



UNIVERSITY OF LOUISIANA

S Y S T E M

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018



**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

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UNIVERSITY OF LOUISIANA SYSTEM

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 20, 2018

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, 2018, 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 32.5 %, 23.3%, 5.7%, and 5.4% 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 from material misstatement. The financial statements of the Black and Gold Facilities, Inc.; Nicholls State University Facilities Corporation; University Facilities, Inc.; and University of Louisiana at Monroe Facilities, Inc., which were audited by other auditors, were audited in accordance with auditing standards generally accepted in the United States of America but not in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the System as of June 30, 2018, 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 \$1,087,229,334 at June 30, 2018, 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, 2018, could be under or overstated.

Our opinion is not modified with respect to this matter.

Other Postemployment Benefits Liability

As discussed in notes 1-P and 10 to the basic financial statements, the Board implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial*

Reporting for Postemployment Benefits Other Than Pensions – superseding portions of GASB Statement No. 45 and GASB Statement No. 57, for the year ended June 30, 2018. The adoption of these standards required the Board to record its proportionate share of other postemployment benefits related to its participation in a defined-benefit, multiple-employer other postemployment benefit plan and a single-employer other postemployment benefit plan, restating the previous year. As a result of the implementation, the Board's net position decreased by \$435,703,243 as of July 1, 2017.

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 vii through xiv, the Schedule of the System's Proportionate Share of the Net Pension Liability on page 72, the Schedule of System's Employer Contributions on page 74, and the Schedule of the System's Proportionate Share of the Total Collective OPEB Liability on page 76 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 78 through 91, for the fiscal year ended June 30, 2018, 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, 2018, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2018.

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, 2017 (not presented herein), and have issued our report thereon dated December 14, 2017, 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 92 through 105 for the year ended June 30, 2017, 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 2017 financial statements. The combining schedules for the fiscal year ended June 30, 2017, have been subjected to the auditing procedures applied in the audit of the 2017 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, 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 solely 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 effectiveness of the System's 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

CM:CR:BH:EFS:aa

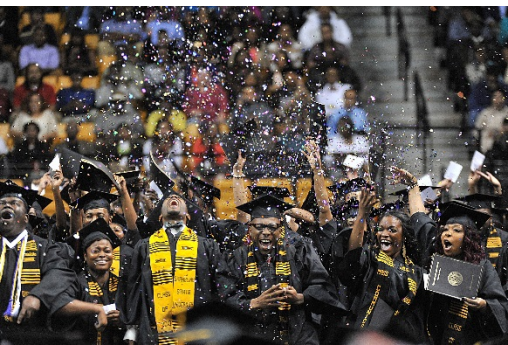
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UNIVERSITY OF LOUISIANA

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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, 2018. 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 (\$475,846,369), restated, to (\$374,410,998), an approximate 21.3% increase from June 30, 2017, to June 30, 2018. Total revenues exceeded expenses by \$101,435,371, which represents a \$78 million increase from the fiscal year ended June 30, 2017, restated. Tuition and fees increased by 2.4%, State appropriations increased by 2.7%, and federal nonoperating revenue increased by 9.1%. In addition, capital appropriations increased by 2.2%, and capital grants and gifts increased by 377.8%.

The System's operating revenues increased by approximately 2.8% to \$930,891,795 from June 30, 2017, to June 30, 2018, primarily from increases in revenues from tuition and fees, grants and contracts, and auxiliary enterprise and other revenues. Operating expenses increased by approximately 1.3% to \$1,320,377,435 for the year ended June 30, 2018.

Nonoperating revenues (expenses) fluctuate depending upon levels of State appropriations, interest earnings/expense, and other nonoperating revenue. The change to \$400,675,977 in 2018 from \$363,596,153 in 2017 is primarily attributed to an increase in federal nonoperating revenues from Pell Grants totaling \$11,762,218 and an increase in other nonoperating revenues totaling \$19,353,529 combined with small increases in State appropriations and other nonoperating revenues and small decreases in interest expense offset by a \$1,478,997 decrease in investment income and a small decrease in gifts.

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 1-2) 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 3-4) 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 5-7) 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 a 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 8) and the *Statement of Activities* (pages 9-10). 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, 2018, increased by approximately \$101 million, a 21.3% increase from June 30, 2017, as restated (Table A-1). Total assets increased 4.5% to \$2.6 billion, and total liabilities decreased 3.9% to \$3.1 billion.

Table A-1				
University of Louisiana System				
Comparative Statement of Net Position				
As of June 30, 2018 and June 30, 2017				
(in millions of dollars)				
	2018	2017 (Restated)	Variance	Percent Variance
Assets:				
Current and other assets	\$884	\$869	\$15	1.7%
Capital assets	1,741	1,644	97	5.9%
Total assets	2,625	2,513	112	4.5%
Deferred outflows:				
Deferred outflows for debt refunding	3	3		NONE
Deferred outflows related to pensions	196	258	(62)	(24.0%)
Deferred outflows related to other postemployment benefits (OPEB)	29	28	1	3.6%
Total deferred outflows	228	289	(61)	(21.1%)
Liabilities:				
Current liabilities	169	157	12	7.6%
Noncurrent liabilities	2,930	3,067	(137)	(4.5%)
Total liabilities	3,099	3,224	(125)	(3.9%)
Deferred inflows:				
Deferred inflows related to pensions	72	53	19	35.8%
Deferred inflows related to other postemployment benefits (OPEB)	57		57	100.0%
Total deferred inflows	129	53	76	143.4%
Net position:				
Net investment in capital assets	1,031	959	72	7.5%
Restricted	452	443	9	2.0%
Unrestricted	(1,857)	(1,877)	20	1.1%
Total net position	(\$374)	(\$475)	\$101	21.3%

Table A-1 was prepared from the System's Statement of Net Position as shown on pages 1-2, which is presented on an accrual basis of accounting, whereby assets are capitalized and depreciated.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires that governmental entities recognize their respective shares of total collective OPEB liabilities of postemployment benefit plans in which they participate. The System participates in plans offered by the Louisiana Office of Group Benefits (OGB) and the Louisiana State University System's OPEB plan (LSU Health). The System's implementation of Statement No. 75 resulted in the recognition of the following in the *Statement of Net Position*:

- Deferred outflows relating to OPEB totaling \$28,505,881, consisting primarily of fiscal year 2017 employer contributions to OGB
- Total OPEB liability of \$1,008,419,341 (the System reported an OPEB liability totaling \$589,687,622 in the fiscal year ended June 30, 2017)
- Deferred inflows relating to OPEB totaling \$56,508,946, resulting from changes in the OGB and LSU Health plans' actuarial valuations
- A decrease in beginning net position totaling \$435,703,243

The OGB and LSU Health plans are not administered as trusts, and no assets have been accumulated as of June 30, 2018.

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 decreased from current year bond payments offset by bonds issued, including associated costs; changes in the net pension liability and associated deferred outflows and inflows; and changes in the System's share of the collective total OPEB liability and associated deferred outflows and inflows required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- Net investment in capital assets increased from additions/purchases of capital assets. A portion of the capital asset additions was funded from capital grants and gifts.
- Unrestricted net position increased primarily from increases operating revenues and nonoperating revenues offset by an increase in operating 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, 2018, is approximately \$101 million, or 339.1% higher than at June 30, 2017, 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 2.8% to approximately \$931 million, and total operating expenses increased by 1.3%, remaining relatively unchanged at approximately \$1.3 billion. The change in revenues is the result of increases in tuition and fees, grants and contracts, and other revenues, offset by a decrease in auxiliary revenues.

Table A-2				
University of Louisiana System				
Comparative Statement of Changes in Revenues, Expenses, and Net Position				
For the Fiscal Years Ended June 30, 2018, and June 30, 2017				
(in millions of dollars)				
	<u>2018</u>	<u>2017 (Restated)</u>	<u>Variance</u>	<u>Percent Variance</u>
Operating revenues:				
Student tuition and fees, net	\$565	\$552	\$13	2.4%
Auxiliary	176	182	(6)	(3.3%)
Other	190	172	18	10.5%
Total operating revenues	<u>931</u>	<u>906</u>	<u>25</u>	<u>2.8%</u>
Nonoperating revenues:				
State appropriations	232	226	6	2.7%
Gifts	20	21	(1)	(4.8%)
Other	176	154	22	14.3%
Total nonoperating revenues	<u>428</u>	<u>401</u>	<u>27</u>	<u>6.7%</u>
Other revenues:				
Capital appropriations	47	46	1	2.2%
Capital grants and gifts	43	9	34	377.8%
Additions to permanent endowments	2	4	(2)	(50.0%)
Total other revenues	<u>92</u>	<u>59</u>	<u>33</u>	<u>55.9%</u>
Total revenues	<u>1,451</u>	<u>1,366</u>	<u>85</u>	<u>6.2%</u>
Operating expenses:				
Educational and general	1,111	1,100	11	1.0%
Other	210	204	6	2.9%
Total operating expenses	<u>1,321</u>	<u>1,304</u>	<u>17</u>	<u>1.3%</u>
Other nonoperating expenses, net	<u>29</u>	<u>39</u>	<u>(10)</u>	<u>(25.6%)</u>
Total expenses	<u>1,350</u>	<u>1,343</u>	<u>7</u>	<u>0.5%</u>
Change in net position	<u>101</u>	<u>23</u>	<u>78</u>	<u>339.1%</u>
Net position, beginning of the year (restated)	<u>(475)</u>	<u>(498)</u>	<u>23</u>	<u>(4.6%)</u>
Total net position	<u><u>(\$374)</u></u>	<u><u>(\$475)</u></u>	<u><u>\$101</u></u>	<u><u>(21.3%)</u></u>

Table A-3
University of Louisiana System
Comparative Schedule of Educational and General Expenses
For the Fiscal Years Ended June 30, 2018, and June 30, 2017
(in millions of dollars)

	2018	2017*	Variance	Percent Variance
Instruction	\$402	\$410	(\$8)	(2.0%)
Research	91	90	1	1.1%
Public service	38	34	4	11.8%
Academic support	89	88	1	1.1%
Student services	76	73	3	4.1%
Institutional support	137	137	0	0.0%
Operations and plant maintenance	106	105	1	1.0%
Depreciation	91	82	9	11.0%
Scholarships and fellowships	81	81	0	0.0%
Total	\$1,111	\$1,100	\$11	1.0%

*The restatements to beginning net position for expenses did not impact educational and general expenses for the fiscal year ended June 30, 2017; therefore, no restatements were required for the purpose of this comparison.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, and 2017, the System's capital assets, at cost, totaled approximately \$3.34 billion and \$3.17 billion, respectively. Net of accumulated depreciation, the System's capital assets at June 30, 2018, total approximately \$1.7 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$97 million, or 5.9%, over June 30, 2017. 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 bonds totaling \$791,818,308, net of bond discounts, premiums, deferred amounts on debt refunding, and issuance costs outstanding at June 30, 2018, compared to \$755,301,970 at June 30, 2017.

