviving spouse remarries before the age of 55.

TRSL has established a DROP plan. When members enter DROP, their statuses change from active members to retirees even though they continue to work and draw their salaries for a period of up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited into 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 Legislature. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as these ad hoc COLAs were deemed not 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 plan's unfunded accrued liability.

Employer contributions to LASERS for fiscal year 2017 were \$27,183,531 with active regular plan member contributions ranging from 7.5% to 8%, and employer contributions of 35.8%. Employer defined benefit plan contributions to TRSL for fiscal year 2017 were \$87,011,542, with active regular plan member contributions of 8%, and employer contributions of 21.2% and 24.4% for ORP and defined benefit plan employees, respectively. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenues, totaled \$2,883,394, and were recognized as revenue in fiscal year 2017 by the System.

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

At June 30, 2017, the System reported liabilities of \$318,256,150 and \$886,080,062 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, 2016, and the total pension liabilities used to calculate the NPL were determined by actuarial valuations as of that date. The System's proportions of the NPL were based on projections of the System's long-term share of contributions to the pension plans relative to the projected contribution of all participating employers, actuarially determined.

As of June 30, 2016, the most recent measurement date, the System's proportions and the changes in proportion from the prior measurement date were 4.05290%, or a decrease of 0.07476% for LASERS, and 7.54949%, or an increase of 0.08826% for TRSL.

For the year ended June 30, 2017, the System recognized a pension expense of \$27,030,156 for LASERS and \$95,908,754 for TRSL for a total of \$122,938,910.

The System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows			Deferred Inflows		
	LASERS	TRSL	Totals	LASERS	TRSL	Totals
Differences between expected and actual experience	\$184,253		\$184,253	\$2,951,704	\$17,493,688	\$20,445,392
Net difference between projected and actual earnings on pension plan investments	39,639,351	\$64,504,570	104,143,921			
Changes in proportion and differences between employer contributions and proportionate share of contributions		39,312,642	39,312,642	8,293,230	24,174,039	32,467,269
Employer contributions subsequent to the measurement date	27,183,531	87,011,542	114,195,073			
Total	\$67,007,135	\$190,828,754	\$257,835,889	\$11,244,934	\$41,667,727	\$52,912,661

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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ending June 30,	LASERS	TRSL	Total
2018	(\$353,839)	\$7,290,703	\$6,936,864
2019	\$4,072,220	\$7,290,703	\$11,362,923
2020	\$15,404,655	\$30,450,821	\$45,855,476
2021	\$9,455,634	\$17,117,258	\$26,572,892

Actuarial Assumptions

The total pension liability for LASERS and TRSL in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

	LASERS	TRSL
Valuation Date	June 30, 2016	June 30, 2016
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, net of investment exp.	7.75%, net of investment exp.
Inflation Rate	3% per annum	2.5% per annum
Mortality - Non-disabled	RP-2000, improvement to 2015	RP-2000, scale AA to 2025
Mortality - Disabled	RP-2000	RP-2000, scale AA to 2025
Termination, Disability, Retirement	2009-2013 experience study	2008-2012 experience study
Salary Increases	2009-2013 experience study, ranging from 3.0% to 14.5%	3.5% to 10%
Cost-of-Living Adjustments	Not substantively automatic	Not substantively automatic

For LASERS and TRSL, the long-term expected rate of return for each plan 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 of 3.25%, and 2.5%, for LASERS and TRSL, respectively, and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.72%, and 8.23%, for LASERS and TRSL, respectively. The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following table:

	LASERS (Geometric)		TRSL (Arithmetic)	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Cash	0.00%	(0.24%)		
Domestic equity	25.00%	4.31%	31.00%	4.50%
International equity	32.00%	5.48%	19.00%	5.31%
Domestic fixed income	8.00%	1.63%	14.00%	2.45%
International fixed income	6.00%	2.47%	7.00%	3.28%
Alternative investments	22.00%	7.42%	29.00%	
Private equity				6.80%
Other private assets				4.82%
Global tactical asset allocation	7.00%	2.92%		
Total	<u>100.00%</u>		<u>100.00%</u>	

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:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
LASERS	\$391,007,137	\$318,256,150	\$256,440,621
TRSL	\$1,105,213,048	\$886,080,062	\$699,612,703

Pension Plan Fiduciary Net Position

Detailed information about LASERS and TRSL fiduciary net position is available in the separately issued financial reports at www.lasersonline.org and www.trsl.org, respectively.

Payables to the Pension Plan

At June 30, 2017, the System had \$2,715,602 and \$7,009,073 payable to LASERS and TRSL, respectively, for the June 2017 employee and employer legally required contributions.

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. 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 TRSL and purchase retirement and death benefits through fixed and/or variable annuity contracts provided by designated companies. Benefits payable to participants are not the obligation of the State of Louisiana or TRSL. Such benefits and other rights of 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. Each plan member shall contribute monthly to ORP an amount equal to the contribution rates established for the regular retirement plan of TRSL as disclosed in note 8. Effective July 1, 2014, each higher education board created by Article VII of the Constitution of Louisiana is required to establish, by resolution, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount). In addition, 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 2017 totaled \$49,629,395, which represents pension expense for the system. Employee contributions totaled \$14,982,065. The active member and employer contribution rates were 8% and 5.3%, respectively, with an additional employer contribution of 21.2% 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 that 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, 2017, 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 approximately 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 2017 for the State OGB Plan and the LSU System Plan is \$56,059,136.

The following schedule presents the System's OPEB obligation for fiscal year 2017:

	State OGB Plan	LSU System Health Plan	Total
Beginning net OPEB obligations at July 1, 2016	\$549,282,484	\$12,495,251	\$561,777,735
ARC	55,622,802	436,334	56,059,136
Interest on net OPEB obligation	20,872,735	474,820	21,347,555
ARC adjustment	(20,434,618)	(464,914)	(20,899,532)
OPEB cost	56,060,919	446,240	56,507,159
Contributions made - current-year retiree premiums	(27,924,600)	(672,672)	(28,597,272)
Increase in net OPEB obligation	28,136,319	(226,432)	27,909,887
Ending net OPEB obligation at June 30, 2017	\$577,418,803	\$12,268,819	\$589,687,622

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, 2017, 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, 2015	\$70,191,577	37.9%	\$517,565,992
June 30, 2016	\$73,303,517	39.7%	\$561,777,735
June 30, 2017	\$56,507,159	50.6%	\$589,687,622

Funded Status and Funding Progress - The funded status of the plan, as determined by an actuary as of July 1, 2016, was as follows:

	<u>State OGB Plan</u>	<u>LSU System Health Plan</u>	<u>Total</u>
Actuarial accrued liability (AAL)	\$771,220,790	\$11,297,827	\$782,518,617
Actuarial value of plan assets	NONE	NONE	NONE
UAAL	<u>\$771,220,790</u>	<u>\$11,297,827</u>	<u>\$782,518,617</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%	0%
Covered payroll	\$388,234,784	\$0	\$388,234,784
UAAL as percentage of covered payroll	199%	0%	202%

Actuarial Methods and Assumptions

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

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

The RP 2014 Generational Table using MP 2016 Projection Scale 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, 2016	July 1, 2016
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	3.8%	3.8%
Projected salary increases	3%	3%
Health care inflation (trend) rate	4.5%-7%	4.5%-7%
Health care inflation (trend) rate - ultimate	4.5%	4.5%

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2017, the total rental expense for all operating leases is \$1,210,470. 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>
2018	\$607,134	\$126,639	\$79,226	\$113,803	\$926,802
2019	532,408	105,803	5,228	89,853	733,292
2020	511,921	91,628	5,312	6,490	615,351
2021	511,921	23,819	5,397		541,137
2022	419,708	17,854	5,483		443,045
2023-2027	1,741,625	47,515	28,756		1,817,896
2028-2032	1,156,625	47,515	31,127		1,235,267
2033-2037	1,156,625	47,515	33,694		1,237,834
2038-2042	1,156,625	47,515	36,473		1,240,613
2043-2047	1,156,625	47,515	39,482		1,243,622
Thereafter	46		119,016		119,062
Total	<u>\$8,951,263</u>	<u>\$603,318</u>	<u>\$389,194</u>	<u>\$210,146</u>	<u>\$10,153,921</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, 2017, 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	\$18,203,910	\$23,727,374
Remaining interest to end of lease	\$145,034	\$649,918	\$794,952
Remaining principal to end of lease	\$2,605,000	\$5,329,264	\$7,934,264

The System's component unit foundations have no capital leases at June 30, 2017.

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, 2017:

<u>Fiscal Year Ending June 30,</u>	<u>System</u>
2018	\$2,279,330
2019	1,625,771
2020	1,035,791
2021	1,034,293
2022	928,634
2023-2027	1,825,397
Total minimum lease payments	8,729,216
Less - amount representing executory costs	NONE
Net minimum lease payments	8,729,216
Less - amount representing interest	(794,952)
	<u>\$7,934,264</u>
Present value of net minimum lease payments	<u>\$7,934,264</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, 2017:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Office space	\$49,406,867	(\$18,144,653)	\$31,262,214
Buildings	90,501,130	(33,960,926)	56,540,204
Equipment	227,790	(107,310)	120,480
Land	9,635,864		9,635,864
Other	161,821	(139,891)	21,930
	<u>\$149,933,472</u>	<u>(\$52,352,780)</u>	<u>\$97,580,692</u>
Total	<u>\$149,933,472</u>	<u>(\$52,352,780)</u>	<u>\$97,580,692</u>

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2017:

<u>Fiscal Year Ending June 30,</u>	<u>Office Space</u>	<u>Buildings</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
2018	\$8,089,946	\$253,050	\$139,571	\$4,098,667	\$12,581,234
2019	6,436,067	253,050	139,571	2,584,271	9,412,959
2020	5,277,658	231,963	134,585	2,278,030	7,922,236
2021	4,907,884		99,532	2,278,030	7,285,446
2022	4,903,818		99,532	2,278,030	7,281,380
2023-2027	15,419,797		217,119	4,912,563	20,549,479
2028-2032	2,670,881		61,605	500,000	3,232,486
2033-2037	5		13,938	500,000	513,943
2038-2042	5		7,605	500,000	507,610
2043-2047	1		7,405	500,000	507,406
Thereafter			68,365	37,500	105,865
	<u>\$47,706,062</u>	<u>\$738,063</u>	<u>\$988,828</u>	<u>\$20,467,091</u>	<u>\$69,900,044</u>
Total minimum future rentals	<u>\$47,706,062</u>	<u>\$738,063</u>	<u>\$988,828</u>	<u>\$20,467,091</u>	<u>\$69,900,044</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, buildings, and land for the year ended June 30, 2017, were \$3,266,627, \$1,055,117, and \$103,554, 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, 2017:

University of Louisiana System

	Balance June 30, 2016	Adjustments	Balance June 30, 2016 Restated	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
Bonds and notes payable:							
Bonds payable	\$694,744,391	(\$17,803,931)	\$676,940,460	\$290,761,573	(\$212,400,063)	\$755,301,970	\$24,157,704
Notes payable	7,620,807	(7,550)	7,613,257	9,944,297	(929,408)	16,628,146	1,037,690
Total bonds and notes payable	<u>702,365,198</u>	<u>(17,811,481)</u>	<u>684,553,717</u>	<u>300,705,870</u>	<u>(213,329,471)</u>	<u>771,930,116</u>	<u>25,195,394</u>
Other liabilities:							
Accrued compensated absences payable	46,879,193		46,879,193	9,302,536	(8,768,745)	47,412,984	4,029,786
Capital lease obligations	5,948,940		5,948,940	3,757,700	(1,772,376)	7,934,264	2,039,278
Pension liability	1,082,993,403		1,082,993,403	121,342,809		1,204,336,212	
OPEB payable	561,777,735		561,777,735	56,507,159	(28,597,272)	589,687,622	
Total other liabilities	<u>1,697,599,271</u>	<u>NONE</u>	<u>1,697,599,271</u>	<u>184,723,905</u>	<u>(32,952,094)</u>	<u>1,849,371,082</u>	<u>6,069,064</u>
Total	<u>\$2,399,964,469</u>	<u>(\$17,811,481)</u>	<u>\$2,382,152,988</u>	<u>\$485,429,775</u>	<u>(\$246,281,565)</u>	<u>\$2,621,301,198</u>	<u>\$31,264,458</u>

Component Units

	Balance June 30, 2016	Reductions	Balance June 30, 2017	Amounts Due Within One Year
Bonds and notes payable:				
Bonds payable	\$988,000	(\$988,000)		
Notes payable	417,535	(18,630)	\$398,905	\$20,469
Total	<u>\$1,405,535</u>	<u>(\$1,006,630)</u>	<u>\$398,905</u>	<u>\$20,469</u>

Details of all debt outstanding at June 30, 2017, are as follows:

Bonds Payable - University of Louisiana System

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2016	Issued (Redeemed)	Principal Outstanding June 30, 2017	Maturities	Interest Rates	Interest Outstanding June 30, 2017
Grambling State University								
Future and Advance Project Funding Bonds								
Series 2016-4	November 30, 2016	\$91,171,636		\$91,171,636	\$91,171,636	2039	2.69%	\$28,462,070
Series 2016-5	November 30, 2016	119,092		119,092	119,092	2046	2.69%	64,727
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	\$52,060,000	(52,060,000)				
Series 2006 C	December 28, 2006	5,700,000	4,915,000	(120,000)	4,795,000	2038	5.80%	3,586,815
Series 2007 A	December 5, 2007	39,330,000	38,825,000	(38,825,000)				
Louisiana Tech University								
Revenue Refunding Bonds Series 2012								
Innovative Student Facilities, Inc. (blended component unit):	October 24, 2012	3,975,000	2,510,000	(400,000)	2,110,000	2022	2.05%	131,507
Louisiana Local Government Environmental Facilities and Community Development Authority:								
Student Housing and Related Refunding Bonds - Series 2013								
	June 6, 2013	19,065,000	17,075,000	(635,000)	16,440,000	2034	3.0-5.0	5,854,865
University Athletic and Related Facilities Series 2014								
	April 10, 2014	9,000,000	8,580,000	(220,000)	8,360,000	2039	4.48%	4,959,360
Student Housing and Related Facilities Refunding Bonds - Series 2015								
	December 29, 2015	43,020,000	43,020,000	(1,065,000)	41,955,000	2038	2.0-5.0%	23,882,175
Student Housing Bonds - Series 2016 B								
	June 7, 2016	4,000,000	4,000,000		4,000,000	2047	4.50%	4,344,300
Student Housing Series 2016 A								
	August 16, 2016	36,695,000		36,695,000	36,695,000	2047	2.0-4.0%	26,544,350
McNeese State University								
Field House - Series 2009								
	August 6, 2009	6,000,000	4,655,000	(255,000)	4,400,000	2030	3.93%	1,216,728
Cowboy Facilities, Inc. (blended component unit):								
Calcasieu Parish Trust Authority: University Student Lease Revenue Bonds - Series 2011								
	December 7, 2011	18,655,000	15,705,000	(655,000)	15,050,000	2033	3.0-5.0%	6,530,425
Louisiana Local Government Environmental Facilities and Community Development Authority: University Student Parking Bonds - Series 2011								
	December 28, 2011	13,850,000	12,905,000	(280,000)	12,625,000	2042	3.0-5.0%	9,295,131
Nicholls State University								
NSU Facilities Corporation (blended component unit):								
Louisiana Local Government Environmental Facilities and Community Development Authority:								
Student Revenue Housing - Series 2007 A								
	August 23, 2007	17,680,000	11,685,000	(1,250,000)	10,435,000	2024	4.38%	1,951,612
Student Revenue Housing - Series 2007 B								
	August 23, 2007	32,380,000	32,380,000		32,380,000	2039	4.49%	20,388,609
Student Self-Assessed Fees - Series 2010								
	December 15, 2010	10,860,000	10,070,000	(210,000)	9,860,000	2041	4.13%	7,312,931
Streets and Parking Revenue Bonds - Series 2016 A								
	February 16, 2016	1,975,000	1,875,000	(185,000)	1,690,000	2025	2.30%	179,515
Cafeteria and Student Union Revenue Bonds - Series 2016 B								
	February 16, 2016	4,000,000	3,800,000	(210,000)	3,590,000	2030	3.71%	1,000,773
Northwestern State University								
Wellness, Recreation, and Activity Center Bonds - Series 2011								
	October 25, 2011	4,500,000	3,025,000	(330,000)	2,695,000	2024	3.8%	424,650
Southeastern Louisiana University								
Student Recreation and Activity Center Revenue Bonds - Series 2011								
	December 7, 2011	3,650,000	1,760,000	(420,000)	1,340,000	2020	2.00 - 3.375%	87,437
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	1,715,821
Intermodal Parking - Series 2007 A and B								
	March 14, 2007	8,035,000	4,380,000	(200,000)	4,180,000	2037	4.0 - 4.375%	1,567,012
Student Union - Series 2010								
	November 17, 2010	31,255,000	28,340,000	(655,000)	27,685,000	2041	.80 - 5.00%	18,734,686
Student Housing - Series 2013 Refunding Bonds								
	November 13, 2013	40,910,000	35,475,000	(2,855,000)	32,620,000	2027	4.00 - 5.25%	7,162,743
Housing Project - Series 2017 Revenue Bonds								
	June 6, 2017	35,465,000		35,465,000	35,465,000	2049	5.00%	30,140,238

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2016	Issued (Redeemed)	Principal Outstanding June 30, 2017	Maturities	Interest Rates	Interest Outstanding June 30, 2017
University of Louisiana at Lafayette								
Lease Revenue Refunding Bonds, Series 2006								
Cajundome Convention Center Project								
	April 26, 2007	\$13,370,000	\$9,790,000	(\$9,790,000)				
Ragin' Cajun Facilities, Inc. (blended component unit) - Lafayette Public Trust Financing Authority:								
Student Housing - Series 2009								
	April 14, 2009	12,500,000	11,880,000	(11,880,000)				
Student Union and University Facilities Project - Series 2010								
	November 15, 2010	22,200,000	20,070,000	(470,000)	\$19,600,000	2041	3.0 - 5.0%	\$13,219,047
Housing and Parking Project - Series 2010								
	December 1, 2010	100,050,000	95,630,000	(87,480,000)	8,150,000	2021	3.5 - 5.25%	748,044
Refunding Bonds Series 2012								
	October 30, 2012	14,740,000	14,145,000	(610,000)	13,535,000	2033	3.0 - 5.0%	4,649,423
Louisiana Local Government Environmental Facilities and Community Development Authority - Lewis Street Parking Garage Project, Series 2013								
	November 21, 2013	25,205,000	24,710,000	(505,000)	24,205,000	2044	2.0 - 5.0%	18,393,019
Athletic Facilities Project Series 2013								
	November 26, 2013	23,605,000	23,140,000	(475,000)	22,665,000	2044	2.0 - 5.0%	17,202,384
Ragin' Cajun Facilities, Inc. - Cajundome Project, Series 2015								
	August 18, 2015	18,500,000	18,500,000		18,500,000	2045	3.5 - 4.125%	15,593,080
Cajundome Refunding Lease, Revenue Bonds, Series 2016								
	August 2, 2016	11,005,000		11,005,000	11,005,000	2030	2.47%	1,758,002
Revenue Refunding Bonds - Student Housing and Parking Project - Series 2017								
	April 19, 2017	95,945,000		95,945,000	95,945,000	2042	2.0 - 5.0%	68,431,450
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:								
	June 4, 2004	35,210,000	30,820,000	(1,030,000)	29,790,000	2035	2.92%	8,596,200
	December 8, 2004	33,680,000	28,340,000	(810,000)	27,530,000	2036	2.92%	8,992,355
Intermodal Transit Facility and Parking - Revenue Bonds Series 2006								
	November 7, 2006	1,500,000	185,000	(185,000)				
Revenue and Refunding Bonds - Series 2014 Stadium and Scoreboard								
	June 30, 2014	1,845,000	1,525,000	(170,000)	1,355,000	2024	2.90%	150,789
Revenue Refunding Bonds, Student Center - Series 2014								
	July 9, 2014	1,645,000	1,505,000	(115,000)	1,390,000	2027	3.14%	232,912
Revenue Bonds, Student Center - Series 2016								
	March 8, 2016	6,000,000	6,000,000	(200,000)	5,800,000	2036	2.62%	1,687,935
Revenue Bonds - Series 2017								
	June 14, 2017	4,000,000		4,000,000	4,000,000	2024	2.75%	625,640
University of New Orleans								
Revenue Bonds - Series 2012								
	August 22, 2012	9,700,000	7,920,000	(560,000)	7,360,000	2028	2.99%	1,273,740
Revenue Bonds Series 2015								
	February 27, 2015	2,990,000	2,990,000	(10,000)	2,980,000	2031	3.47%	1,262,213
Revenue Bonds Series 2015 B								
	May 29, 2015	3,580,000	3,299,000	(289,000)	3,010,000	2026	2.90%	452,980
UNO Research and Technology Foundation:* Louisiana Public Facilities Authority								
	August 28, 2014	36,000,000	36,000,000	(825,000)	35,175,000	2035	3.0%-5.0%	18,449,700
Total								
		1,025,265,728	688,489,000	58,166,728	746,655,728			
Premiums/discounts, net (restated)								
			6,910,947	17,152,558	24,063,505			
Deferred loss on refunding (restated)								
			(799,452)	67,695	(731,757)			
Bond issuance costs (restated)								
			(17,660,035)	2,974,529	(14,685,506)			
Total (restated)								
		<u>\$1,025,265,728</u>	<u>\$676,940,460</u>	<u>\$78,361,510</u>	<u>\$755,301,970</u>			<u>\$387,257,393</u>

*Fiscal year ended December 31, 2016

On August 16, 2016, Innovative Student Facilities, Inc. (ISF) (a blended component unit of Louisiana Tech University), issued \$36,695,000 of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds, Series 2016A for the purpose of, acquiring, designing, developing, constructing, renovating, and reconstructing certain student housing facilities and parking on the main campus of Louisiana Tech University; and for paying the costs of issuance of the related bonds, including premiums for a bond insurance policy and a debt service reserve fund surety policy.

On June 6, 2017, University Facilities, Inc. (UFI - a blended component unit of Southeastern Louisiana University) issued Housing Project Series 2017 Revenue Bonds totaling \$35,465,000

to finance the development and construction of a new residential facility, pay the premium for a debt service reserve fund surety policy for the Series 2017 Bonds, pay capitalized interest on the Series 2017 Bonds during the construction period, and pay the cost of issuance of the Series 2017 bonds, including the premium for the bond insurance policy.

On June 14, 2017, University of Louisiana Monroe Facilities, Inc. (a blended component unit of the University of Louisiana at Monroe) issued \$4,000,000 of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds, Series 2017 for the purpose of acquiring, designing, developing, constructing, renovating, and constructing Brown Stadium and adjacent parking, on the University campus, and to pay bond issuance costs.

Component Units

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2016</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2017</u>
University of Louisiana at Lafayette Foundation, Inc.					
Lafayette Economic Development Authority	February 1, 2002	\$8,500,000	\$800,000	(\$800,000)	
University of New Orleans Foundation*					
Film Studio Bond Debt - NIMS Center	August 1, 2001	2,000,000	188,000	(188,000)	
Total		\$10,500,000	\$988,000	(\$988,000)	NONE

*Fiscal year ended December 31, 2016

The annual requirements to amortize all System bonds outstanding at June 30, 2017, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$23,652,474	\$28,944,668	\$52,597,142
2019	24,945,568	27,979,487	52,925,055
2020	26,025,113	27,099,455	53,124,568
2021	26,708,898	26,148,593	52,857,491
2022	27,830,744	25,205,195	53,035,939
2023-2027	152,298,288	109,590,063	261,888,351
2028-2032	164,117,648	78,240,961	242,358,609
2033-2037	168,319,991	44,891,156	213,211,147
2038-2042	103,035,914	16,354,682	119,390,596
2043-2047	29,721,090	2,803,133	32,524,223
Sub-total	746,655,728	387,257,393	1,133,913,121
Unamortized Discount/ Premium/Issuance Costs	8,646,242		8,646,242
Total	\$755,301,970	\$387,257,393	\$1,142,559,363

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2017:

<u>Bond Issue</u>	<u>Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
Grambling State University			
U.S. Department of Education Note	\$528,000	\$528,000	NONE
Revenue Bonds - Debt Service	408,546	408,546	NONE
Revenue Bonds - Maintenance	316,711	316,711	NONE
Series A 2016-4 Bonds - Escrow	4,398,050	4,398,050	NONE
Series A 2016-4 Bonds - Extraordinary Payments	9,338,699	9,338,699	NONE
Series A 2016-5 Bonds - Escrow	5,745	5,745	NONE
Louisiana Tech University			
Innovative Student Facilities, Inc., Revenue Bonds 2013	684,484	684,484	NONE
McNeese State University			
McNeese State University Field House Project, Series 2009	443,449	436,000	\$7,449
Cowboy Facilities, Inc., Student Parking Bonds 2011	880,906	879,256	1,650
Cowboy Facilities, Inc., Student Lease Revenue Bonds 2011	1,358,044	1,356,513	1,531
Nicholls State University			
NSU Facilities, Inc., Revenue Bonds 2007, Series A and B	3,275,951	3,275,945	6
NSU Facilities, Inc., Revenue Bonds, Series 2010	689,762	689,750	12
Southeastern Louisiana University			
University Facilities, Inc., Revenue Bonds 2004	1,506,916	1,500,000	6,916
University Facilities, Inc., Revenue Bonds 2007	386,138	386,138	NONE
University Facilities, Inc., Revenue Bonds 2010A	1,579,681	1,578,569	1,112
University Facilities, Inc., Revenue Bonds 2010B	358,793	358,540	253
University Facilities, Inc., Revenue Bonds 2013	2,049,772	2,045,500	4,272
University of Louisiana at Lafayette			
Ragin' Cajun Facilities, Inc., Student Union/University Facilities Project Series 2010	1,380,510	1,379,681	829
Ragin' Cajun Facilities, Inc., Housing and Parking Project Series 2010	816,659	815,000	1,659
Ragin' Cajun Facilities, Inc., Project Series 2013 Lewis Street Parking Garage	1,592,955	1,590,463	2,492
Ragin' Cajun Facilities, Inc., Project Series 2013 Athletic Facilities Project	1,490,597	1,488,250	2,347
University of Louisiana at Monroe			
ULM Facilities, Inc., Student Housing and Student Center Revenue Bonds 2004 A & A-T	1,121,683	1,120,465	1,218
ULM Facilities, Inc., Student Housing and Student Center Revenue Bonds 2004 C & C-T	1,022,646	1,021,535	1,111
Total	<u>\$35,634,697</u>	<u>\$35,601,840</u>	<u>\$32,857</u>

As permitted by the bond resolution for the Innovative Student Facilities, Inc., Series 2015 Revenue Refunding Bonds, Innovative Student Facilities, Inc., obtained a surety bond issued by an insurance company as a substitute for the reserve fund investment and guarantees payment of an amount not to exceed \$3,308,150 to fund the reserve requirements.