Bond activity during the fiscal year ended June 30, 2018, follows:

- Nicholls State University issued bonds totaling \$10,605,000 to refund its Student Housing Revenue Bonds, Series 2007 A.
- The University of Louisiana at Lafayette issued \$10,145,000 in Baseball Stadium Project Bonds, Series 2017 and \$47,410,000 in Housing Project Bonds, Series 2018.

**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
- Changes in the System's proportionate shares of the net pension liability and the total collective OPEB liability.

**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

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BASIC FINANCIAL STATEMENTS:
UNIVERSITY OF LOUISIANA SYSTEM



**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Net Position
June 30, 2018**

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$269,816,590
Investments (note 3)	25,396,558
Receivables, net (note 4)	85,832,022
Due from state treasury (incl System)	1,456,508
Due from federal government	10,278,825
Inventories	5,474,268
Prepaid expenses and advances	10,553,250
Notes receivable	3,166,356
Other current assets	1,194,795
Total current assets	<u>413,169,172</u>

Noncurrent assets:

Restricted assets:

Cash and cash equivalents (note 2)	163,157,059
Investments (note 3)	286,147,406
Receivables, net (note 4)	1,754,331
Notes receivable, net	19,831,289
Investments (note 3)	32,582
Capital assets, net (note 5)	1,740,634,423
Other noncurrent assets	603,757
Total noncurrent assets	<u>2,212,160,847</u>

Total assets	<u>2,625,330,019</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on debt refunding	3,102,206
Deferred outflows relating to pensions (note 8)	195,960,566
Deferred outflows relating to other postemployment benefits (OPEB) (note 10)	28,505,881
Total deferred outflows of resources	<u>227,568,653</u>

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities (note 6)	75,500,474
Due to state treasury	8,870

(Continued)

The accompanying notes are an integral part of this statement.

STATEMENT A**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Net Position
June 30, 2018****LIABILITIES (CONT.)**

Current liabilities: (Cont.)

Unearned revenues	\$46,505,925
Amounts held in custody for others	9,848,810
Compensated absences payable (notes 7 and 12)	4,409,369
Capital lease obligations (notes 11 and 12)	1,589,127
Notes payable (note 12)	728,388
Contracts payable	765,717
Bonds payable (note 12)	25,870,085
Other current liabilities	3,911,391
Total current liabilities	<u>169,138,156</u>

Noncurrent liabilities:

Unearned revenues	3,006,492
Compensated absences payable (notes 7 and 12)	45,850,498
Capital lease obligations (notes 11 and 12)	5,306,638
Notes payable (note 12)	5,249,209
Bonds payable (note 12)	765,948,223
Net pension liability (note 8)	1,087,229,334
Total OPEB liability (note 10)	1,008,419,341
Other noncurrent liabilities	8,552,271
Total noncurrent liabilities	<u>2,929,562,006</u>

Total liabilities 3,098,700,162

DEFERRED INFLOWS OF RESOURCES

Deferred inflows relating to pensions (note 8)	72,100,562
Deferred inflows relating to OPEB (note 10)	<u>56,508,946</u>

Total deferred inflows of resources 128,609,508

NET POSITION

Net investment in capital assets	1,030,772,993
Restricted for:	
Nonexpendable (note 17)	198,552,597
Expendable (note 17)	253,543,273
Unrestricted	<u>(1,857,279,861)</u>
Total net position	<u>(\$374,410,998)</u>

(Concluded)

The accompanying notes are an integral part of this statement.

STATEMENT B**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA****Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2018****OPERATING REVENUES**

Student tuition and fees (net of scholarship allowances of \$192,463,351)	\$564,867,003
Federal grants and contracts	60,098,437
State and local grants and contracts	53,496,293
Nongovernmental grants and contracts	36,542,815
Sales and services of educational departments	7,831,259
Auxiliary enterprise revenues (net of scholarship allowances of \$21,092,234 including revenues used as security for revenue bonds)	176,478,878
Other operating revenues	<u>31,577,110</u>
Total operating revenues	<u>930,891,795</u>

OPERATING EXPENSES

Educational and general:	
Instruction	401,945,241
Research	91,373,433
Public service	38,434,589
Academic support	89,464,501
Student services	75,972,175
Institutional support	136,634,212
Operations and maintenance of plant	105,964,052
Depreciation	91,059,127
Scholarships and fellowships	80,458,046
Auxiliary enterprises	202,205,015
Other operating expenses	<u>6,867,044</u>
Total operating expenses	<u>1,320,377,435</u>

OPERATING LOSS (389,485,640)

(Continued)

The accompanying notes are an integral part of this statement.

STATEMENT B**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Position, June 2018**

NONOPERATING REVENUES (Expenses)	
State appropriations	\$231,673,142
Gifts	19,970,648
Federal nonoperating revenues	140,571,485
Net investment income	23,332,908
Interest expense	(27,156,493)
Payments to or on behalf of the university	468,947
Loss on sale/exchange of capital assets	(13,918)
Other nonoperating revenues	<u>11,829,258</u>
Net nonoperating revenues	<u>400,675,977</u>
INCOME BEFORE OTHER REVENUES AND EXPENSES	<u>11,190,337</u>
Capital appropriations	47,229,519
Capital grants and gifts	43,040,817
Additions to permanent endowments	2,220,000
Other expenses, net	<u>(2,245,302)</u>
CHANGE IN NET POSITION	<u>101,435,371</u>
NET POSITION - BEGINNING OF YEAR, Restated (note 16)	<u>(475,846,369)</u>
NET POSITION - END OF YEAR	<u><u>(\$374,410,998)</u></u>

(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, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$567,048,033
Grants and contracts	145,917,294
Sales and services of educational departments	7,346,328
Auxiliary enterprise receipts	176,023,034
Payments for employee compensation	(577,213,570)
Payments for benefits	(229,922,155)
Payments for utilities	(42,143,478)
Payments for supplies and services	(306,724,408)
Payments for scholarships and fellowships	(86,842,403)
Loans to students	(1,367,050)
Collection of loans to students	4,416,774
Other receipts	33,098,498
	<hr/>
Net cash used by operating activities	(310,363,103)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State appropriations	234,498,237
Gifts and grants for other than capital purposes	25,470,767
Pell Grant receipts	140,704,611
Private gifts for endowment purposes	2,020,000
TOPS receipts	150,196,485
TOPS disbursements	(150,207,942)
Direct lending receipts	379,048,932
Direct lending disbursements	(378,685,103)
Other sources	3,875,114
	<hr/>
Net cash provided by noncapital financing sources	406,921,101

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Proceeds from capital debt	71,965,580
Capital grants and gifts received	1,023,803
Proceeds from sale of capital assets	180,000
Purchases of capital assets	(90,268,998)
Principal paid on capital debt and leases	(48,419,559)
Interest paid on capital debt and leases	(29,070,684)
Other uses	(3,574,821)
	<hr/>
Net cash used by capital financing activities	(98,164,679)

(Continued)

The accompanying notes are an integral part of this statement.

STATEMENT C

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows, June 2018

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	\$78,585,511
Interest received on investments	8,266,983
Purchases of investments	<u>(55,204,380)</u>

Net cash provided by investing activities	<u>31,648,114</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS	30,041,433
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>402,932,216</u>
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CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$432,973,649</u></u>
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RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES:

Operating loss	(\$389,485,640)
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Adjustments to reconcile net income (loss) to net cash
used by operating activities:

Depreciation expense	91,059,127
Retirement contributions paid by third parties	3,033,203
Amortization of bond issuance costs	155,827

Changes in assets, deferred outflows, liabilities, and deferred inflows:

(Increase) in accounts receivable, net	(2,630,681)
Decrease in inventories	54,051
(Increase) in prepaid expenses and advances	(469,884)
Decrease in notes receivable	3,334,825
(Increase) in other assets	(135,270)
Decrease in deferred outflows related to pensions	63,933,790
(Increase) in deferred outflows related to OPEB	(2,442,400)
Increase in accounts payable and accrued liabilities	8,408,672
(Decrease) in unearned revenue	(1,586,369)
Increase in amounts held in custody for others	1,503,535
Increase in compensated absences	2,846,584
(Decrease) in net pension liability	(117,106,878)
(Decrease) in total OPEB liability	(45,093,472)
(Decrease) in other liabilities	(1,438,970)
Increase in deferred inflows related to pensions	19,187,901
Increase in deferred inflows related to OPEB	<u>56,508,946</u>

Net cash used by operating activities	<u><u>(\$310,363,103)</u></u>
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(Continued)

The accompanying statements are an integral part of this statement.

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows, June 2018

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

Cash and cash equivalents classified as current assets	\$269,816,590
Cash and cash equivalents classified as noncurrent assets	<u>163,157,059</u>
Total cash and cash equivalents	<u><u>\$432,973,649</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital appropriations	\$47,229,519
Change in fair market value of investments	\$3,184,745
Private gifts for endowment purposes	\$200,000
Capital gifts and grants	\$42,017,014
Capital assets acquired through capital leases, notes, and accounts payable	\$7,508,279
Disposition of capital assets	(\$679,910)
Retirement contributions paid by third parties	\$3,033,203
Other	\$859,141

(Concluded)

The accompanying notes are an integral part of this statement.

UNIVERSITY OF LOUISIANA

S Y S T E M

FOR YOUR FUTURE. FOR OUR FUTURE.

BASIC FINANCIAL STATEMENTS: COMPONENT UNITS



UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA

COMPONENT UNITS

Statement of Financial Position, June 30, 2018

	University of Louisiana at Lafayette Foundation, Inc.	University of New Orleans Foundation*	Total Foundations
ASSETS			
Cash and cash equivalents (note 2)	\$36,329,594	\$4,683,934	\$41,013,528
Cash - designated for investment (note 2)	3,000,000		3,000,000
Cash - restricted for collateral on derivative investments (note 2)	1,150,000		1,150,000
Investments (note 3)	138,830,792	82,320,860	221,151,652
Receivables	455,080	340,236	795,316
Pledges receivable	6,049,717	941,105	6,990,822
Fixed assets, net (note 5)	12,222,873	8,357,404	20,580,277
Other assets	1,524,449	215,755	1,740,204
	<u>\$199,562,505</u>	<u>\$96,859,294</u>	<u>\$296,421,799</u>
LIABILITIES			
Accounts payable	\$718,291	\$230,055	\$948,346
Amounts payable to University	16,296	571,641	587,937
Amounts held in custody for others	39,378,811	22,795,992	62,174,803
Notes payable (note 12)	378,436		378,436
Other liabilities	363,616	43,750	407,366
	<u>40,855,450</u>	<u>23,641,438</u>	<u>64,496,888</u>
NET ASSETS			
Unrestricted	5,542,881	11,920,568	17,463,449
Temporarily restricted (note 17)	55,120,862	29,183,436	84,304,298
Permanently restricted (note 17)	98,043,312	32,113,852	130,157,164
	<u>158,707,055</u>	<u>73,217,856</u>	<u>231,924,911</u>
	<u>\$199,562,505</u>	<u>\$96,859,294</u>	<u>\$296,421,799</u>
Total liabilities and net assets			

*As of December 31, 2017

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, 2018

	University of Louisiana at Lafayette Foundation, Inc.	University of New Orleans Foundation*	Total Foundations
Changes in unrestricted net assets:			
Contributions and contributed services	\$121,515	\$998,440	\$1,119,955
Grants	3,230		3,230
Interest and dividends	12,133	1,855,623	1,867,756
Unrealized gain on investments	34		34
Service fees		994,814	994,814
Other income	801,865	2,055,962	2,857,827
Net loss on disposal of property			0
Net assets released from restrictions:			
Satisfaction of purpose restrictions	17,819,283	4,227,957	22,047,240
Transfers between net asset classifications	216,996		216,996
Total unrestricted revenues and other support	<u>18,975,056</u>	<u>10,132,796</u>	<u>29,107,852</u>
Expenses - amounts paid to benefit			
University of Louisiana System for:			
Projects specified by donors	14,908,809		14,908,809
Fundraising	821,555	946,806	1,768,361
Program operations/services		5,409,057	5,409,057
Property operations		984,103	984,103
Total program expenses	<u>15,730,364</u>	<u>7,339,966</u>	<u>23,070,330</u>
Supporting services:			
Salaries and benefits	597,728	845,811	1,443,539
Insurance	86,730		86,730
Office operations	262,619	24,463	287,082
Travel	23,528	589	24,117
Professional services	468,192		468,192
Dues and subscriptions	39,895		39,895
Meetings and development	2,793	1,017	3,810
Investment management fee	618,149		618,149
Interest	19,471		19,471
Depreciation and amortization	339,422	398,556	737,978

(Continued)

The accompanying notes are an integral part of this statement.

STATEMENT E

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
COMPONENT UNITS
Statement of Activities, June 30, 2018

	University of Louisiana at Lafayette Foundation, Inc.	University of New Orleans Foundation*	Total Foundations
Supporting services: (Cont.)			
Other	(\$99,435)	\$424	(\$99,011)
Total supporting services	2,359,092	1,270,860	3,629,952
Total expenses	18,089,456	8,610,826	26,700,282
Changes in unrestricted net assets	885,600	1,521,970	2,407,570
Changes in temporarily restricted net assets:			
Contributions	11,797,510	2,869,306	14,666,816
Investment earnings	2,544,535	6,548,843	9,093,378
Realized gain on investments	7,801,069		7,801,069
Unrealized loss on investments	(945,834)		(945,834)
Service fees		222,094	222,094
Other	1,817,878		1,817,878
Net assets released from restrictions:			
Satisfaction of purpose restrictions	(17,836,646)	(4,227,957)	(22,064,603)
Transfers between net asset classifications	(1,179,920)	(17,335)	(1,197,255)
Changes in temporarily restricted net assets	3,998,592	5,394,951	9,393,543
Changes in permanently restricted net assets:			
Contributions	\$1,505,186	\$735,266	\$2,240,452
Investment income		19,973	19,973
Service fees		9,462	9,462
Other income	324	3,929	4,253
Net assets released from restrictions:			
Satisfaction of purpose restrictions	17,363		17,363
Transfers between net asset classifications	962,924	17,335	980,259
Changes in permanently restricted net assets	2,485,797	785,965	3,271,762
Increase in net assets	7,369,989	7,702,886	15,072,875
Net assets at beginning of year	151,337,066	65,514,970	216,852,036
Net assets at end of year	\$158,707,055	\$73,217,856	\$231,924,911

*For the year ended December 31, 2017

(Concluded)

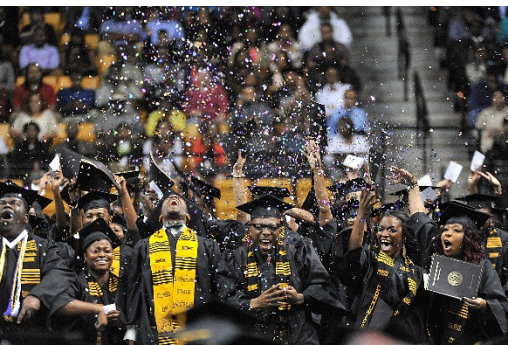
The accompanying notes are an integral part of this statement.

UNIVERSITY OF LOUISIANA

S Y S T E M

FOR YOUR FUTURE. FOR OUR FUTURE.

BASIC FINANCIAL STATEMENTS:
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 91,387 students enrolled during the fall semester of the 2017/2018 academic year and employed approximately 9,937 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, 2018, the ULL Foundation and the UNO Foundation made distributions of \$14,908,809 and \$3,125,271, 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 (R.S.). The statutes require 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: (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent 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 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. 72. 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 liabilities, the System's proportionate shares of the Office of Group Benefits (OGB) and LSU First health plans actuarially accrued liability for other postemployment benefits (OPEB), 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; however, synthetic guaranteed investment contracts are reported at contract 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 that can be paid using either restricted or unrestricted resources is incurred, 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 and expenses 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, 2018, the System implemented the following accounting standards:

- 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 supersedes portions of 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. The cumulative effect of applying Statement No. 75 is reported as a restatement of beginning net position for fiscal year 2018 (see note 16). The restatement of all prior year deferred outflows and inflows

was not practical, so only deferred outflows related to fiscal year 2017 contributions were recorded at implementation.

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. Statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of Statement No. 81 had no significant impact on the System's financial statements.
- GASB Statement No. 85, *Omnibus 2017*. Statement No. 85 addresses practice issues that were identified during the implementation and application of certain GASB statements, including blending component units, measuring certain money market investments at amortized cost, and pension and other postemployment benefits issues. The implementation of Statement No. 85 had no significant impact on the System's financial statements.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*. Statement No. 86 was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The implementation of Statement No. 86 had no impact on the System's financial statements.

2. CASH AND CASH EQUIVALENTS

At June 30, 2018, the System has cash and cash equivalents (book balances) of \$432,973,649, as follows:

Demand deposits	\$258,663,445
Certificates of deposit	36,735,781
Money market funds	19,269,494
Short-term investments	6,886,452
Petty cash	302,913
Blended component unit cash	<u>111,115,564</u>
Total	<u><u>\$432,973,649</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, 2018, \$59,610 of the System's bank balance totaling \$431,643,540 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Cash and cash equivalents of the component units totaling \$45,163,528, 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, 2018, the System has investments totaling \$318,462,998, which includes \$6,886,452 of short-term investments reported on the Statement of Net Position as current 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.