As permitted by the bond resolution for the Innovative Student Facilities, Inc., Series 2016A Revenue Bonds, Innovative Student Facilities, Inc., obtained a surety bond issued by an insurance company as a substitute for the reserve fund investment and guarantees payment of an amount not to exceed \$2,583,015 to fund the reserve requirements.

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 \$1,152,969 to fund the reserve requirements.

As permitted by the bond resolution for the Ragin' Cajun Facilities, Inc. Cajundome Project-Series 2015, Ragin' Cajun Facilities, Inc. obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds.

As permitted by the bond resolution for the Ragin' Cajun Facilities, Inc. Project – Series 2017 Housing Refund Bonds obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds.

Notes Payable - University of Louisiana System

Note	Date of Issue	Original Issue	Outstanding June 30, 2016	Issued (Redeemed)	Outstanding June 30, 2017	Maturities	Interest Rates	Interest Outstanding June 30, 2017
Grambling State University								
U.S. Department of Education	May 1, 1993	\$3,500,000	\$1,185,906	(\$143,243)	\$1,042,663	2024	3.0%	\$112,738
University of Louisiana at Lafayette								
MidSouth Bank 1	September 18, 2015	1,300,000	1,221,822	(108,921)	1,112,901	2026	4.45%	222,277
MidSouth Bank 2	July 22, 2016	10,000,000		10,000,000	10,000,000	2028	4.50%	2,699,109
University of New Orleans								
LEAF - Computer/Phone Equipment	June 24, 2014	842,977	282,677	(282,677)				
UNO Research and Technology Foundation:*								
LPFA	October 19, 1999	1,500,000	1,214,485	(140,612)	1,073,873	2024	0.0%	
Whitney Bank	April 19, 2001	7,350,000	3,715,917	(258,463)	3,457,454	2021	4.5%	550,205
Total		24,492,977	7,620,807	9,066,084	16,686,891			
Note issue costs (restated)			(\$7,550)	(\$51,195)	(\$58,745)			
Total		\$24,492,977	\$7,613,257	\$9,014,889	\$16,628,146			\$3,584,329

*Fiscal year ended December 31, 2016

The System's component unit foundations had the following outstanding note payable at June 30, 2017:

Note	Date of Issue	Original Issue	Outstanding June 30, 2016	Issued (Redeemed)	Outstanding June 30, 2017	Maturities	Interest Rates	Interest Outstanding June 30, 2017
University of Louisiana at Lafayette Foundation, Inc.								
U.S. Department of Education	June 9, 2011	<u>\$500,000</u>	<u>\$417,535</u>	<u>(\$18,630)</u>	<u>\$398,905</u>	2031	4.75%	<u>\$150,367</u>

The annual requirements to amortize all notes outstanding for the System at June 30, 2017, including interest of \$3,584,329, are as follows:

	Principal	Interest	Total
2018	\$1,037,690	\$677,004	\$1,714,694
2019	1,553,931	623,732	2,177,663
2020	1,616,489	561,174	2,177,663
2021	1,682,229	495,434	2,177,663
2022	3,539,434	367,774	3,907,208
2023-2027	6,542,410	848,450	7,390,860
2028-2032	714,708	10,761	725,469
Sub-total	<u>16,686,891</u>	<u>3,584,329</u>	<u>20,271,220</u>
Unamortized Discount/ Premium/Issuance Costs	<u>(58,745)</u>		<u>(58,745)</u>
Total	<u>\$16,628,146</u>	<u>\$3,584,329</u>	<u>\$20,212,475</u>

The annual requirements to amortize notes outstanding for the component unit foundations at June 30, 2017, including interest of \$150,367, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$20,469	\$18,765	\$39,234
2019	21,477	17,757	39,234
2020	22,489	16,745	39,234
2021	23,642	15,592	39,234
2022	24,806	14,428	39,234
2023-2027	143,559	52,610	196,169
2028-2032	142,463	14,470	156,933
Total	<u>\$398,905</u>	<u>\$150,367</u>	<u>\$549,272</u>

13. REFUNDING OF BONDS

Grambling State University

On November 30, 2016, the Board of Supervisors for the University of Louisiana System with and on behalf of Grambling State University issued a Capital Project loan under the HBCU Capital Financing Program authorized by Part D of Title III of the Higher Education Act of 1965, as amended (HEA). These Series A 2016-4 bonds totaling \$91,171,636 were issued to refund the Student Housing and related Facilities, Series 2006A & Series 2007 A&B Revenue Bonds, outstanding in a par amount of \$88,750,000. The refunding resulted in a net present value benefit totaling approximately \$15,348,131 over the 22 year life of the new 2016 Bond. Of the debt considered legally defeased principal of \$37,955,000 is outstanding as of June 30, 2017.

Louisiana Tech University

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

The Series 2015 bond proceeds totaling \$43,020,000, plus the original issue premium, the balance of the Series 2007 debt service reserves, and remaining project funds totaling \$4,815,460, \$3,416,983, and \$12,233, respectively, less the Series 2015 bond issuance costs totaling \$1,019,550, provided \$50,245,127 in net proceeds, which were deposited in an irrevocable trust to pay the Series 2007 principal and interest. The Series 2007 Revenue Bonds

are considered legally defeased, and the liability for the bonds has been removed from the university's long-term debt. Of the debt considered legally defeased, principal of \$45,640,000 is outstanding as of June 30, 2017.

University of Louisiana at Lafayette

On August 2, 2016, the University of Louisiana at Lafayette (ULL) issued Series 2016 Revenue Bonds totaling \$11,005,000 to refund the Cajundome Convention Center Project Series 2006 Lease Revenue Refunding Bonds that were reported as a ULL liability. The principal outstanding on the Series 2006 bonds totaled \$9,790,000 at June 30, 2016. The cost of issuance in connection with the refunding was \$239,284. The bond refunding included the transfer of the Series 2006 bond debt reserves in addition to proceeds of the Series 2016 refunding. The Series 2016 bonds included an additional \$1,470,276 for the Cajundome Improvement Project.

On April 19, 2017, Ragin' Cajun Facilities, Inc. issued Series 2017 Student Housing and Parking Project Revenue Refunding Bonds totaling \$95,945,000, to refund the Student Housing Series 2009 Bonds and a substantial portion of the Housing and Parking Project Series 2010 Bonds. Outstanding principal on the Series 2009 Bonds and the Series 2010 Bonds at the refunding date totaled \$11,630,000 and \$93,795,000, respectively.

The loss on the refunding Series 2009 Bonds totaled \$1,751,542 and includes the write-off of unamortized bond issuance costs and discounts totaling \$573,574.

Of the \$93,795,000 Series 2010 Bond principal outstanding as of April 19, 2017, principal totaling \$85,645,000, with maturities from October 1, 2021, through October 1, 2041, were refunded. The loss on the refunding totaled \$14,505,703 and includes the write-down of the Series 2010 Bonds' unamortized bond issuance costs and discounts. The remaining Series 2010 Parking and Housing Bonds principal outstanding at June 30, 2017, totaled \$8,150,000 with maturities through October 1, 2020.

The Series 2017 Refunding Bonds were issued at a premium of \$8,479,654. Bond issuance costs totaling \$1,563,154 were netted in the bond proceeds totaling \$102,861,500 that were deposited with the bond trustee. An additional \$593,687 of bond issuance costs were paid by the bond trustee. Additional transfers of debt service funds totaling \$7,005,925 from trustee funds on the refunded bonds along with the bond proceeds were transferred to the escrow agent to refund the bonds.

Though the refunding resulted in a net loss of \$16,257,245, the calculation does not take into account that the bonds were issued at a premium of \$8,479,654, which is being amortized over the life of the refunding bonds using the interest method. In addition, the loss on refunding includes the write-down of the refunded bond unamortized bond issuance costs and discounts totaling \$4,560,780. The refunding reduces future debt service payments from the previous debt service schedule, resulting in a present value savings of \$4,377,835.

14. INTEREST RATE SWAP AGREEMENTS

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

The Louisiana Local Government Environmental Facilities and Community Development Authority (Authority) issued its \$32,380,000 Revenue Bonds (Nicholls State University Student Housing/NSU Facilities Corporation Project) Series 2007B Bonds (Bonds), the proceeds of which were loaned to the NSU Facilities Corporation (Corporation). The Bonds were issued as variable-rate securities and bear interest at the variable rate in effect from time to time. On December 16, 2010, the Bonds were converted to a different variable-rate mode, from auction rate to a variable-rate demand bond secured by the existing Assured Guaranty bond insurance with liquidity provided by a Regions Bank standby bond purchase agreement confirmed by a letter of credit issued by Federal Home Loan Bank - Atlanta. The necessity of this conversion was due to the disruption in the auction rate market place.

Objective of the interest rate swap: In order to hedge interest rate exposure on the Bonds at the request of the Corporation, the Authority entered into an interest rate swap (Swap) with Morgan Keegan Financial Products, Inc. (Provider). The Swap was originally effective as of August 15, 2007, and was subsequently amended on June 20, 2008, as more fully described in the Master Agreement, Schedule to the Master Agreement, Replacement Transaction Agreement, and Confirmation dated August 15, 2007, and the Amended Confirmation dated June 20, 2008 (Swap Documents).

Corporation Liable for Swap Payments: 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, 2017, was \$10,456,000 in favor of the Provider and is reported in the financial statements. 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, 2017, 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.

Louisiana Tech University

Refunding Revenue Bonds Series 2012

Revenue pledged for this bond is the University's utility charge revenue. The original principal on the bonds totaled \$3,975,000, and the debt secured by the pledge is \$2,510,000. The bonds were issued for the installation of a turbine generation system. The approximate remaining amount of the pledge is \$2,241,507 at June 30, 2017, representing principal and interest totaling \$2,110,000 and \$131,507, respectively. The term of commitment is October 24, 2012, through April 1, 2022. For the year ended June 30, 2017, the requirements for principal and interest were \$400,000 and \$51,455, respectively. The amount of pledged revenues recognized for fiscal year 2017 totaled \$994,336.

McNeese State University**McNeese State University Field House Revenue Bonds Series 2009**

The pledged revenues for this bond 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 original principal on the bonds totaled \$6,000,000, and the debt secured by the pledge is \$4,655,000. The approximate remaining amount of the pledge is \$5,616,728 at June 30, 2017, representing principal and interest totaling \$4,400,000 and \$1,216,728, 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 ended June 30, 2017, the requirements for principal and interest were \$255,000 and \$177,931, respectively. Pledged revenues recognized for the period totaled \$1,529,742.

Northwestern State University**Wellness, Recreation, and Activity Center Bonds, Series 2011**

Specific pledged revenue for this bond is student self-assessed fees approved for the project by the students of the University in the amount of \$75 per semester. The original principal on the bonds totaled \$4,500,000, and the debt secured by the pledged revenue is \$3,025,000. The approximate remaining amount of the pledge is \$3,119,650 at June 30, 2017, representing principal and interest totaling \$2,695,000 and \$424,650, respectively. 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, 2017, the requirements for principal and interest were \$330,000 and \$114,950, respectively. The amount of pledged revenues recognized for fiscal year 2017 totaled \$1,475,604

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 original principal on the bonds totaled \$3,650,000, and the debt secured by the pledge is \$1,760,000. The approximate remaining amount of the pledge is \$1,427,437 at June 30, 2017, representing principal and interest totaling \$1,340,000 and \$87,437, respectively. The revenue was pledged for the purpose of this bond through June 2020.