Fair Value Measurements

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, 2018, are as follows:

	Fair Market Value				Investments Measured at Net Asset Value
	Totals	Quoted Prices in Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
U.S. government securities:					
US Treasury Notes	\$1,097,997		\$1,097,997		
Federal Home Loan Mortgage Corporation	197,604		197,604		
Federal National Mortgage Association	618,406		618,406		
Common and preferred stock	7,397,296	\$7,397,296			
Mutual funds	15,601,471	15,601,471			
Money market funds	25,208	25,208			
Louisiana Asset Management Pool (LAMP)	6,886,452		6,886,452		
Investments held by foundations:					
U.S. government securities:					
U.S. Treasury Notes	6,452,501		6,452,501		
Federal Home Loan Mortgage Corporation	2,507,355		2,507,355		
Federal National Mortgage Association	1,661,982		1,661,982		
Federal Home Loan Bank	581,059		581,059		
Federal Farm Credit Bank	450,769		450,769		
Other fixed income securities	3,369,736	2,039,488	1,330,248		
Mutual funds	67,284,208	60,095,114	7,189,094		
Money market accounts	33,511,798	33,511,798			
Equity funds	4,916,048	3,770,265		\$1,145,783	
Common and preferred stock	48,300,001	48,300,001			
Corporate bonds/obligations	16,215,909		16,215,909		
Unit investment trusts and limited partnerships	13,682,399				\$13,682,399
Hedge funds and other alternatives					
Equity - long/short	3,835,864				3,835,864
Distressed opportunities	1,608,591				1,608,591
Multi-strategy	5,376,857				5,376,857
Other credit	8,817,322				8,817,322
Private equities	3,628,687				3,628,687
Other hedge funds	2,199,346			2,199,346	
Other	2,183,115	1,490,654		692,461	
Subtotal	258,407,981	\$172,231,295	\$45,189,376	\$4,037,590	\$36,949,720
Not categorized	60,055,017				
Total	\$318,462,998				

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 \$60,055,017 represent the System's investments held in external investment pools, which GASB Statement No. 72 excludes from the fair value disclosures, and investments held by the System's blended component units reported under FASB ASC §958. Investments measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented are intended to permit the reconciliation of the fair value hierarchy to the amounts presented on the Statement of Net Position. Net asset values for the investments held by foundations in unit investment trusts and limited partnerships were determined based on the foundation's proportionate share of the assets of the trusts and partnerships as of their balance sheet dates.

Hedge Funds and Other Alternative Investments Measured at Net Asset Value

Following is a summary of the fair value and unfunded commitments for the hedge funds and alternative investments that are held by foundations, and included in investments measured at net asset value above, as of June 30, 2018:

	Fair Value	Unfunded Commitments
Distressed opportunities	\$1,608,591	
Equity - long/short	3,835,864	
Private equities	3,628,687	\$3,628,687
Other credit	8,817,322	
Multi-strategy	5,376,857	
	<u>\$23,267,321</u>	<u>\$3,628,687</u>
Subtotal	<u>\$23,267,321</u>	<u>\$3,628,687</u>

The table below summarizes the terms of the hedge fund investments with respect to lockup periods, redemption frequencies, and notice periods as of June 30, 2018:

	Lockup Period	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Distressed opportunities	1-10+ years	Manager discretion	0-90 days
Equity - long/short	180 days to 3 years	Monthly, Quarterly, Annual, Manager discretion	0-90 days
Private equities	10+ years	Manager discretion	Not applicable
Multi-strategy	0-1 year	Daily, Monthly, Quarterly	1-90 days

The distressed opportunities investment consists of an investment in two funds, which have direct investments in other hedge funds and private equities. Both the direct investments and underlying fund investments include securities in companies undergoing financial distress, operating difficulties, or restructuring. The objectives of the funds are to invest in a diversified pool of underlying funds to provide the best return. Net asset values are determined by using market

quotes on those investment for which the market quotes are available. Investments in other funds are valued based on the capital accounts in the fund. Securities for which no quotes or capital balances are available are valued by the general partners based on available information at the date of the determination. The net asset values are computed quarterly.

The equity long/short investment includes investments in hedge funds that seek to generate capital appreciation while maintaining a balanced level of risk by investing in a number of long/short equity based funds and other direct investments. Net asset values of the funds are determined by using the latest unaudited or audited financial statements and performance reports of hedge funds in which the equity funds are invested. Any listed investments are valued at the last sales price on the date of determination. Any investments not listed are valued at the mean between the last closing and asking prices as reported in the over-the-counter market, if available. For those investments with no quotations, the investments are valued at estimated fair values as determined by the board of directors and investment manager of the fund. Net asset values are computed monthly.

Private equities include investments in funds whose primary strategy is to build diversified portfolios of top-performing private equity positions in both funds and direct investments in companies and corporations. Net asset values of the funds are determined by using the latest unaudited or audited financial statements and performance reports of hedge funds in which the private equity funds are invested. Any listed investments are valued at the last sales price on the date of determination. Any investments not listed are valued at the last closing bid price (or average of bid prices) last quoted on such date as reported by an established quotation service for over the counter securities. For those investments with no quotations, the investments are valued at their estimated fair values as determined by the investment manager of the fund based upon relevant factors of the investees such as current financial position, historical operating results, and/or recent sales prices in the same or similar securities. Net asset values are computed monthly.

Other credit investments include investment in various funds that primarily invest in debt instruments of private and public companies, United States government and municipal securities, mortgage-backed securities, and/or asset-backed securities and provide mezzanine capital to middle market businesses. The net asset values of these funds are determined based on portfolio valuations using different valuation techniques depending on the investment involved. Market quotes are used where available. For those equity and debt securities for which prices are not observable (generally private investments in equity and debt securities of operating companies), fair values are determined by reference to public market or private transactions for comparable assets. Net asset values are computed on a monthly basis.

Multi-strategy investments consist of investments in various funds. The funds primarily invest in other funds that use a variety of different investment strategies across a wide range of financial instruments, including but not limited to fixed income securities, equities, mutual funds, futures, forward and option contracts, physical commodities, distressed securities, swaps, and other derivative products. The net asset values of some funds use various inputs, including portfolio valuations that are received directly from independent sources. For those assets for which no independent sources are available, the investment managers determine the fair values by other means that may include obtaining appraisals. Some funds use a third party to provide the net asset

calculation or rely on the latest unaudited or audited financial statements and performance reports of various investments in which the funds invest. Any listed investments are valued at the last sales price on the date of determination. For those investments with no quotations, the fair values are estimated at their net asset values calculated by the fund managers.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State law as applicable to institutions of higher education does not address interest rate risk. In addition, individual System universities do not have policies to limit interest rate risk. The System's fixed-income investments and maturities at June 30, 2018, follow:

Type of Investment	Investments	Totals	Investment Maturities in Years					
			Less Than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 20 Years	
US Government Securities:								
US Treasury Notes	0.34%	\$1,097,997	\$998,364	\$99,633				
Federal Home Loan Mortgage Corporation	0.06%	197,604		197,604				
Federal National Mortgage Association	0.19%	618,406	359,829	258,577				
Common and Preferred Stock	2.32%	7,397,296						
Mutual Funds	4.90%	15,601,471						
Money Market Funds	0.01%	25,208						
Louisiana Asset Management Pool (LAMP)	2.16%	6,886,452						
Held by Foundations in External Investment Po	6.65%	21,188,300						
Investments held by foundations:								
US Government Securities:								
US Treasury Notes	2.03%	6,452,501	1,144,733	3,613,245	\$1,694,523			
Federal Home Loan Mortgage Corporation	0.79%	2,507,355	299,983	1,208,977	196,596	\$124,800	\$677,000	
Federal National Mortgage Association	0.52%	1,661,982	396,068	199,985	99,080	88,661	878,187	
Federal Home Loan Bank	0.18%	581,059	299,520	281,539				
Federal Farm Credit Bank	0.14%	450,769	198,318	252,451				
Other Fixed Income Securities	1.06%	3,369,736	141,281	2,927,574	300,881			
Mutual Funds	21.14%	67,284,208	20,195,018	1,113,519	701,656			
Money Market Accounts	10.51%	33,511,798						
Equity Funds	1.54%	4,916,048						
Common and Preferred Stock	15.18%	48,300,001						
Corporate Bonds/Obligations	5.09%	16,215,909	1,986,647	6,884,956	5,264,909	189,853	1,889,544	
Unit Investment Trusts and Limited Partnersh	4.30%	13,682,399						
Hedge Funds and Other Alternatives	8.00%	25,466,667						
Other	0.69%	2,183,115						
Held by Blended Component Units	12.20%	38,866,717						
Totals	100.00%	\$318,462,998	\$26,019,761	\$17,038,060	\$8,257,645	\$403,314	\$3,444,731	

Custodial Credit Risk

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

Concentration of Credit Risk

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. The Louisiana Board of Regents has established investment policies and procedures related to how these funds may be invested. Of the \$247,771,847 reported as investments held by foundations, the amounts held by its discretely presented component units [the University of Louisiana at Lafayette Foundation (ULL Foundation) and the University of New Orleans Foundation (UNO Foundation)] total \$123,188,894.

Investments held by the 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 \$21,188,300 has no credit quality rating.

Credit Risk

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	Totals
Standard & Poor's	AAA	\$5,445,329
Standard & Poor's	AA+	6,749,056
Standard & Poor's	AA	886,876
Standard & Poor's	AA-	1,666,281
Standard & Poor's	A+	1,653,109
Standard & Poor's	A	3,306,242
Standard & Poor's	A-	2,981,392
Standard & Poor's	AAAm	6,886,452
Standard & Poor's	BBB+	3,328,380
Standard & Poor's	BBB	3,846,721
Standard & Poor's	BBB-	741,346
Moody's	Aa1	108,382
Moody's	A2	142,911
Moody's	Baa1	175,062
Unrated		280,545,459
Totals		<u>\$318,462,998</u>

INVESTMENTS - COMPONENT UNITS

The component units' investments totaling \$221,151,652, as shown on the Statement of Financial Position (Statement D), 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, 2018, follow:

<u>Type of Investment</u>	University of Louisiana at Lafayette Foundation	University of New Orleans Foundation*	Total Investments
Certificates of deposit	\$810,005		\$810,005
Fixed income		\$25	25
Stocks and equities	2,459,858	4,238,208	6,698,066
International stocks		102,906	102,906
Mutual and exchange traded funds	51,981,730	73,361,412	125,343,142
Oil and gas interests		264,525	264,525
Hedge funds and alternative investments	60,119,813	4,353,784	64,473,597
Unit investment funds	23,459,386		23,459,386
	<u>\$138,830,792</u>	<u>\$82,320,860</u>	<u>\$221,151,652</u>
Total	<u>\$138,830,792</u>	<u>\$82,320,860</u>	<u>\$221,151,652</u>

*For the year ended December 31, 2017

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2018. 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	\$52,072,777	(\$21,529,456)	\$30,543,321	\$696,651
Auxiliary enterprises	11,793,688	(2,839,761)	8,953,927	239,954
Contributions and gifts	6,098,888		6,098,888	600,000
Federal, state, and private grants and contracts	33,404,656	(310,695)	33,093,961	217,726
Insurance recoveries	305,838		305,838	
Other	8,754,901	(164,483)	8,590,418	
Total	<u>\$112,430,748</u>	<u>(\$24,844,395)</u>	<u>\$87,586,353</u>	<u>\$1,754,331</u>

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2018, follows:

University of Louisiana System

	Balance July 1, 2017	Prior Period Adjustment	Restated Balance July 1, 2017	Additions	Transfers	Retirements	Balance June 30, 2018
Capital assets not being depreciated:							
Land	\$96,707,623		\$96,707,623	\$1,037,200		(\$697,500)	\$97,047,323
Land improvements	7,245,497		7,245,497	117,820		(416,231)	6,947,086
Capitalized collections	321,621		321,621				321,621
Livestock	39,450		39,450	2,500		(3,750)	38,200
Software development in progress	10,671,402		10,671,402	167,854	(\$10,839,256)		
Construction-in-progress	140,733,601	\$418,117	141,151,718	127,146,629	(124,822,663)	(2,769)	143,472,915
Other	33,110	199,998	233,108	2			233,110
Total assets not being depreciated	255,752,304	618,115	256,370,419	128,472,005	(135,661,919)	(1,120,250)	248,060,255
Capital assets being depreciated:							
Infrastructure	31,985,379		31,985,379				31,985,379
Land improvements	88,803,583		88,803,583	5,792,391	4,588,569	(1,543,638)	97,640,905
Buildings	2,311,584,568	(678,666)	2,310,905,902	36,630,849	102,239,585	(950,256)	2,448,826,080
Equipment (including library books)	471,693,289	407,016	472,100,305	18,022,960	17,967,852	(15,227,382)	492,863,735
Software (internally generated and purchased)	7,257,269		7,257,269		10,839,256		18,096,525
Total capital assets being depreciated	2,911,324,088	(271,650)	2,911,052,438	60,446,200	135,635,262	(17,721,276)	3,089,412,624
Less accumulated depreciation:							
Infrastructure	(11,821,436)		(11,821,436)	(752,037)			(12,573,473)
Land improvements	(45,305,178)		(45,305,178)	(4,236,561)		1,543,638	(47,998,101)
Buildings	(1,057,366,836)	55,142	(1,057,311,694)	(60,222,046)		414,942	(1,117,118,798)
Equipment	(402,585,923)	(156,557)	(402,742,480)	(20,635,777)		15,100,526	(408,277,731)
Software (internally generated and purchased)	(5,657,647)		(5,657,647)	(5,212,706)			(10,870,353)
Total accumulated depreciation	(1,522,737,020)	(101,415)	(1,522,838,435)	(91,059,127)	NONE	17,059,106	(1,596,838,456)
Total capital assets, net	\$1,644,339,372	\$245,050	\$1,644,584,422	\$97,859,078	(\$26,657)	(\$1,782,420)	\$1,740,634,423

Component Units

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets not being depreciated:				
Real estate	\$2,383,504	\$865,695	(\$296,800)	\$2,952,399
Art and collectibles	2,988,516	\$11,750		3,000,266
Construction-in-progress		114,922		114,922
Total assets not being depreciated	5,372,020	992,367	(296,800)	6,067,587
Capital assets being depreciated:				
Buildings	21,728,417	38,687	(\$736,683)	21,030,421
Vehicles, furniture, and equipment	1,235,845	56,812	(10,349)	1,282,308
Software (internally generated/purchased)	111,268		(34,565)	76,703
Total assets being depreciated	23,075,530	95,499	(781,597)	22,389,432
Less accumulated depreciation	(7,268,031)	(737,978)	129,267	(7,876,742)
Total capital assets, net	\$21,179,519	\$349,888	(\$949,130)	\$20,580,277

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, 2018:

<u>Account Name</u>	
Vendor payables	\$32,223,226
Accrued salaries and payroll deductions	33,953,878
Accrued interest	4,129,295
Other	<u>5,194,075</u>
Total payables	<u><u>\$75,500,474</u></u>

7. COMPENSATED ABSENCES

At June 30, 2018, employees of the System have accumulated and vested annual, sick, and compensatory leave, the balances of which were computed in accordance with GASB Codification

Section C60 and are recorded in the accompanying financial statements. The following is a summary of the leave balances at June 30, 2018, by type:

<u>Leave Type</u>	<u>Leave Balance</u>
Annual	\$27,387,845
Sick	21,464,268
Compensatory	<u>1,407,754</u>
Total compensated absences	<u><u>\$50,259,867</u></u>

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. Act 226 of the

2014 Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members.

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, at age 55 upon completing 25 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. Generally, active plan members with 10 or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the LASERS Board of Trustees.

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, lump-sum, 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 2018 were \$28,494,661 with active regular plan member contributions ranging from 7.5% to 8%, and employer contributions of 37.9%. Employer defined benefit plan contributions to TRSL for fiscal year 2018 were \$97,474,077, with active regular plan member contributions of 8%, and employer contributions of 25.4% and 22.2% for defined benefit plan employees and ORP, respectively. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenues, totaled \$3,033,203, and were recognized as revenue in fiscal year 2018 by the System.

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

At June 30, 2018, the System reported liabilities of \$285,019,953 and \$802,209,381 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, 2017, 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, 2017, the most recent measurement date, the System's proportions and the changes in proportion from the prior measurement date were 4.04925%, a decrease of 0.00365% for LASERS, and 7.82500%, an increase of 0.27551% for TRSL.

For the year ended June 30, 2018, the System recognized a pension expense of \$19,486,853 for LASERS and \$73,471,434 for TRSL for a total of \$92,958,287.

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				\$5,229,771	\$26,369,915	\$31,599,686
Changes in assumptions	\$1,126,010	\$8,459,317	\$9,585,327			
Net difference between projected and actual earnings on pension plan investments	9,268,309		9,268,309		20,719,621	20,719,621
Changes in proportion and differences between employer contributions and proportionate share of contributions		51,138,192	51,138,192	2,125,393	17,655,862	19,781,255
Employer contributions subsequent to the measurement date	28,494,661	97,474,077	125,968,738			
Total	\$38,888,980	\$157,071,586	\$195,960,566	\$7,355,164	\$64,745,398	\$72,100,562

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, 2019. 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
2019	(\$3,127,809)	(\$8,058,653)	(\$11,186,462)
2020	\$8,196,081	\$16,067,307	\$24,263,388
2021	\$3,709,002	\$2,257,810	\$5,966,812
2022	(\$5,738,119)	(\$15,414,353)	(\$21,152,472)

Actuarial Assumptions

The total pension liability for LASERS and TRSL in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

	LASERS	TRSL
Valuation Date	June 30, 2017	June 30, 2017
Amortization Approach	Closed	Closed
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Expected Remaining Service Lives	3 years	5 years
Investment Rate of Return	7.70% per annum, net of investment expenses	7.70%, net of investment expenses
Inflation Rate	2.75% per annum	2.5% per annum
Mortality - Non-disabled	RP-2000, improvement to 2015	RP-2000, scale AA to 2025
Mortality - Disabled	RP-2000 with no projection for mortality improvement	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 2.8% to 14.3%	3.5% to 10%
Cost-of-Living Adjustments	Not substantively automatic	Not substantively automatic

There were several changes in assumptions for the June 30, 2017, valuations, as follows:

- The LASERS and TRSL boards adopted plans gradually reducing the discount rate from 7.75% to 7.50% in 0.05% annual increments, beginning July 1, 2017. For the June 30, 2017, valuations, the discount rate was reduced from 7.75% to 7.70%. A 7.65% discount rate was used to determine the projected contribution requirements for the fiscal year ending June 30, 2019.
- The projected contribution requirement for the fiscal year ending June 30, 2019, includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.
- The LASERS board reduced the inflation assumption from 3.0% to 2.75%, effective July 1, 2017. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by 0.25%.

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 8.69%, and 8.33%, 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%	27.00%	4.28%
International equity	32.00%	5.35%	19.00%	4.96%
Domestic fixed income	8.00%	1.73%	13.00%	1.98%
International fixed income	6.00%	2.49%	5.50%	2.75%
Alternative investments	22.00%	7.41%		
Private equity			25.50%	8.47%
Other private assets			10.00%	3.51%
Global tactical asset allocation	7.00%	2.84%		
Total	100.00%		100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.70% 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 the actuarially determined rates approved by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendations of the respective pension systems' actuaries. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
LASERS	\$357,810,230	\$285,019,953	\$223,130,969
TRSL	\$1,033,665,102	\$802,209,381	\$605,315,598

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, 2018, the System had \$2,908,554 and \$8,037,552 payable to LASERS and TRSL, respectively, for the June 2018 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 VIII 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 2018 totaled \$54,073,341, which represents pension expense for the system. Employee contributions totaled \$15,447,076. The active member and employer contribution rates were 8% and 5.8%, respectively, with an additional employer contribution of 22.2% 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 (LSU Health Plan). The LSU Health Plan is offered only to retired employees of the University of New Orleans (UNO) who were participating in LSU Health Plan at the time UNO was transferred from the LSU System to the University of Louisiana System. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, promulgates the accounting and financial reporting requirement by employers who 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.

The plans are not administered as formal trusts; therefore, there are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75 to pay future OPEB obligations. The plans are financed on a pay-as-you-go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits and includes all expected claims and related expenses offset by retiree contributions – contributions to the plans are generally made at about the same time and in about the same amount as benefit payments become due. Information about these two plans is presented below.