The debt secured by the revenue pledged was for the purpose of providing funds to refund the \$4,100,000 outstanding Board of Trustees for State Colleges and Universities, State of Louisiana Revenue Bonds (Southeastern Louisiana University Student Recreation and Activity Center Project), Series 1998; to fund a debt service reserve fund, if necessary; and to pay the costs of issuance of the bonds. Pledged revenue related to this bond includes all revenue derived by the university from the levy and collection of the pledged student fee; any other student fees levied and collected to pay for the Recreation Center pledged to the payment of bonds from time to time; and membership fees imposed by the university from time to time on Recreation Center users other than Southeastern Louisiana University students. The pledged student fee is \$25 per student per regular semester and \$12.50 per student per summer semester.

For the year ended June 30, 2017, principal and interest requirements were \$420,000 and \$55,081, respectively. Pledged revenues recognized for the period totaled \$1,245,554.

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 principal on the bonds totaled \$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 \$7,920,000. The approximate remaining amount of the pledge is \$8,633,740 at June 30, 2017, representing principal and interest totaling \$7,360,000 and \$1,273,740, respectively. The term of commitment is August 2012 through October 2027. For the year ended June 30, 2017, the requirements for principal and interest were \$560,000 and \$228,436, respectively. The amount of pledged revenues recognized during the period totaled \$1,263,521. 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 principal on the bonds totaled \$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 approximate remaining amount of the pledge is \$4,242,213 at June 30, 2017, representing principal and interest totaling \$2,980,000 and \$1,262,213, respectively. The term of commitment is February 2015 through October 2030. For the year ended June 30, 2017, the requirements for principal and interest were \$10,000 and \$103,579, respectively. The amount of pledged revenues recognized for the fiscal year 2017 totaled \$1,263,521. 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 principal on 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 \$3,299,000. The approximate remaining amount of the pledge is \$3,462,980 at June 30, 2017, representing principal and interest totaling \$3,010,000 and \$452,980, respectively. The term of commitment is May 2015 through May 2026. For the year ended June 30, 2017, the requirements for principal and interest payments were \$289,000 and \$95,671, respectively. The amount of pledged revenues recognized for the fiscal year 2017 totaled \$8,530,412.

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, 2016	(\$51,695,005)
McNeese State University	
Capital Assets	202,361
Nicholls State University	
Expenses	(14,710,000)
University of Louisiana at Lafayette	
Revenues	558,890
University of Louisiana at Monroe	
Capital Assets	139,153
Athletic Revenue	(62,715)
Expenses	(6,192)
Board of Supervisors	
Expenses	<u>681,527</u>
Net position at June 30, 2016, restated	<u><u>(\$64,891,981)</u></u>

The restatements decreased the System's beginning net position by \$13,196,976. Had the error corrections affecting fiscal year 2016 been included in the June 30, 2016, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of \$25,015,664 would have totaled \$11,818,688.

17. RESTRICTED NET POSITION

The System has the following restricted expendable net position at June 30, 2017:

<u>Account Title</u>	<u>Amount</u>
Student fees	\$64,696,592
Grants and contracts	13,151,291
Gifts - restricted by donors	1,181,174
Endowment	75,232,986
Auxiliary enterprises	23,049,764
Student loan fund	33,441,311
Capital construction/plant projects	7,968,788
Debt service/retirement of indebtedness	6,954,279
WRAC Fund	1,062,103
Scholarships	5,189,651
Maintenance reserves	10,843,824
Other	<u>4,692,068</u>
Total expendable	<u><u>\$247,463,831</u></u>

The System's restricted nonexpendable net position totaling \$195,259,547 as of June 30, 2017, was comprised entirely of endowment funds.

Of the total net position reported on Statement A for the year ended June 30, 2017, \$35,727,313 was restricted by enabling legislation.

Statement of Net Position

	Black and Gold Facilities, Inc.	Innovative Student Facilities, Inc.	Cowboy Facilities, Inc.	NSU Facilities Corporation
Assets:				
Current assets	\$14,003	\$9,076	\$1,114,275	\$142,099
Capital assets	3,188,162	97,806,194	20,250,959	53,454,150
Other assets	725,257	31,283,974	5,028,186	6,624,414
Total assets	\$3,927,422	\$129,099,244	\$26,393,420	\$60,220,663
Liabilities:				
Current liabilities	\$194,478	\$3,851,524	\$1,272,400	\$2,146,078
Long-term liabilities	4,531,382	110,006,546	25,292,095	70,879,198
Total liabilities	\$4,725,860	\$113,858,070	\$26,564,495	\$73,025,276
Net Position:				
Net investment in capital assets	(\$742,963)	\$9,479,621	(\$3,611,704)	\$1,672,338
Restricted net position - expendable			3,440,629	2,658,719
Unrestricted net position	(55,475)	5,761,553		(17,135,670)
Total net position	(\$798,438)	\$15,241,174	(\$171,075)	(\$12,804,613)
	University Facilities, Inc.	Ragin' Cajun Facilities, Inc.	University of Louisiana at Monroe Facilities, Inc.	University of New Orleans Research and Technology Foundation, Inc.*
Assets:				
Current assets	\$38,214,864	\$2,332	\$12,230,003	\$12,455,597
Capital assets	96,106,555	240,862,448	55,046,724	51,996,522
Other assets	24,562,093	16,226,149	10,386,142	35,577,174
Total assets	\$158,883,512	\$257,090,929	\$77,662,869	\$100,029,293
Liabilities:				
Current liabilities	\$6,794,362	\$12,347,198	\$5,268,849	\$6,221,937
Long-term liabilities	114,806,057	222,484,077	65,243,947	43,087,461
Total liabilities	\$121,600,419	\$234,831,275	\$70,512,796	\$49,309,398
Net Position:				
Net investment in capital assets	\$19,886,894	\$15,227,968	(\$13,057,223)	\$47,465,195
Restricted net position - expendable	12,314,730	6,968,374		
Unrestricted net position	5,081,469	63,312	20,207,296	3,254,700
Total net position	\$37,283,093	\$22,259,654	\$7,150,073	\$50,719,895

*Fiscal year ended December 31, 2016

Statement of Revenues, Expenses, and Changes in Net Position

	Black and Gold Facilities, Inc.	Innovative Student Facilities, Inc.	Cowboy Facilities, Inc.	NSU Facilities Corporation (restated)
Operating revenues	\$6,212,783	\$5,754,023	\$4,375,308	\$5,907,752
Operating expenses	(1,610,672)		(1,740,273)	(638,309)
Depreciation expense	(1,467,028)	(2,543,261)	(980,262)	(3,570,443)
Net operating income	3,135,083	3,210,762	1,654,773	1,699,000
Nonoperating revenues (expenses):				
Investment income	1,910	106,323	22,588	146,562
Interest expense	(2,153,906)	(3,931,494)	(1,345,343)	(2,706,109)
Other (net)	9,872,738	(1,144,095)	(59,936)	4,254,000
Capital contributions/additions to permanent and term endowments				
Changes in net position	10,855,825	(1,758,504)	272,082	3,393,453
Net position beginning of the year	(11,654,263)	16,999,678	(443,157)	(16,198,066)
Net position end of the year	(\$798,438)	\$15,241,174	(\$171,075)	(\$12,804,613)
	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	\$19,857,287	\$15,785,989	\$10,566,151	\$11,607,912
Operating expenses	(6,241,438)	(160,250)	(3,172,099)	(6,984,568)
Depreciation expense	(3,149,001)	(8,260,051)	(1,984,473)	(2,600,640)
Net operating income	10,466,848	7,365,688	5,409,579	2,022,704
Nonoperating revenues (expenses):				
Investment income	91,907	58,243	18,625	111,118
Interest expense	(2,853,406)	(9,568,995)	(1,780,750)	(1,456,682)
Other (net)		(26,263,167)	(5,057,130)	(1,873,623)
Capital contributions/additions to permanent and term endowments		9,054,393	264,073	
Changes in net position	7,705,349	(19,353,838)	(1,145,603)	(1,196,483)
Net position beginning of the year	29,577,744	41,613,492	8,295,676	51,916,378
Net position end of the year	\$37,283,093	\$22,259,654	\$7,150,073	\$50,719,895

*Fiscal year ended December 31, 2016

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	(\$126,372)	\$5,983,633	\$2,485,760	\$4,740,614
Noncapital financing				
Capital and related financing	(2,255,000)	14,699,310	(2,331,942)	(5,131,658)
Investing activities	1,321,644	106,323	22,588	391,044
Net increase (decrease) in cash	(1,059,728)	20,789,266	176,406	NONE
Cash, beginning of the year	1,073,731	10,349,488	5,816,780	
Cash, end of the year	\$14,003	\$31,138,754	\$5,993,186	NONE
			University of Louisiana at Monroe Facilities, Inc.	University of New Orleans Research and Technology Foundation, Inc.*
Net cash flows provided (used) by:				
Operating activities	\$11,463,900	\$15,079,845	\$7,603,470	\$1,598,137
Noncapital financing			(774,817)	(361,966)
Capital and related financing	31,214,906	(30,208,082)	(6,021,315)	(2,156,683)
Investing activities	(42,693,447)		18,625	(1,896,677)
Net increase (decrease) in cash	(14,641)	(15,128,237)	825,963	(2,817,189)
Cash, beginning of the year	201,157	31,354,386	21,596,318	4,579,376
Cash, end of the year	\$186,516	\$16,226,149	\$22,422,281	\$1,762,187

*Fiscal year ended December 31, 2016

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$256,901,139	\$114,415,932	\$88,574	\$37,752,119	\$983,362		\$410,141,126
Research	49,443,692	19,104,457	1,685,536	19,884,620	216,502		90,334,807
Public service	18,471,744	6,864,049	12,744	8,073,285	983		33,422,805
Academic support	45,919,981	22,623,435	225,551	19,535,754	78,758		88,383,479
Student services	35,196,435	15,109,829	324,794	22,760,086	50,783		73,441,927
Institutional support	65,039,003	38,781,659	693,829	31,951,387	6,543		136,472,421
Operations and maintenance of plant	22,988,119	14,806,457	25,922,332	41,206,271	9,082		104,932,261
Depreciation						\$81,421,430	81,421,430
Scholarships and fellowships	251,334	714,258		21,700	80,134,790		81,122,082
Auxiliary enterprises	52,074,963	22,776,774	10,752,780	105,840,984	6,273,423		197,718,924
Other	1,523,782	736,007	676,749	2,900,855	14,197		5,851,590
Total operating expenses	<u>\$547,810,192</u>	<u>\$255,932,857</u>	<u>\$40,382,889</u>	<u>\$289,927,061</u>	<u>\$87,768,423</u>	<u>\$81,421,430</u>	<u>\$1,303,242,852</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, 2017, was \$2,969,375.

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, 2017, net appreciation of donor-restricted endowments is equal to \$66,078,611, 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
- Demons Unlimited Foundation
- Lions Athletic Association
- Southeastern University 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, 2017, the foundations held in custody \$234,727,688 of Endowed Chair and Endowed Professorship Program funds. Amounts invested by private foundations for the System are included as investments held by private foundations in the disclosures in note 3.

24. DEFERRED COMPENSATION PLAN

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

25. COOPERATIVE ENDEAVOR AGREEMENTS

University of Louisiana at Lafayette

University of Louisiana at Lafayette/CGI Federal, Inc.

General

In August 2014, the Ragin' Cajun Facilities Corporation (RCFI) entered into a cooperative endeavor agreement (CEA) with: the State of Louisiana (State); the Louisiana Department of Economic Development (LED); the University of Louisiana at Lafayette (ULL); the Lafayette Economic Development Authority (Authority), and CGI Federal, Inc. (CGI), to induce CGI 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, a ULL grant, and other considerations.

Obligations

Pursuant to the CEA, RCFI 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 LED. As part of the agreement, RCFI will own and operate the facility throughout the term of the agreement and lease the facility to CGI 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 RCFI at \$1 per year during the construction phase and for the term of the facility lease agreement. ULL reserves the right to take ownership of the facility at any time, subject to the lease, and RCFI shall convey ownership of the facility to ULL within 60 days of a written request from ULL.

ULL funded the construction costs incurred by RCFI as a funding mechanism until the costs were reimbursed by the State. At June 30, 2017, project payments totaling \$13,524,903 have been reimbursed by the state for the project, and the project had no outstanding payables for the facility.

University of Louisiana at Lafayette/Louisiana Department of Economic Development*General*

In July 2014, ULL entered into a CEA with the State and the LED for 10 years providing a grant of \$4.5 million to ULL for expansion of the School of Computing and Informatics (SCI) and other informatics related initiatives, including the development of the pipeline between ULL and the South Louisiana Community College, as well as potential recruitment efforts with high schools in the region, to substantially increase the number of annual graduates in computer science and related fields, in support of CGI's workforce needs, growth of the software development industry and job creation in the State.

Obligations

Using the LED grant funds together with its own resources, ULL will engage in activities reasonably aimed at achieving the project goals and objectives, including increasing enrollment and degree completion goals. Project costs will include additional faculty, faculty incentives and supplements, a facilitator/development position, lab facilities, equipment, scholarships, and other costs in furtherance of the project. Through June 30, 2017, project payments totaling \$66,998 were paid.