Plan Descriptions

State OGB Plan

System employees voluntarily participate in the State of Louisiana's health insurance plan. OGB provides medical, prescription drug, and life insurance benefits to eligible retirees, disabled retirees, and their beneficiaries through premium subsidies. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system (LASERS and TRSL), or they retire from a participating employer that meets the qualifications in Louisiana Administrative Code 32:3.303, and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is a multiple-employer defined benefit plan. 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), a copy of which may be obtained from the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

LSU Health Plan

The System offers eligible UNO retirees and their beneficiaries the opportunity to participate in comprehensive health and preventive care coverage under the LSU Health Plan that gives members a consumer-driven health care approach to pay routine health expenses and provides coverage for major healthcare expenses. The LSU Health Plan is defined as a single-employer defined benefit health care plan. Within the LSU Health Plan, members have a choice of selecting between two options.

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

The LSU Health Plan does not issue a publicly available financial report.

The LSU Health Plan's benefit provisions are established by or may be amended under the authority of R.S. 42:851.

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, 42:821, and 42:851. 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 four self-insured healthcare plans and one fully insured plan 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.

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 or rejoin the plan on or after January 1, 2002, pay a percentage of the total premiums contributed by the employer 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 employer pays approximately 50% of the individual retiree's premium. The retiree is responsible for 100% of the premiums for dependents. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

LSU System Health Plan

Plan rates are actuarially determined and approved by the LSU Health Plan 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. Employer contributions are based on plan premiums and the employer contribution percentage. These percentages are identical to the OGB percentages above.

OPEB Obligation

At June 30, 2018, the System reported an OPEB liability totaling \$1,008,419,341 for its proportionate share of the total collective OPEB liability. The OGB and LSU Health plans' total collective OPEB liabilities were measured as of July 1, 2017, and June 30, 2018, respectively. The System's proportionate share of the restated total collective OPEB liability at June 30, 2017, totaling \$1,053,512,813, was determined using a rollback of OGB's valuation to July 1, 2016, using the discount rate applicable on that date, and assuming no experience gains or losses. The LSU Health Plan's beginning liability was determined using a rollback approach and accounted for the discount rate changes at the beginning of the year and end of the year.

The System's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability in relation to the total OPEB liability for all participating entities included in the State of Louisiana reporting entity.

At June 30, 2018, the System's proportion of the OGB liability was 11.4227%. Because the OGB beginning balance was restated using a rollback of the July 1, 2017, valuation assuming no experience gains or losses, there is no change to the proportion since the prior measurement date.

At June 30, 2018, the System's proportion of the LSU Health Plan liability was 1.6066%, which represents a decrease of 0.0887% from the June 30, 2017, proportion of the liability (restated).

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.

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.

A summary of the actuarial assumptions follows:

	State OGB Plan	LSU System Health Plan
Actuarial valuation date	July 1, 2017	January 1, 2018
Actuarial cost method	Entry Age Normal, based on a level percentage of pay	Entry Age Normal, based on a level percentage of projected salary
Estimated remaining service lives	4.48	6.70
Inflation rate (consumer price index)	2.8%	2.8%
Salary increase rate	Consistent with pension plans disclosed in note 8	2.0% per annum
Discount rate¹	3.13%	3.58% beginning of year 3.90% end of year
Mortality rates - non-disabled	RP-2014 Combined Health Mortality Table projected on a fully generational basis by Mortality Improvement Scale MP-2017	RP-2014 trended back to 2006 using scale MP-14 and projected generationally using scale MP-17 applied on a gender-specific basis
Mortality rates - disabled	RP-2014 Disabled Retiree Mortality Table projected on a fully generational basis by Mortality Improvement Scale MP-2017	RP-2014 Disabled Generational Table trended back to 2006 and scaled forward using scale MP-18 applied on a gender-specific basis

¹The discount rate for the OGB Plan is based on the June 30, 2017, Standard & Poors 20-year municipal bond index rate. The LSU Health Plan discount rate is based on the Bond Buyer 20-Bond GO Index.

Changes of assumptions and other inputs for OGB reflect a change in the discount rate from 2.71% as of July 1, 2016, to 3.13% as of July 1, 2017. In addition, the OGB valuation relies upon the pension plans covering the same participants for the retirement, termination, disability, and salary scale assumptions.

OGB's healthcare cost trend rates were developed using the National Health Care Trend Survey, and the ultimate trend was developed using a building block approach that considers Consumer Price Index, Gross Domestic Product, and technology growth. The OGB healthcare cost trend rates follow:

Year	Medical and Drug Pre-65	Medical and Drug Post-65
2017-2018	7.00%	5.50%
2018-2019	7.00%	5.50%
2019-2020	7.00%	5.50%
2020-2021	6.75%	5.25%
2021-2022	6.50%	5.00%
2022-2023	6.25%	4.75%
2023-2024	6.00%	4.50%
2024-2025	5.75%	4.50%
2025-2026	5.50%	4.50%
2026-2027	5.25%	4.50%
2027-2028	5.00%	4.50%
2028-2029	4.75%	4.50%
2029+	4.50%	4.50%

The LSU Health Plan's healthcare cost trend rates follow (rates are applied on a select and ultimate basis with the select trend reduced 0.5% each year until reaching the ultimate trend):

Benefit	Select	Ultimate
Pre-65 Medical and Drug	6.50%	4.50%
Post-Medicare	5.50%	4.50%
Administrative Fees	4.50%	4.50%

Proportionate Shares of the OPEB Liability Based on Changes in the Discount Rate

The following schedule presents the sensitivity of the System's proportionate share of the total collective OPEB liability based on changes in the discount rate that are one percentage point lower and one percentage point higher than the current rates:

Proportionate Share of Total Collective OPEB Liability Based on Changes in the Discount Rate

	1.0% Decrease	Current Rate	1.0% Increase
OGB Plan:			
Discount Rate	2.13%	3.13%	4.13%
Proportionate Share of Total	\$1,165,681,529	\$992,744,345	\$856,315,457
LSU Health Plan:			
Discount Rate	2.90%	3.90%	4.90%
Proportionate Share of Total	\$19,024,362	\$15,674,996	\$13,104,376

Proportionate Shares of the OPEB Liability Based on Changes in the Healthcare Cost Trend Rates

The following schedule presents the sensitivity of the System's proportionate share of the total collective OPEB liability based on changes in the healthcare cost trend rate that are one percentage point lower and one percentage point higher than the current rates:

	1.0% Decrease	Current Rate	1.0% Increase
OGB Plan:	\$855,644,814	\$992,744,345	\$1,168,400,219
LSU Health Plan:	\$13,161,523	\$15,674,996	\$18,872,459

Per Capita Health Care Claim Costs

The OGB expected per capita costs were based on medical and prescription drug claims for retired participants for the period January 1, 2016, through December 31, 2017. The claims experience was trended to the valuation date. For the LSU Health Plan, the expected annual claim costs were developed using two years of historical claim experience through December 31, 2017.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, the System recognized OPEB expense totaling \$11,031,541, comprised of \$11,976,477 and (\$944,936) for the OGB and LSU Health plans, respectively. The System reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows			Deferred Inflows		
	OGB	LSU Health	Totals	OGB	LSU Health	Totals
Changes in employer's proportionate share of total OPEB liability	\$34,432		\$34,432	\$3,557,581		\$3,557,581
Changes in assumptions				52,460,664	\$490,701	52,951,365
Employer contributions subsequent to the measurement date	28,471,449		28,471,449			
Total	\$28,505,881	NONE	\$28,505,881	\$56,018,245	\$490,701	\$56,508,946

Deferred outflows of resources related to OPEB from the System's benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ending June 30, 2019. Because the LSU Health Plan's measurement date was June 30, 2018, there are no deferred outflows for System benefit payments at June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Fiscal year ending June 30,</u>	<u>OGB</u>	<u>LSU Health</u>	<u>Total</u>
2019	(\$16,087,302)	(\$86,095)	(\$16,173,397)
2020	(\$16,087,302)	(\$86,095)	(\$16,173,397)
2021	(\$16,087,302)	(\$86,095)	(\$16,173,397)
2022	(\$7,721,907)	(\$86,095)	(\$7,808,002)
2023		(\$86,095)	(\$86,095)
2024		(\$60,226)	(\$60,226)

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2018, the total rental expense for all operating leases is \$1,044,360. The following is a schedule, by years, of future minimum annual rental payments required under operating leases:

Fiscal Year Ending June 30,	Office Space	Equipment	Land	Other	Total Minimum Payments Required
2019	\$668,768	\$114,722	\$116,305	\$19,186	\$918,981
2020	660,819	100,547	116,459	19,795	897,620
2021	603,719	26,792	116,617	10,709	757,837
2022	479,059	17,854	116,780	3,960	617,653
2023	470,500	9,503	116,947	3,960	600,910
2024-2028	1,581,822	47,515	559,670		2,189,007
2029-2033	1,151,760	47,515	37,394		1,236,669
2034-2038	1,151,760	47,515	43,132		1,242,407
2039-2043	1,151,760	47,515	49,751		1,249,026
2044-2048	1,151,756	47,515	57,378		1,256,649
Thereafter	45		176,746		176,791
Total	\$9,071,768	\$506,993	\$1,507,179	\$57,610	\$11,143,550

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, 2018, consist of various leases as follows:

Nature of Lease	Buildings	Equipment	Total
Gross amount of leased assets (historical cost)	\$5,523,464	\$19,032,116	\$24,555,580
Remaining interest to end of lease	\$93,459	\$632,082	\$725,541
Remaining principal to end of lease	\$2,105,000	\$4,790,765	\$6,895,765

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, 2018:

<u>Fiscal Year Ending June 30,</u>	<u>System</u>
2019	\$1,771,847
2020	1,181,864
2021	1,180,366
2022	1,042,898
2023	491,933
2024-2028	<u>1,952,398</u>
Total minimum lease payments	7,621,306
Less - amount representing executory costs	<u>NONE</u>
Net minimum lease payments	7,621,306
Less - amount representing interest	<u>(725,541)</u>
Present value of net minimum lease payments	<u><u>\$6,895,765</u></u>

The System's component unit foundations have no capital leases at June 30, 2018.