As of June 30, 2017, significant LED funds have not been expended because a majority of funds are connected to new faculty lines, and ULL was awaiting approval to fill these positions. Greater expenditures are anticipated beginning Fall 2017 when ULL expects to: award scholarships to qualified new students recruited to the programs; and fill the tenure-track and instructor positions.

University of Louisiana at Lafayette/Project Chimps, Inc.*General*

In December 2015 ULL entered into a CEA with Project Chimps, Inc. (Project Chimps), a nonprofit corporation established under the laws of the State of Oregon that is dedicated to and created for the purpose of providing permanent non-research sanctuary for the lifelong care of chimpanzees. ULL's New Iberia Research Center (NIRC) is the nation's largest non-human primate research center, involved in conducting biomedical research aimed at promoting human health and animal welfare, and houses the nation's largest colony of chimpanzees within a biomedical research setting. ULL currently bears the cost of providing lifetime care and maintenance for retired chimpanzees. Project Chimps desired to undertake the cost to provide sanctuary for the retired chimpanzees. ULL will transfer ownership, rights, and obligations of the chimpanzees to Project Chimps, thus providing relief of ULL's costs associated with the chimpanzees. The term of the agreement is five years or until removal of all the chimpanzees from the NIRC.

Obligations

To assist Project Chimps in providing lifetime care, ULL agrees to make one-time payments to Project Chimps upon the transfer of each chimpanzee to the sanctuary. ULL is obligated to pay Project Chimps a maximum \$4.3 million. Using unrestricted endowment payments for the project, ULL has made payments totaling \$2,023,980 through June 30, 2017.

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

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

Obligations

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

On May 16, 1997, the University entered into a nontransferable ground lease agreement with the Foundation. The terms of the lease agreement provide that the University will lease a tract of approximately 4.57 acres of land that is located in Jefferson Parish to the Foundation that will in turn develop, construct, maintain, operate, manage, and lease improvements on such land for the purpose set forth in Cooperative Endeavor Agreement. The lease agreement is for a term of 50 years.

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

At the expiration of the lease, the facilities and all furniture, fixtures, equipment, and furnishings permanently affixed to the facilities shall become the property of the University, which is recorded in property and equipment in the Statement of Financial Position, with a remaining net book value of \$6,731,290 as of December 31, 2016.

**National Center for Advanced Manufacturing
Michoud Assembly Facility Research Administration Building (MAF)**

General

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

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

At December 31, 2011, the Agreement for this project was on hold until further notice. The Foundation has a balance of \$705,896 in construction-in-progress as of December 31, 2016, related to the Agreement. Management will reassess this project annually to determine if such costs are impaired. As of December 31, 2016, no impairment has been recognized by the Foundation.

26. SUBSEQUENT EVENTS

Nicholls State University (Nicholls)

On December 8, 2017, the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDCA) issued \$10,605,000 of its Series 2017 Revenue Refunding Bonds (Series 2017 Bonds), bearing interest at 2.86%, to refund the Series 2007 A Bonds, with principal outstanding at June 30, 2017, totaling \$10,435,000. Simultaneously with the issuance of the Series 2017 Bonds, LCDCA restructured the Series 2007 B Bonds, with principal outstanding at June 30, 2017, totaling \$32,380,000.

The remarketing of the Series 2007 B Bonds required an amendment to the existing interest rate swap (note 14). The amendment to the swap increases the variable rate paid by the swap counterparty to the University by 1.50% and a corresponding increase of the fixed rate paid by the Nicholls to the swap counterparty of 1.50%. The net effect of the amendment to the swap resulted in a swap with the same economic substance that existed prior to the amendment.

On September 14, 2017, Dr. Bruce Murphy announced his resignation as President of Nicholls State University, effective December 31, 2017.

University of Louisiana at Lafayette (ULL)

Effective August 1, 2017, Act 12 of the 2017 Louisiana Legislature Regular Session dissolved the Louisiana Immersive Technologies Enterprise (LITE) Commission. Ownership of all

property of the commission, movable or immovable, was transferred to ULL. In addition, the Board of Supervisors for the University of Louisiana System, acting through the President of ULL has the authority to grant leases of any portion of the LITE building to public or private lessees without the necessity of advertisement or bid.

During the 2017 fiscal year, Ragin' Cajun Facilities Corporation (RCFI) borrowed \$10,000,000 from a local financial institution to fund a portion of the construction of a new baseball stadium. ULL is presently negotiating new terms with the lender for a reduction in the interest rate and an increase in the term from 10 years to 16 years.

RCFI is incurring costs totaling \$808,891 paid by ULL for the initial design and developing a new housing complex for ULL. The project is expected to be funded through the issuance of bonds; whereby, ULL will be repaid for costs owed in the initial design phase. RCFI anticipates issuing bonds totaling approximately \$55 million for this project in early 2018.

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, 2017**

<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 payroll</u>	<u>System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Louisiana State Employees' Retirement System (LASERS)					
2015	4.31059%	\$269,536,389	\$83,429,752	323%	65.0%
2016	4.12766%	\$280,742,848	\$80,240,614	350%	62.7%
2017	4.05290%	\$318,256,150	\$77,646,503	410%	57.7%
Teachers' Retirement System of Louisiana (TRSL)					
2015	7.24707%	\$759,154,018	\$356,854,834	213%	63.7%
2016	7.46121%	\$802,250,555	\$360,842,983	222%	62.5%
2017	7.54949%	\$886,080,065	\$369,791,054	240%	59.9%

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

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

Notes to Required Supplementary Information

Changes of Benefit Terms include:

LASERS:

2015

- A. A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session
- 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

2017

- C. A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session
- D. Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015, by Act 648 of 2014.

TRSL:

2015

- A. A 1.5% COLA, effective July 1, 2014, provided by Act 204 of the 2014 Louisiana Regular Legislative Session

2016

- B. Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015, may retire with a 2.5% benefit factor after attaining age 62 with at least five years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.

2017

- C. A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Schedule of System Contributions
Fiscal Year Ended June 30, 2017**

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	System's covered payroll	Contributions as a percentage of covered payroll
Louisiana State Employees' Retirement System (LASERS)					
2015	\$29,253,345	\$29,253,345	NONE	\$80,240,614	36.5%
2016	\$28,723,881	\$28,723,881	NONE	\$77,646,503	37.0%
2017	\$27,183,531	\$27,183,531	NONE	\$76,144,048	35.7%
Teachers' Retirement System of Louisiana (TRSL)					
2015	\$88,336,007	\$88,336,007	NONE	\$360,842,983	24.5%
2016	\$87,173,106	\$87,173,106	NONE	\$369,791,054	23.6%
2017	\$87,011,542	\$87,011,542	NONE	\$379,818,842	22.9%

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

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

Notes to Required Supplementary Information

Changes of Benefit Terms include:

LASERS:

2015

- A. A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session
- 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

2017

- C. A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session
- D. Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015, by Act 648 of 2014.

TRSL:

2015

- A. A 1.5% COLA, effective July 1, 2014, provided by Act 204 of the 2014 Louisiana Regular Legislative Session

2016

- B. Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015, may retire with a 2.5% benefit factor after attaining age 62 with at least five years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.

2017

- C. A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Schedule of Funding Progress for the
Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 2017**

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, 2014	NONE	\$932,643,066	\$932,643,066	0.0%	\$323,840,500	288%
July 1, 2015	NONE	\$976,507,277	\$976,507,277	0.0%	\$402,973,774	242%
July 1, 2016	NONE	\$782,518,617	\$782,518,617	0.0%	\$388,234,784	202%

Notes to Required Supplementary Information

Significant factors that impacted trends in the OPEB liability for fiscal year 2017 include the following changes in benefit terms and assumptions:

- (1) A decrease in the discount rate from 4.0% to 3.8%
- (2) The addition of a post-Medicare excise tax
- (3) Improved mortality tables (RP 2014 with MP 2016 Projection Scale) which reflect longer lives
- (4) Incorporating disabled mortality rates to current disabled retirees
- (5) Updates to the plan participation assumptions
- (6) A decrease in the spousal coverage assumption from 40% to 35%
- (7) A decrease in the select basis health care cost trend rates

SUPPLEMENTAL INFORMATION SCHEDULES

Combining Schedule of Net Position, by University, for the year ended June 30, 2017

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, 2017

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

Combining Schedule of Cash Flows, by University, for the year ended June 30, 2017

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, 2016

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, 2016

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

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

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Net Position, by University
June 30, 2017**

	<u>GRAMBLING STATE UNIVERSITY</u>	<u>LOUISIANA TECH UNIVERSITY</u>	<u>MCNEESE STATE UNIVERSITY</u>	<u>NICHOLLS STATE UNIVERSITY</u>	<u>NORTHWESTERN STATE UNIVERSITY</u>	<u>SOUTHEASTERN LOUISIANA UNIVERSITY</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$5,878,085	\$31,509,083	\$39,587,796	\$16,064,124	\$30,286,450	\$20,009,564
Investments						36,550,269
Receivables (net)	5,120,941	4,399,141	5,480,901	4,089,783	6,015,428	6,541,884
Due from State Treasury	263,824	499,342	587,253	282,736	329,840	513,447
Due from Federal government	854,271	1,924,246	668,217	303,496	83,492	3,030,450
Inventories	198,446	468,409	1,630,275	108,008	277,374	739,680
Prepaid expenses and advances	277,319	2,998,230	509,605	883,567	359,065	387,954
Notes receivable (net)		762,564	349,051			270,008
Other current assets	419,719	135,770			167,477	
Total current assets	<u>13,012,605</u>	<u>42,696,785</u>	<u>48,813,098</u>	<u>21,731,714</u>	<u>37,519,126</u>	<u>68,043,256</u>
Noncurrent assets:						
Restricted:						
Cash and cash equivalents	18,596,863	41,050,536	8,471,384	5,257,556	1,529,000	29,300,316
Investments	7,561,667	38,818,084	18,715,746	23,408,814	14,409,328	28,712,822
Receivables (net)		57,633	700,000		117,843	
Notes receivable (net)	341	4,759,582	1,159,604		1,236,216	1,883,501
Other					27,671	
Investments						
Capital assets (net)	125,062,125	220,295,361	132,340,143	112,379,654	61,018,318	194,662,366
Other noncurrent assets		145,220				
Total noncurrent assets	<u>151,220,996</u>	<u>305,126,416</u>	<u>161,386,877</u>	<u>141,046,024</u>	<u>78,338,376</u>	<u>254,559,005</u>
Total assets	<u>164,233,601</u>	<u>347,823,201</u>	<u>210,199,975</u>	<u>162,777,738</u>	<u>115,857,502</u>	<u>322,602,261</u>
Deferred outflows of Resources						
Deferred amounts on debt refunding	3,249,930					
Deferred outflows related to pensions	12,657,986	29,738,101	15,962,588	17,379,021	27,049,849	31,538,870
Total deferred outflows of resources	<u>15,907,916</u>	<u>29,738,101</u>	<u>15,962,588</u>	<u>17,379,021</u>	<u>27,049,849</u>	<u>31,538,870</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accruals	5,461,557	4,549,526	4,603,774	3,628,693	5,419,722	7,019,017
Unearned revenues	363,660	8,758,099	3,710,424	2,141,428	4,322,268	3,660,324
Compensated absences payable	310,434	457,900	205,615	307,490	291,538	430,053
Capital lease obligations		330,074	11,869			500,000
Amounts held in custody for others	2,307,358	1,098,817	422,959	387,375	33,083	1,205,596
Notes payable	147,573					
Contracts payable						
Bonds payable	3,394,474	2,799,604	1,230,000	1,935,000	345,000	4,295,000
Other current liabilities	747,303	1,337,150				4,568
Total current liabilities	<u>12,732,359</u>	<u>19,331,170</u>	<u>10,184,641</u>	<u>8,399,986</u>	<u>10,411,611</u>	<u>17,114,558</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	\$45,112,575	\$41,170,750	\$22,951,836	\$587,497	\$253,157,760
Investments			6,562,651		43,112,920
Receivables (net)	27,873,641	6,457,197	19,623,967		85,602,883
Due from State Treasury	673,279	476,513	646,143		4,272,377
Due from Federal government	271,900	839,482	1,217,686		9,193,240
Inventories	1,764,211	128,576	213,340		5,528,319
Prepaid expenses and advances	3,981,372	906,513	826,008		11,129,633
Notes receivable (net)	1,010,802	619,446	549,446		3,561,317
Other current assets	582		85,729		809,277
Total current assets	<u>80,688,362</u>	<u>50,598,477</u>	<u>52,676,806</u>	<u>587,497</u>	<u>416,367,726</u>
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	30,467,598	11,064,848	4,036,358		149,774,459
Investments	94,176,430	29,443,104	21,507,842		276,753,837
Receivables (net)		741,596			1,617,072
Notes receivable (net)	6,956,047	3,510,195	3,479,933		22,985,419
Other					27,671
Investments			36,341		36,341
Capital assets (net)	427,958,826	144,831,009	225,778,594	12,976	1,644,339,372
Other noncurrent assets			548,292		693,512
Total noncurrent assets	<u>559,558,901</u>	<u>189,590,752</u>	<u>255,387,360</u>	<u>12,976</u>	<u>2,096,227,683</u>
Total assets	<u>640,247,263</u>	<u>240,189,229</u>	<u>308,064,166</u>	<u>600,473</u>	<u>2,512,595,409</u>
Deferred outflows of Resources					
Deferred amount of debt refunding					3,249,930
Deferred outflows related to pensions	74,227,139	25,149,267	23,379,581	753,487	257,835,889
Total deferred outflows of resources	<u>74,227,139</u>	<u>25,149,267</u>	<u>23,379,581</u>	<u>753,487</u>	<u>261,085,819</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accruals	17,983,857	5,420,761	6,835,426	136,526	61,058,859
Unearned revenues	14,805,530	4,665,420	5,492,852		47,920,005
Compensated absences payable	816,175	439,197	730,995	40,389	4,029,786
Capital lease obligations		106,059	1,091,276		2,039,278
Amounts held in custody for others	1,761,280	217,344	1,080,178	1,666	8,515,656
Notes payable	447,121		442,996		1,037,690
Contracts payable		1,107,399			1,107,399
Bonds payable	5,360,000	2,787,898	2,010,728		24,157,704
Other current liabilities	2,300,707	1,692,704	1,692,603		7,775,035
Total current liabilities	<u>43,474,670</u>	<u>16,436,782</u>	<u>19,377,054</u>	<u>178,581</u>	<u>157,641,412</u>

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Position, by University
June 30, 2017

	<u>GRAMBLING STATE UNIVERSITY</u>	<u>LOUISIANA TECH UNIVERSITY</u>	<u>MCNEESE STATE UNIVERSITY</u>	<u>NICHOLLS STATE UNIVERSITY</u>	<u>NORTHWESTERN STATE UNIVERSITY</u>	<u>SOUTHEASTERN LOUISIANA UNIVERSITY</u>
LIABILITIES (CONT.)						
Noncurrent liabilities:						
Unearned revenues						
Compensated absences payable	\$3,564,532	\$3,944,845	\$3,154,305	\$3,034,594	\$3,839,107	\$6,412,151
Capital lease obligations		2,896,535				2,105,000
Notes payable	895,090					
Net Pension liability	68,067,567	143,584,334	85,063,146	81,540,959	107,440,095	163,072,827
Other postemployment benefits payable	35,815,905	62,322,912	48,159,026	45,579,772	53,482,109	93,508,753
Bonds payable	92,552,636	111,711,546	29,427,095	54,055,422	2,350,000	115,711,057
Other noncurrent liabilities				10,614,188	101,216	
Total noncurrent liabilities	<u>200,895,730</u>	<u>324,460,172</u>	<u>165,803,572</u>	<u>194,824,935</u>	<u>167,212,527</u>	<u>380,809,788</u>
Total liabilities	<u>213,628,089</u>	<u>343,791,342</u>	<u>175,988,213</u>	<u>203,224,921</u>	<u>177,624,138</u>	<u>397,924,346</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	6,137,536	3,837,443	3,445,384	3,734,092	2,705,538	6,435,011
Total deferred inflows of resources	<u>6,137,536</u>	<u>3,837,443</u>	<u>3,445,384</u>	<u>3,734,092</u>	<u>2,705,538</u>	<u>6,435,011</u>
NET POSITION						
Net investment in capital assets	47,647,980	126,632,178	104,509,060	58,633,263	58,323,318	114,497,705
Restricted for:						
Nonexpendable	7,246,829	32,955,256	13,186,000	18,466,390	10,701,336	12,654,178
Expendable	15,306,453	22,349,588	26,747,895	10,173,910	11,372,090	34,785,266
Unrestricted	<u>(109,825,370)</u>	<u>(152,004,505)</u>	<u>(97,713,989)</u>	<u>(114,075,817)</u>	<u>(117,819,069)</u>	<u>(212,155,375)</u>
Total net position	<u>(\$39,624,108)</u>	<u>\$29,932,517</u>	<u>\$46,728,966</u>	<u>(\$26,802,254)</u>	<u>(\$37,422,325)</u>	<u>(\$50,218,226)</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			\$3,322,712		\$3,322,712
Compensated absences payable	\$10,714,812	\$3,717,189	4,709,957	\$291,706	43,383,198
Capital lease obligations		322,394	571,057		5,894,986
Notes payable	10,607,035		4,088,331		15,590,456
Net Pension liability	298,488,071	121,382,815	132,884,570	2,811,828	1,204,336,212
Other postemployment benefits payable	115,886,194	60,380,458	73,302,225	1,250,268	589,687,622
Bonds payable	211,877,043	65,316,049	48,143,418		731,144,266
Other noncurrent liabilities	36,882		15,752		10,768,038
Total noncurrent liabilities	<u>647,610,037</u>	<u>251,118,905</u>	<u>267,038,022</u>	<u>4,353,802</u>	<u>2,604,127,490</u>
Total liabilities	<u>691,084,707</u>	<u>267,555,687</u>	<u>286,415,076</u>	<u>4,532,383</u>	<u>2,761,768,902</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	<u>8,438,565</u>	<u>3,325,748</u>	<u>13,668,836</u>	<u>1,184,508</u>	<u>52,912,661</u>
Total deferred inflows of resources	<u>8,438,565</u>	<u>3,325,748</u>	<u>13,668,836</u>	<u>1,184,508</u>	<u>52,912,661</u>
NET POSITION					
Net investment in capital assets	202,272,781	76,298,609	169,430,788	12,976	958,258,658
Restricted for:					
Nonexpendable	53,415,000	24,880,037	21,754,521		195,259,547
Expendable	75,871,965	24,216,697	26,639,967		247,463,831
Unrestricted	<u>(316,608,616)</u>	<u>(130,938,282)</u>	<u>(186,465,441)</u>	<u>(4,375,907)</u>	<u>(1,441,982,371)</u>
Total net position	<u>\$14,951,130</u>	<u>(\$5,542,939)</u>	<u>\$31,359,835</u>	<u>(\$4,362,931)</u>	<u>(\$41,000,335)</u>

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
For the Fiscal Year Ended June 30, 2017**

	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 \$190,001,757)	\$26,457,357	\$76,040,435	\$41,135,138	\$35,146,446	\$48,094,675	\$70,055,613
Federal grants and contracts	5,229,718	6,822,260	732,086	525,884	1,308,620	8,799,006
State and local grants and contracts	860,654	2,689,248	2,646,551	1,107,538	3,780,866	3,549,821
Nongovernmental grants and contracts	494,775	1,073,222	58,033	156,743	1,870,031	498,829
Sales and services of educational departments	705,281	337,609	479,671	181,699	4,230,034	498,678
Auxiliary enterprise revenues (net of scholarship allowances of \$19,851,827 including revenues used as security for revenue bonds)	24,617,053	24,857,853	11,347,748	18,269,736	3,315,125	23,619,348
Other operating revenues	726,628	1,304,849	3,015,780	1,216,787	2,520,380	3,645,868
Total operating revenues	<u>59,091,466</u>	<u>113,125,476</u>	<u>59,415,007</u>	<u>56,604,833</u>	<u>65,119,731</u>	<u>110,667,163</u>
OPERATING EXPENSES						
Educational and general:						
Instruction	19,390,612	47,258,293	28,727,962	27,560,543	44,191,810	63,459,781
Research	3,387,038	18,936,849	2,746,957	1,349,944	204,834	1,214,290
Public service	68,354	223,165	1,488,512	1,018,691	1,052,067	2,938,882
Academic support	3,094,702	12,046,084	9,038,728	6,578,218	9,473,329	12,579,567
Student services	5,251,736	6,411,953	5,796,938	4,463,945	9,552,039	10,218,338
Institutional support	10,735,257	12,443,331	10,071,970	8,161,614	11,542,331	13,528,549
Operations and maintenance of plant	7,111,138	10,530,174	7,671,211	7,230,603	7,844,851	16,657,743
Depreciation	6,185,839	10,915,837	5,654,751	6,842,481	5,889,073	8,261,119
Scholarships and fellowships	10,637,835	12,675,153	2,923,971	5,427,021	11,717,925	12,304,096
Auxiliary enterprises	20,954,720	35,174,283	16,484,802	14,473,430	10,954,667	14,000,005
Other operating expenses	1,203,429	382,726	263,545	254,195	449,602	712,438
Total operating expenses	<u>88,020,660</u>	<u>166,997,848</u>	<u>90,869,347</u>	<u>83,360,685</u>	<u>112,872,528</u>	<u>155,874,808</u>
OPERATING LOSS	<u>(28,929,194)</u>	<u>(53,872,372)</u>	<u>(31,454,340)</u>	<u>(26,755,852)</u>	<u>(47,752,797)</u>	<u>(45,207,645)</u>
NONOPERATING REVENUES (Expenses)						
State appropriations	13,714,250	27,935,262	19,321,773	14,818,432	20,257,817	28,793,731
Gifts	419,265	9,093,186	2,101,099	433,918		880,612
Federal nonoperating revenues	16,114,951	10,726,719	10,120,729	9,620,761	16,307,981	20,640,684
Investment income, net	1,140,425	2,723,204	1,934,877	1,178,776	1,993,692	1,481,838
Interest expense	(4,836,272)	(4,001,829)	(1,529,424)	(2,706,112)	(114,950)	(2,970,902)
Payments to or on behalf of the university				345,741		
Other nonoperating revenues (expenses)	(1,265,805)	2,501,749	146,272	4,650,344	240,612	(3,092,243)
Net nonoperating revenues	<u>25,286,814</u>	<u>48,978,291</u>	<u>32,095,326</u>	<u>28,341,860</u>	<u>38,685,152</u>	<u>45,733,720</u>

(Continued)

Schedule 5

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowances of \$190,001,757)	\$140,967,415	\$57,133,231	\$57,374,406		\$552,404,716
Federal grants and contracts	20,518,266	5,633,434	6,762,902		56,332,176
State and local grants and contracts	5,270,486	8,658,927	17,098,836		45,662,927
Nongovernmental grants and contracts	21,770,428	615,379	8,107,607		34,645,047
Sales and services of educational departments	176,273	405,245	138,032		7,152,522
Auxiliary enterprise revenues (net of scholarship allowances of \$19,851,827 including revenues used as security for revenue bonds)	41,319,016	19,937,550	15,083,346		182,366,775
Other operating revenues	5,210,194	931,094	7,753,875	\$1,633,630	27,959,085
Total operating revenues	235,232,078	93,314,860	112,319,004	1,633,630	906,523,248
OPERATING EXPENSES					
Educational and general:					
Instruction	100,581,924	40,124,981	38,845,220		410,141,126
Research	46,792,554	5,157,801	10,544,540		90,334,807
Public service	5,557,688	8,563,686	12,511,760		33,422,805
Academic support	21,212,678	6,616,155	7,744,018		88,383,479
Student services	15,505,906	8,447,854	7,793,218		73,441,927
Institutional support	39,364,104	13,726,290	14,430,314	2,468,661	136,472,421
Operations and maintenance of plant	17,455,443	14,107,547	16,323,551		104,932,261
Depreciation	18,906,319	6,754,716	12,006,359	4,936	81,421,430
Scholarships and fellowships	10,152,278	7,576,914	7,706,889		81,122,082
Auxiliary enterprises	49,397,412	21,703,441	14,576,164		197,718,924
Other operating expenses	340,998	149,237	2,095,420		5,851,590
Total operating expenses	325,267,304	132,928,622	144,577,453	2,473,597	1,303,242,852
OPERATING LOSS	(90,035,226)	(39,613,762)	(32,258,449)	(839,967)	(396,719,604)
NONOPERATING REVENUES (Expenses)					
State appropriations	45,804,724	24,621,389	29,676,959	1,009,745	225,954,082
Gifts	5,740,078	785,406	1,142,014		20,595,578
Federal nonoperating revenues	23,691,222	11,798,322	9,787,898		128,809,267
Investment income, net	9,581,908	2,715,135	1,951,000	111,050	24,811,905
Interest expense	(9,568,995)	(1,781,090)	(1,886,575)		(29,396,149)
Payments to or on behalf of the university					345,741
Other nonoperating revenues (expenses)	(12,164,326)	1,094,220	359,300	5,606	(7,524,271)
Net nonoperating revenues	63,084,611	39,233,382	41,030,596	1,126,401	363,596,153

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
For the Fiscal Year Ended June 30, 2017**