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, 2018:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Office space	\$42,670,195	(\$18,100,897)	\$24,569,298
Buildings	105,096,205	(37,187,657)	67,908,548
Equipment	237,047	(109,888)	127,159
Land	9,290,646		9,290,646
Other	<u>161,821</u>	<u>(144,277)</u>	<u>17,544</u>
Total	<u><u>\$157,455,914</u></u>	<u><u>(\$55,542,719)</u></u>	<u><u>\$101,913,195</u></u>

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2018:

<u>Fiscal Year Ending June 30,</u>	<u>Office Space</u>	<u>Buildings</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
2019	\$5,271,939	\$4,720,491	\$143,973	\$3,260,958	\$13,397,361
2020	3,082,589	4,763,407	138,987	1,778,030	9,763,013
2021	2,680,116	4,805,617	103,934	1,778,030	9,367,697
2022	2,494,946	4,835,619	103,934	1,778,030	9,212,529
2023	2,503,269	4,721,052	90,726	1,778,030	9,093,077
2024-2028	7,863,489	11,581,537	86,953	2,317,866	21,849,845
2029-2033	1,600,005	1,738,451	35,826	500,000	3,874,282
2034-2038	5		11,938	500,000	511,943
2039-2043	4		78,481	937,500	1,015,985
Total minimum future rentals	<u>\$25,496,362</u>	<u>\$37,166,174</u>	<u>\$794,752</u>	<u>\$14,628,444</u>	<u>\$78,085,732</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, 2018, were \$1,363,445, \$1,812,174, and \$817,681, respectively.

12. LONG-TERM LIABILITIES

Following is a summary of bond and other long-term debt transactions of the System for the year ended June 30, 2018:

University of Louisiana System

	<u>Balance June 30, 2017</u>	<u>Adjustments</u>	<u>Balance June 30, 2017 Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Amounts Due Within One Year</u>
Bonds and notes payable:							
Notes payable	\$16,628,146		\$16,628,146		(\$10,650,549)	\$5,977,597	\$728,388
Bonds payable	755,301,970		755,301,970	\$71,680,363	(35,164,025)	791,818,308	25,870,085
Total bonds and notes payable	771,930,116	NONE	771,930,116	71,680,363	(45,814,574)	797,795,905	26,598,473
Other liabilities:							
Accrued compensated absences payable	47,412,984		47,412,984	9,129,167	(6,282,284)	50,259,867	4,409,369
Capital lease obligations	7,934,264		7,934,264	1,078,857	(2,117,356)	6,895,765	1,589,127
Total other liabilities	55,347,248	0	55,347,248	10,208,024	(8,399,640)	57,155,632	5,998,496
Total	<u>\$827,277,364</u>	<u>\$0</u>	<u>\$827,277,364</u>	<u>\$81,888,387</u>	<u>(\$54,214,214)</u>	<u>\$854,951,537</u>	<u>\$32,596,969</u>

See notes 8, 9, and 10 for the required disclosures related to changes in the net pension liability and total OPEB liability.

Component Units

	Balance	Reductions	Balance	Amounts
	June 30, 2017		June 30, 2018	Due Within
				One Year
Notes payable	\$398,905	(\$20,469)	\$378,436	\$21,477

Details of all debt outstanding at June 30, 2018, are as follows:

Bonds Payable - University of Louisiana System

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2017	Issued (Redeemed)	Principal Outstanding June 30, 2018	Maturities	Interest Rates	Interest Outstanding June 30, 2018
Grambling State University								
Future and Advance Project Funding Bonds:								
Series 2016-4	November 30, 2016	\$91,171,636	\$91,171,636	(\$3,144,475)	\$88,027,161	2039	2.69%	\$26,168,647
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 C								
	December 28, 2006	5,700,000	4,795,000	(125,000)	4,670,000	2038	5.80%	3,310,250
Louisiana Tech University								
Revenue Refunding Bonds - Series 2012								
	October 24, 2012	3,975,000	2,110,000	(405,000)	1,705,000	2022	2.05%	88,252
Innovative Student Facilities, Inc. (blended component unit): Louisiana Local Government Environmental Facilities and Community Development Authority: Student Housing and Related Refunding Bonds - Series 2013								
	June 6, 2013	19,065,000	16,440,000	(680,000)	15,760,000	2034	3.0-5.0%	5,267,221
University Athletic and Related Facilities Series 2014								
	April 10, 2014	9,000,000	8,360,000	(230,000)	8,130,000	2039	4.48%	4,584,832
Student Housing and Related Facilities Refunding Bonds - Series 2015								
	December 29, 2015	43,020,000	41,955,000	(1,130,000)	40,825,000	2038	2.0-5.0%	22,051,175
Student Housing Bonds - Series 2016 B								
	June 7, 2016	4,000,000	4,000,000		4,000,000	2047	4.50%	4,164,300
Student Housing - Series 2016 A								
	August 16, 2016	36,695,000	36,695,000	(130,000)	36,565,000	2047	2.0-4.0%	25,234,575
McNeese State University								
Field House - Series 2009								
	August 6, 2009	6,000,000	4,400,000	(265,000)	4,135,000	2030	3.93%	1,049,015
Cowboy Facilities, Inc. (blended component unit): Calcasieu Parish Trust Authority: University Student Lease Revenue Bonds - Series 2011								
	December 7, 2011	18,655,000	15,050,000	(675,000)	14,375,000	2033	4.0-5.0%	5,861,738
Louisiana Local Government Environmental Facilities and Community Development Authority University Student Parking Bonds - Series 2011								
	December 28, 2011	13,850,000	12,625,000	(290,000)	12,335,000	2042	3.5-5.0%	8,707,275
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	10,435,000	(10,435,000)				
Student Revenue Housing - Series 2007 B								
	August 23, 2007	32,380,000	32,380,000		32,380,000	2039	5.62%	19,024,267
Student Self-Assessed Fees - Series 2010								
	December 15, 2010	10,860,000	9,860,000	(215,000)	9,645,000	2041	4.61%	6,842,162
Streets and Parking Revenue Bonds - Series 2016 A								
	February 16, 2016	1,975,000	1,690,000	(195,000)	1,495,000	2025	2.30%	140,645
Cafeteria and Student Union Revenue Bonds - Series 2016 B								
	February 16, 2016	4,000,000	3,590,000	(220,000)	3,370,000	2030	3.71%	867,584
Student Housing Revenue Refunding Bonds - Series 2017								
	December 1, 2017	10,605,000		9,280,000	9,280,000	2024	2.86%	950,807
Northwestern State University								
Wellness, Recreation, and Activity Center Bonds - Series 2011								
	October 25, 2011	4,500,000	2,695,000	(345,000)	2,350,000	2024	3.8%	322,240
Southeastern Louisiana University								
Student Recreation and Activity Center Revenue Bonds - Series 2011								
	December 7, 2011	3,650,000	1,340,000	(435,000)	905,000	2020	2.00-3.375%	44,956
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	1,608,416
Intermodal Parking - Series 2007 A and B								
	March 14, 2007	8,035,000	4,180,000	(210,000)	3,970,000	2037	4.0-4.375%	1,390,874
Student Union - Series 2010								
	November 17, 2010	31,255,000	27,685,000	(680,000)	27,005,000	2041	.80-5.00%	17,478,795
Student Housing - Series 2013 Refunding Bonds								
	November 13, 2013	40,910,000	32,620,000	(2,970,000)	29,650,000	2027	4.00-5.25%	5,713,356
Housing Project - Series 2017 Revenue Bonds								
	June 6, 2017	35,465,000	35,465,000		35,465,000	2049	5.00%	28,101,000