	<u>GRAMBLING STATE UNIVERSITY</u>	<u>LOUISIANA TECH UNIVERSITY</u>	<u>MCNEESE STATE UNIVERSITY</u>	<u>NICHOLLS STATE UNIVERSITY</u>	<u>NORTHWESTERN STATE UNIVERSITY</u>	<u>SOUTHEASTERN LOUISIANA UNIVERSITY</u>
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	(\$3,642,380)	(\$4,894,081)	\$640,986	\$1,586,008	(\$9,067,645)	\$526,075
Capital appropriations	301,905	3,469,314	20,962,133	2,500,445	35,708	11,690,033
Capital grants and gifts		6,396	222,484	613,195	39,976	23,425
Additions to permanent endowments		200,000	700,000	300,000	400,000	400,000
Other expenses, net		(2,613,541)				
CHANGE IN NET POSITION	(3,340,475)	(3,831,912)	22,525,603	4,999,648	(8,591,961)	12,639,533
NET POSITION - BEGINNING OF YEAR (Restated)	(36,283,633)	33,764,429	24,203,363	(31,801,902)	(28,830,364)	(62,857,759)
NET POSITION - END OF YEAR	<u>(\$39,624,108)</u>	<u>\$29,932,517</u>	<u>\$46,728,966</u>	<u>(\$26,802,254)</u>	<u>(\$37,422,325)</u>	<u>(\$50,218,226)</u>

(Concluded)

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	(\$26,950,615)	(\$380,380)	\$8,772,147	\$286,434	(\$33,123,451)
Capital appropriations	243,000	1,645,180	5,056,066		45,903,784
Capital grants and gifts	7,372,490	249,426	1,114,908		9,642,300
Additions to permanent endowments	1,700,000	7,000	120,000		3,827,000
Other expenses, net			255,554		(2,357,987)
CHANGE IN NET POSITION	(17,635,125)	1,521,226	15,318,675	286,434	23,891,646
NET POSITION - BEGINNING OF YEAR (Restated)	32,586,255	(7,064,165)	16,041,160	(4,649,365)	(64,891,981)
NET POSITION - END OF YEAR	\$14,951,130	(\$5,542,939)	\$31,359,835	(\$4,362,931)	(\$41,000,335)

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2017**

	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	\$28,007,235	\$76,395,622	\$40,164,316	\$35,258,083	\$47,573,831	\$69,655,705
Grants and contracts	7,401,366	11,028,361	3,471,993	2,260,336	7,041,913	12,536,240
Sales and services of educational departments	705,281	319,628	479,671	167,180	4,230,034	346,587
Auxiliary enterprise receipts	26,590,835	25,533,173	10,223,064	18,244,110	3,315,125	23,108,954
Payments for employee compensation	(29,620,146)	(67,592,427)	(38,168,759)	(34,271,294)	(45,768,414)	(70,115,323)
Payments for benefits	(12,147,165)	(27,160,528)	(15,528,941)	(14,802,074)	(18,475,674)	(30,328,474)
Payments for utilities	(4,046,272)	(5,906,251)	(2,608,575)	(3,037,359)	(2,076,809)	(4,665,019)
Payments for supplies and services	(28,553,990)	(34,313,090)	(18,322,164)	(15,938,920)	(19,126,562)	(28,717,678)
Payments for scholarships and fellowships	(9,431,861)	(13,796,417)	(6,761,430)	(5,427,021)	(11,717,925)	(7,694,510)
Loans to students and employees		(663,609)	(172,161)		(68,750)	(116,871)
Collection of loans to students		675,161	124,122		336,891	193,736
Other receipts (payments)	(1,551,472)	1,729,191	2,982,429	170,654	1,629,917	3,119,802
Net cash used by operating activities	(22,646,189)	(33,751,186)	(24,116,435)	(17,376,305)	(33,106,423)	(32,676,851)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	13,798,410	28,094,554	19,292,934	14,908,626	20,363,037	28,960,466
Gifts and grants for other than capital purposes	419,265	9,552,622	2,101,099	745,483		880,612
Pell grant receipts	16,114,951	10,540,859	10,120,729	9,360,975	16,307,981	20,346,253
Private gifts for endowment purposes			700,000	300,000	400,000	400,000
Taylor Opportunity Program for Students receipts	539,823	16,461,262	7,744,082	8,508,358	7,795,360	16,427,654
Taylor Opportunity Program for Students disbursements	(539,823)	(16,458,013)	(7,744,082)	(8,508,358)	(7,795,360)	(16,425,090)
Direct lending receipts	60,676,679	39,112,429	23,255,104	27,066,385	46,231,190	45,638,773
Direct lending disbursements	(60,676,679)	(39,010,316)	(23,255,104)	(27,066,385)	(46,231,190)	(45,650,012)
Other receipts (payments)		2,124,019		207,361		(3,163,836)
Net cash provided by noncapital financing sources	30,332,626	50,417,416	32,214,762	25,522,445	37,071,018	47,414,820
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:						
Proceeds from capital debt	91,290,728	36,695,000				40,981,609
Capital appropriations received						
Capital grants and gifts received				42,000		
Proceeds from the sale of capital assets		60,000				
Purchases of capital assets	(670,787)	(20,170,412)	(2,012,317)	(1,819,839)	(2,227,733)	(4,062,527)
Principal paid on capital debt and leases	(91,148,243)	(2,500,123)	(1,135,044)	(1,855,000)	(330,000)	(6,316,889)
Interest paid on capital debt and leases	(6,132,304)	(2,683,454)	(1,535,499)	(2,582,572)	(114,950)	(3,428,930)
Other receipts (payments)	(3,545,015)	(1,980,937)				(983,797)
Net cash provided (used) by capital financing activities	(10,205,621)	9,420,074	(4,682,860)	(6,215,411)	(2,672,683)	26,189,466

(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	\$141,100,116	\$56,296,424	\$57,153,958		\$551,605,290
Grants and contracts	44,776,596	16,310,981	27,612,818		132,440,604
Sales and services of educational departments	178,238	405,245	598,217		7,430,081
Auxiliary enterprise receipts	41,460,894	20,433,381	13,222,611		182,132,147
Payments for employee compensation	(144,146,881)	(43,470,575)	(64,591,528)	(\$1,611,644)	(539,356,991)
Payments for benefits	(51,026,314)	(24,179,591)	(24,062,276)	(564,043)	(218,275,080)
Payments for utilities	(7,145,893)	(3,286,209)	(7,419,493)		(40,191,880)
Payments for supplies and services	(69,641,731)	(41,353,666)	(40,054,683)	(707,240)	(296,729,724)
Payments for scholarships and fellowships	(12,056,617)	(7,576,914)	(7,739,083)		(82,201,778)
Loans to students and employees	(1,188,216)	(200,149)	(109,003)		(2,518,759)
Collection of loans to students	2,080,839	1,030,251	516,074		4,957,074
Other receipts (payments)	5,368,827	555,659	9,672,890	1,633,630	25,311,527
Net cash used by operating activities	(50,240,142)	(25,035,163)	(35,199,498)	(1,249,297)	(275,397,489)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	46,019,503	24,773,399	29,883,082	1,009,745	227,103,756
Gifts and grants for other than capital purposes	5,200,704	870,831	1,290,684		21,061,300
Pell grant receipts	24,069,913	12,455,301	9,787,898		129,104,860
Private gifts for endowment purposes	1,700,000	7,000	120,000		3,627,000
Taylor Opportunity Program for Students receipts	26,213,936	10,898,635	6,497,053		101,086,163
Taylor Opportunity Program for Students disbursements	(26,297,476)	(10,984,647)	(6,512,715)		(101,265,564)
Direct lending receipts	62,999,416	43,393,515	24,862,368		373,235,859
Direct lending disbursements	(62,463,803)	(43,393,515)	(24,963,983)		(372,710,987)
Other receipts (payments)	215,918	(331,319)	(117,238)		(1,065,095)
Net cash provided by noncapital financing sources	77,658,111	37,689,200	40,847,149	1,009,745	380,177,292
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from capital debt	122,208,226	3,894,708			295,070,271
Capital appropriations received			7,426		7,426
Capital grants and gifts received	6,272,431	210,673	385,166		6,910,270
Proceeds from the sale of capital assets	1,193,495				1,253,495
Purchases of capital assets	(40,028,601)	(10,651,867)	(2,192,910)		(83,836,993)
Principal paid on capital debt and leases	(111,318,921)	(2,618,547)	(3,392,590)		(220,615,357)
Interest paid on capital debt and leases	(10,323,836)	(1,732,157)	(2,177,220)		(30,710,922)
Other receipts (payments)	(11,655,668)	(14,100)	6,300		(18,173,217)
Net cash provided (used) by capital financing activities	(43,652,874)	(10,911,290)	(7,363,828)		(50,095,027)

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University, 2017

	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	\$17,243,984		\$1,269,664	\$634,700	\$508,972	\$10,348,679
Interest received on investments	1,140,398	\$384,848	665,213	1,167,658	251,373	576,473
Purchase of investments	(932,864)		(1,646,050)	(1,292,454)	(500,000)	(49,021,005)
Net cash provided (used) by investing activities	<u>17,451,518</u>	<u>384,848</u>	<u>288,827</u>	<u>509,904</u>	<u>260,345</u>	<u>(38,095,853)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	14,932,334	26,471,152	3,704,294	2,440,633	1,552,257	2,831,582
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR						
	<u>9,542,614</u>	<u>46,088,467</u>	<u>44,354,886</u>	<u>18,881,047</u>	<u>30,263,193</u>	<u>46,478,298</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR						
	<u>\$24,474,948</u>	<u>\$72,559,619</u>	<u>\$48,059,180</u>	<u>\$21,321,680</u>	<u>\$31,815,450</u>	<u>\$49,309,880</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating loss	(\$28,929,194)	(\$53,872,372)	(\$31,454,340)	(\$26,755,852)	(\$47,752,797)	(\$45,207,645)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation expense	6,185,839	10,915,837	5,654,751	6,842,481	5,889,073	8,261,119
Nonemployer contributing entity revenue	170,914	343,117	206,208	188,979	252,362	375,739
Amortization of bond issuance costs						
Loss on impairment		381,375				
Changes in assets, deferred outflows, liabilities and deferred inflows:						
(Increase) Decrease in accounts receivable, net	1,038,239	1,160,710	(573,826)	(73,008)	(722,841)	(1,690,842)
(Increase) Decrease in inventories	(52,545)	72,929	100,812	2,257	1,422	(60,647)
(Increase) Decrease in prepaid expenses and advances	(9,185)	113,812	(142,512)	133,129	29,348	(338,131)
Decrease in notes receivable, net		262,931	128,563		268,141	76,865
(Increase) Decrease in other assets	375,102	(4,736)			(14,698)	
(Increase) in deferred outflows related to pensions	(5,433,956)	(12,636,361)	(7,822,655)	(5,763,069)	(11,319,733)	(12,699,270)
Increase (Decrease) in accounts payable and accrued liabilities	1,976,920	(146,196)	533,376	(155,261)	417,288	(490,234)
Increase (Decrease) in unearned revenue	354,521	721,168	155,838	923,620	284,393	201,330
Increase (Decrease) in amounts held in custody for others	716,472	(54,975)	(63,577)	20,852	511	242,131
Increase (Decrease) in compensated absences	(169,584)	138,748	86,911	(23,954)	70,417	(134,067)
Increase in other postemployment benefits payable	1,476,654	3,017,839	2,340,238	2,098,856	2,799,851	4,498,265
Increase (Decrease) in net pension liability	675,306	16,832,662	7,993,123	4,709,700	17,085,582	13,497,433
Increase (Decrease) in other liabilities	(1,398,453)	16,680			19,586	
Increase (Decrease) in deferred inflows related to pensions	376,761	(1,014,354)	(1,259,345)	474,965	(414,328)	791,103
Net cash used by operating activities	<u>(\$22,646,189)</u>	<u>(\$33,751,186)</u>	<u>(\$24,116,435)</u>	<u>(\$17,376,305)</u>	<u>(\$33,106,423)</u>	<u>(\$32,676,851)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:						
Cash and cash equivalents classified as current assets	\$5,878,085	\$31,509,083	\$39,587,796	\$16,064,124	\$30,286,450	\$20,009,564
Cash and cash equivalents classified as noncurrent assets	18,596,863	41,050,536	8,471,384	5,257,556	1,529,000	29,300,316
Cash and cash equivalents at the end of the year	<u>\$24,474,948</u>	<u>\$72,559,619</u>	<u>\$48,059,180</u>	<u>\$21,321,680</u>	<u>\$31,815,450</u>	<u>\$49,309,880</u>

(Continued)

Schedule 6

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments	\$1,535,082	\$10,831,118			\$42,372,199
Interest received on investments	1,367,290	742,510	\$579,472	\$111,050	6,986,285
Purchase of investments		(10,572,699)	(2,035,593)		(66,000,665)
Net cash provided (used) by investing activities	<u>2,902,372</u>	<u>1,000,929</u>	<u>(1,456,121)</u>	<u>111,050</u>	<u>(16,642,181)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	(13,332,533)	2,743,676	(3,172,298)	(128,502)	38,042,595
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR					
	<u>88,912,706</u>	<u>49,491,922</u>	<u>30,160,492</u>	<u>715,999</u>	<u>364,889,624</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR					
	<u>\$75,580,173</u>	<u>\$52,235,598</u>	<u>\$26,988,194</u>	<u>\$587,497</u>	<u>\$402,932,219</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating loss	(\$90,035,226)	(\$39,613,762)	(\$32,258,449)	(\$839,967)	(\$396,719,604)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation expense	18,906,319	6,754,716	12,006,359	4,936	81,421,430
Nonemployer contributing entity revenue	680,046	301,123	359,300	5,606	2,883,394
Amortization of bond issuance costs			37,452		37,452
Loss on impairment					381,375
Changes in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) Decrease in accounts receivable, net	(1,152,135)	807,963	(4,396,725)		(5,602,465)
(Increase) Decrease in inventories	277,098	725	(3,924)		338,127
(Increase) Decrease in prepaid expenses and advances	(534,814)	319,500	139,342		(289,511)
Decrease in notes receivable, net	809,656	1,482,108	407,071		3,435,335
(Increase) Decrease in other assets			(97,688)		257,980
(Increase) in deferred outflows related to pensions	(35,609,969)	(11,422,626)	(9,851,445)	(269,987)	(112,829,071)
Increase (Decrease) in accounts payable and accrued liabilities	3,279,784	1,250,400	185,263	16,152	6,867,492
Increase (Decrease) in unearned revenue	(1,158,406)	(345,598)	422,857		1,559,723
Increase (Decrease) in amounts held in custody for others	139	(10,536)	144,930	(362,723)	633,224
Increase (Decrease) in compensated absences	330,988	149,237	(7,351)	92,443	533,788
Increase in other postemployment benefits payable	6,777,992	2,495,083	2,331,633	73,476	27,909,887
Increase (Decrease) in net pension liability	48,341,456	14,106,690	(697,587)	(1,201,556)	121,342,809
Increase (Decrease) in other liabilities	69,678	(384,187)	(3,558,777)	329,917	(4,905,556)
Increase (Decrease) in deferred inflows related to pensions	(1,222,748)	(925,999)	(361,759)	902,406	(2,653,298)
Net cash used by operating activities	<u>(\$50,240,142)</u>	<u>(\$25,035,163)</u>	<u>(\$35,199,498)</u>	<u>(\$1,249,297)</u>	<u>(\$275,397,489)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:					
Cash and cash equivalents classified as current assets	\$45,112,575	\$41,170,750	\$22,951,836	\$587,497	\$253,157,760
Cash and cash equivalents classified as noncurrent assets	<u>30,467,598</u>	<u>11,064,848</u>	<u>4,036,358</u>		<u>149,774,459</u>
Cash and cash equivalents at the end of the year	<u>\$75,580,173</u>	<u>\$52,235,598</u>	<u>\$26,988,194</u>	<u>\$587,497</u>	<u>\$402,932,219</u>

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University, 2017**

	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	\$301,905	\$3,469,314	\$20,962,133	\$2,500,445	\$35,708	\$11,690,033
Increase in fair market value of assets	\$932,871	\$2,338,456	\$1,278,158	\$913,353	\$1,873,477	\$905,365
Private gifts for endowment purposes		\$200,000				
Capital gifts and grants		\$6,396	\$222,484	\$571,195	\$39,976	\$23,425
Capital assets acquired through capital leases and notes payable		\$3,220,700				\$1,511,213
Disposition of capital assets	(\$42,700)	(\$379,624)		(\$253,546)	(\$11,750)	
Retirement contributions paid by third parties	\$170,914	\$343,117	\$206,208	\$188,979	\$252,362	\$375,739
Other	(\$2,529)	\$300,000		\$81,449		(\$101,723)

(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	\$243,000	\$1,645,180	\$5,048,640		\$45,896,358
Increase in fair market value of assets	\$8,404,282	\$1,508,572	\$1,133,783		\$19,288,317
Private gifts for endowment purposes					\$200,000
Capital gifts and grants	\$1,132,912	\$38,753	\$729,742		\$2,764,883
Capital assets acquired through capital leases and notes payable		\$537,000			\$5,268,913
Disposition of capital assets	\$635,077	(\$102,690)	(\$50,367)		(\$205,600)
Retirement contributions paid by third parties	\$680,046	\$301,123	\$359,300	\$5,606	\$2,883,394
Other	(\$4,997,528)	(\$17,213)		\$10,285	(\$4,727,259)

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

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

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

(Continued)

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

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

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

(Concluded)

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

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

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

(Continued)

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

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

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

(Concluded)

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

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

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

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

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

	GRAMBLING STATE UNIVERSITY	LOUISIANA TECH UNIVERSITY	MCNEESE STATE UNIVERSITY	NICHOLLS STATE UNIVERSITY	NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	\$1,761,046		(\$256,394)	\$1,537,826		\$16,388,725
Interest received on investments	334,134	\$127,787	491,129	(217,688)	(\$371,142)	356,346
Purchase of investments	(100,100)		886,669	(200,457)	641,182	(11,256,828)
Net cash provided by investing activities	<u>1,995,080</u>	<u>127,787</u>	<u>1,121,404</u>	<u>1,119,681</u>	<u>270,040</u>	<u>5,488,243</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,595,374)	(5,228,878)	5,793,556	1,633,159	(2,234,898)	(4,079,848)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, RESTATED	<u>11,137,988</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>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$9,542,614</u>	<u>\$46,088,467</u>	<u>\$44,354,886</u>	<u>\$18,881,047</u>	<u>\$30,263,193</u>	<u>\$46,478,298</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating loss	(\$32,497,685)	(\$47,229,171)	(\$25,560,262)	(\$26,310,844)	(\$46,417,514)	(\$49,652,565)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation expense	6,862,130	10,220,655	5,724,779	6,676,947	5,922,847	8,140,226
Nonemployer contributing entity revenue	177,784	332,146	199,893	191,493	232,457	377,602
Amortization of bond issuance costs				140,388		
Cajundome rental income						
Loss on impairment		448,581				
Changes in assets, deferred outflows, liabilities and deferred inflows:						
(Increase) Decrease in accounts receivable, net	(1,954,636)	(562,326)	(656,049)	868,438	235,081	(1,298,873)
(Increase) Decrease in inventories	2,361	(55,233)	(120,277)	(373)	21,501	90,154
(Increase) Decrease in prepaid expenses and advances	(48,414)	(270,217)	(74,054)	1,452,202	(76,321)	256,427
Decrease in notes receivable, net		50,077	114,870		73,739	8,699
(Increase) in other assets		(2,332)			(21,062)	
(Increase) Decrease in deferred outflows related to pensions	294,436	(3,086,708)	263,100	8,780	(1,951,639)	(200,107)
Increase (Decrease) in accounts payable and accrued liabilities	3,967,288	(381,218)	(227,933)	215,590	1,268,521	(1,701,803)
Increase (Decrease) in unearned revenue	(23,714)	404,889	417,969	(692,858)	974,484	(1,254,574)
Increase (Decrease) in amounts held in custody for others	150,800	60,130	(6,908)	(77,003)	(625)	(1,561,448)
Increase (Decrease) in compensated absences	(150,850)	80,557	57,732	(133,721)	1,308,490	(393,492)
Increase in other postemployment benefits payable	2,483,300	4,946,857	3,937,541	3,255,102	3,795,033	6,848,542
Increase (Decrease) in net pension liability	2,449,929	9,646,854	2,521,643	4,676,510	7,266,473	8,558,574
Increase (Decrease) in other liabilities	(3,285,975)	(159,143)			(986)	
(Decrease) in deferred inflows related to pensions	(6,574,833)	(11,785,876)	(6,718,962)	(7,034,595)	(8,573,238)	(14,291,258)
Net cash used by operating activities	<u>(\$28,148,079)</u>	<u>(\$37,341,478)</u>	<u>(\$20,126,918)</u>	<u>(\$16,763,944)</u>	<u>(\$35,942,759)</u>	<u>(\$46,073,896)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:						
Cash and cash equivalents classified as current assets	\$4,642,846	\$26,247,614	\$37,130,710	\$14,426,557	\$28,813,995	\$26,176,567
Cash and cash equivalents classified as noncurrent assets	4,899,768	19,840,853	7,224,176	4,454,490	1,449,198	20,301,731
Cash and cash equivalents at the end of the year	<u>\$9,542,614</u>	<u>\$46,088,467</u>	<u>\$44,354,886</u>	<u>\$18,881,047</u>	<u>\$30,263,193</u>	<u>\$46,478,298</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	\$4,083,961	\$17,759,440	\$1,661,008		\$42,935,612
Interest received on investments	859,421	756,328	376,927	\$45,633	2,758,875
Purchase of investments		(17,452,067)			(27,481,601)
Net cash provided by investing activities	<u>4,943,382</u>	<u>1,063,701</u>	<u>2,037,935</u>	<u>45,633</u>	<u>18,212,886</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	(26,881)	7,078,699	9,185,803	658,297	11,183,635
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, RESTATED					
	<u>88,939,587</u>	<u>42,413,223</u>	<u>20,974,689</u>	<u>57,702</u>	<u>353,705,989</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR					
	<u>\$88,912,706</u>	<u>\$49,491,922</u>	<u>\$30,160,492</u>	<u>\$715,999</u>	<u>\$364,889,624</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating loss	(\$78,059,767)	(\$35,651,802)	(\$38,238,495)	(\$1,017,829)	(\$380,635,934)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation expense	18,857,099	5,982,178	12,012,626	3,908	80,403,395
Nonemployer contributing entity revenue	613,723	287,799	369,688	9,821	2,792,406
Amortization of bond issuance costs			(239,742)		(99,354)
Cajundome rental income	(946,943)				(946,943)
Loss on impairment					448,581
Changes in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) Decrease in accounts receivable, net	(7,097,344)	1,714,104	(169,940)	610	(8,920,935)
(Increase) Decrease in inventories	514,102	15,406	11,780		479,421
(Increase) Decrease in prepaid expenses and advances	(79,544)	(844,764)	(62,471)		252,844
Decrease in notes receivable, net	779,706	483,576	323,970		1,834,637
(Increase) in other assets		(48,080)	(3,645)		(75,119)
(Increase) Decrease in deferred outflows related to pensions	(1,411,356)	(292,620)	1,323,157	109,742	(4,943,215)
Increase (Decrease) in accounts payable and accrued liabilities	2,612,932	(327,092)	(245,639)	8,260	5,188,906
Increase (Decrease) in unearned revenue	4,938,329	(1,604,385)	(704,941)		2,455,199
Increase (Decrease) in amounts held in custody for others	304,447	(1,670)	(869)	335,714	(797,432)
Increase (Decrease) in compensated absences	551,584	196,840	(515,456)	(46,046)	955,638
Increase in other postemployment benefits payable	8,950,005	4,466,860	5,438,463	90,040	44,211,743
Increase (Decrease) in net pension liability	15,326,299	6,075,655	(2,277,922)	58,981	54,302,996
Increase (Decrease) in other liabilities	(14,216)	437,899	66,736	308,298	(2,647,387)
Increase (Decrease) in deferred inflows related to pensions	(23,805,870)	(10,166,030)	(5,966,237)	(276,843)	(95,193,742)
Net cash used by operating activities	<u>(\$57,966,814)</u>	<u>(\$29,276,126)</u>	<u>(\$28,878,937)</u>	<u>(\$415,344)</u>	<u>(\$300,934,295)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:					
Cash and cash equivalents classified as current assets	\$43,980,146	\$37,836,244	\$25,976,959	\$715,999	\$245,947,637
Cash and cash equivalents classified as noncurrent assets	<u>44,932,560</u>	<u>11,655,678</u>	<u>4,183,533</u>		<u>118,941,987</u>
Cash and cash equivalents at the end of the year	<u>\$88,912,706</u>	<u>\$49,491,922</u>	<u>\$30,160,492</u>	<u>\$715,999</u>	<u>\$364,889,624</u>

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

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

(Concluded)

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
--	--	---	------------------------------	-------	-----------------

**SCHEDULE OF NONCASH INVESTING, CAPITAL,
AND FINANCING ACTIVITIES:**

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

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 14, 2017

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, 2017, 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 14, 2017. Our report was modified to include emphasis of matter paragraphs regarding actuarial assumptions and a new accounting standard not yet effective.

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

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

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from 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, 2017. 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, 2017, 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 20, 2017	Inaccurate Annual Fiscal Report
Louisiana Tech University	Management Letter	December 20, 2017	None
Nicholls State University	Management Letter	December 13, 2017	None
Northwestern State University	Management Letter	December 6, 2017	Noncompliance with Timekeeping Rules and Policies
Southeastern Louisiana University	Management Letter	November 22, 2017	Failure to Maintain Adequate Inventory of Movable Property; Inadequate Billing for Child Care Services
University of Louisiana at Lafayette	Management Letter	Pending	Pending
University of New Orleans	Management Letter	December 20, 2017	Failure to Timely Submit Past-due Student Accounts for Collection

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

Purpose of This Report

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

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

BDM:CGEW:BH:EFS:aa

ULS 2017