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2017	Issued (Redeemed)	Principal Outstanding June 30, 2018	Maturities	Interest Rates	Interest Outstanding June 30, 2018
University of Louisiana at Lafayette								
Ragin' Cajun Facilities, Inc. (blended component unit) - Lafayette Public Trust Financing Authority: Student Union and University								
Facilities Project - Series 2010	November 15, 2010	\$22,200,000	\$19,600,000	(\$480,000)	\$19,120,000	2041	3.0-5.0%	\$12,327,547
Housing and Parking Project - Series 2011	December 1, 2010	100,050,000	8,150,000	(1,900,000)	6,250,000	2021	5.0-5.25%	413,444
Refunding Bonds Series 2012	October 30, 2012	14,740,000	13,535,000	(625,000)	12,910,000	2033	3.0-5.0%	4,137,441
Louisiana Local Government Environmental Facilities and Community Development Authority -								
Lewis Street Parking Garage Project, Series 2013	November 21, 2013	25,205,000	24,205,000	(515,000)	23,690,000	2044	3.0-5.0%	17,323,325
Athletic Facilities Project Series 2013	November 26, 2013	23,605,000	22,665,000	(485,000)	22,180,000	2044	3.0-5.0%	16,202,478
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%	14,851,487
Cajundome Refunding Lease, Revenue Bonds, Series 2016	August 2, 2016	11,005,000	11,005,000	(710,000)	10,295,000	2030	2.47%	1,500,793
Revenue Refunding Bonds - Student								
Housing and Parking Project - Series 2017	April 19, 2017	95,945,000	95,945,000	(645,000)	95,300,000	2042	2.0-5.0%	64,143,773
Baseball Stadium Project - Series 2017	September 27, 2017	10,145,000	10,145,000	10,145,000	10,145,000	2034	3.50%	3,014,244
Housing and Parking Project - Series 2018	May 23, 2018	47,410,000		47,410,000	47,410,000	2049	5.0%	65,069,876
University of Louisiana at Monroe								
ULM Facilities, Inc. (blended component unit): Louisiana Local Government Environmental Facilities and Community Development Authority:								
Student Housing, Infirmary, and Student Center:								
Revenue Bonds Series 2004 A & A-T	June 4, 2004	35,210,000	29,790,000	(1,120,000)	28,670,000	2035	2.92%	7,745,327
Revenue Bonds Series 2004 C & C-T	December 8, 2004	33,680,000	27,530,000	(880,000)	26,650,000	2036	2.92%	8,203,404
Revenue and Refunding Bonds - Series 2014								
Stadium and Scoreboard	June 30, 2014	1,845,000	1,355,000	(175,000)	1,180,000	2024	2.92%	112,448
Revenue Refunding Bonds, Student Center - Series 2014								
	July 9, 2014	1,645,000	1,390,000	(120,000)	1,270,000	2027	3.14%	190,564
Revenue Bonds, Student Center - Series 2016	March 8, 2016	6,000,000	5,800,000	(210,000)	5,590,000	2036	2.62%	1,535,975
Revenue Bonds - Series 2017	June 14, 2017	4,000,000	4,000,000	(355,000)	3,645,000	2027	2.75%	519,615
University of New Orleans								
Revenue Bonds - Series 2012	August 22, 2012	9,700,000	7,360,000	(575,000)	6,785,000	2028	2.99%	1,062,272
Revenue Bonds - Series 2015	February 27, 2015	2,990,000	2,980,000	(10,000)	2,970,000	2031	3.47%	1,158,980
Revenue Bonds - Series 2015 B	May 29, 2015	3,580,000	3,010,000	(298,000)	2,712,000	2026	2.90%	365,690
UNO Research and Technology Foundation:*								
Louisiana Public Facilities Authority -								
Revenue Refunding Bonds - Series 2014	August 28, 2014	36,000,000	35,175,000	(900,000)	34,275,000	2036	3.0-5.0%	16,917,100
Total		971,020,728	746,655,728	34,052,525	780,708,253			
Premiums/discounts, net			24,063,505	3,277,082	27,340,587			
Deferred loss on refunding			(731,757)	66,795	(664,962)			
Bond issuance costs			(14,685,506)	(880,064)	(15,565,570)			
Total		\$971,020,728	\$755,301,970	\$36,516,338	\$791,818,308			\$425,832,892

*Fiscal year ended December 31, 2017

On September 27, 2017, Ragin' Cajun Facilities, Inc. (RCFI) (a blended component unit of the University of Louisiana at Lafayette), issued \$10,145,000 of Louisiana Local Government Environmental Facilities and Community Development Authority Baseball Stadium Project Revenue Bonds – Series 2017 to refinance RCFI's long term debt incurred in fiscal year 2017 to construct a new baseball stadium and to pay a pre-payment penalty on the prior debt and to pay issuance costs.

On May 23, 2018, RCFI issued \$47,410,000 of Louisiana Local Government Environmental Facilities and Community Development Authority Housing and Parking Project Bonds – Series

2018 for the construction of student housing and related parking. The bonds were issued at a premium totaling \$4,903,746.

Component Units

The System's component unit foundations had no bonds outstanding at June 30, 2018.

The annual requirements to amortize all System bonds outstanding at June 30, 2018, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$25,505,568	\$30,546,862	\$56,052,430
2020	26,585,113	29,669,512	56,254,625
2021	27,263,898	28,720,553	55,984,451
2022	28,380,744	27,781,814	56,162,558
2023	29,295,132	26,780,782	56,075,914
2024-2028	157,961,229	116,558,261	274,519,490
2029-2033	172,913,740	83,819,260	256,733,000
2034-2038	160,148,139	50,385,056	210,533,195
2039-2043	89,169,855	23,865,738	113,035,593
2044-2048	55,654,835	7,607,179	63,262,014
2049-2053	7,830,000	97,875	7,927,875
	<u>780,708,253</u>	<u>425,832,892</u>	<u>1,206,541,145</u>
Sub-total			
Unamortized Discount/ Premium/Issuance Costs	<u>11,110,055</u>		<u>11,110,055</u>
	<u>\$791,818,308</u>	<u>\$425,832,892</u>	<u>\$1,217,651,200</u>
Total			

Following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2018:

<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	
Series 2006C Revenue Bonds - Debt Service	411,994	405,765	\$6,229
Series 2006C Revenue Bonds - Maintenance	319,411	316,711	2,700
Series A 2016-4 Bonds - Extraordinary Payments	8,424,570	8,424,570	
Series A 2016-5 Bonds - Escrow	5,352	5,352	
Series A 2016-4 Bonds - Principal and Interest	1,373,847	906,316	467,531
Series A 2016-4 Bonds - Revenue	47,441	47,441	
Series A 2016-4 Bonds - Escrow	4,111,940	4,111,940	
Louisiana Tech University			
Innovative Student Facilities, Inc., Revenue Bonds - Series 2013	684,484	684,484	
McNeese State University			
Field House Project, Series - Series 2009	445,112	436,000	9,112
Cowboy Facilities, Inc.:			
Student Parking Bonds 2011	884,208	879,256	4,952
Student Lease Revenue Bonds 2011	1,358,398	1,356,513	1,885
Nicholls State University			
NSU Facilities, Inc.:			
Revenue Bonds - Series 2010	690,114	689,750	364
Revenue Bonds - Series 2017	3,293,214	3,275,945	17,269
Southeastern Louisiana University			
University Facilities, Inc.:			
Revenue Bonds - Series 2004	1,521,191	1,500,000	21,191
Revenue Bonds - Series 2007	389,751	386,138	3,613
Revenue Bonds - Series 2010A	1,582,225	1,578,569	3,656
Revenue Bonds - Series 2010B	359,371	358,540	831
Revenue Bonds - Series 2013	2,069,183	2,045,500	23,683
University of Louisiana at Lafayette			
Ragin' Cajun Facilities, Inc.:			
Student Union/University Facilities Project - Series 2010	1,382,706	1,379,681	3,025
Housing and Parking Project - Series 2010	820,363	815,000	5,363
Lewis Street Parking Garage Project - Series 2013	1,592,308	1,590,463	1,845
Athletic Facilities Project - Series 2013	1,489,977	1,488,250	1,727
University of Louisiana at Monroe			
ULM Facilities, Inc., Student Housing and Student Center Revenue Bonds:			
Series 2004 A & A-T	1,127,178	1,120,465	6,713
Series 2004 C & C-T	1,027,655	1,021,535	6,120
Total	<u>\$35,939,993</u>	<u>\$35,352,184</u>	<u>\$587,809</u>

In addition to the debt reserves above, as permitted by universities' and/or their respective facility corporations' bond indentures, the universities and/or their respective facility corporations obtained surety bonds issued by insurance companies that meet the definition as reserve fund investments and guarantee payments to fund reserve requirements as follows:

<u>Bond Issue</u>	<u>Guaranteed Payment Not to Exceed</u>
Louisiana Tech University	
Innovative Student Facilities, Inc.:	
Revenue Refunding Bonds - Series 2015	\$3,308,150
Revenue Bonds - Series 2016 A	\$2,583,015
University of Louisiana at Lafayette	
Ragin' Cajun Facilities, Inc.:	
Refunding Bonds - Series 2012	\$1,171,344
Cajundome Project - Series 2015	\$1,527,385
Cajundome Refunding Lease Revenue Bonds - Series 2016	\$1,020,325
Housing and Parking Project Refunding Bonds - Series 2017	\$7,121,575
Housing Project Bonds - Series 2018	\$4,642,070
University of New Orleans (UNO)	
Revenue Bonds - Series 2012	\$790,887
Revenue Bonds - Series 2015	\$997,003
Revenue Bonds - Series 2015 B	\$385,243
UNO Research and Technology Foundation:	
Revenue Refunding Bonds - Series 2014	\$3,037,050

Notes Payable - University of Louisiana System

<u>Note</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2017</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2018</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2018</u>
Grambling State University								
U.S. Department of Education	May 1, 1993	\$3,500,000	\$1,042,663	(\$147,573)	\$895,090	2024	3.0%	\$82,557
University of Louisiana at Lafayette								
MidSouth Bank 1	September 18, 2015	1,300,000	1,112,901	(113,940)	998,961	2026	4.45%	174,389
MidSouth Bank 2	July 22, 2016	10,000,000	10,000,000	(10,000,000)				
University of New Orleans								
UNO Research and Technology Foundation:*								
LPFA	October 19, 1999	1,500,000	1,073,873	(138,799)	935,074	2024	0.0%	
Whitney Bank	April 19, 2001	7,350,000	3,457,454	(304,197)	3,153,257	2021	4.5%	398,779
Total		23,650,000	16,686,891	(10,704,509)	5,982,382			
Note issuance costs			(58,745)	53,960	(4,785)			
Total		<u>\$23,650,000</u>	<u>\$16,628,146</u>	<u>(\$10,650,549)</u>	<u>\$5,977,597</u>			<u>\$655,725</u>

*Fiscal year ended December 31, 2017

The University of Louisiana at Lafayette Foundation, Inc. had the following outstanding note payable at June 30, 2018:

<u>Note</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2017</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2018</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2018</u>
University of Louisiana at Lafayette Foundation, Inc.								
U.S. Department of Education	June 9, 2011	<u>\$500,000</u>	<u>\$398,905</u>	<u>(\$20,469)</u>	<u>\$378,436</u>	2031	4.75%	<u>\$131,602</u>

The annual requirements to amortize all notes outstanding for the System at June 30, 2018, including interest of \$655,725, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$728,388	\$205,614	\$934,002
2020	753,021	180,981	934,002
2021	779,093	154,908	934,001
2022	2,594,808	68,737	2,663,545
2023	452,767	25,612	478,379
2024-2028	<u>674,305</u>	<u>19,873</u>	<u>694,178</u>
Sub-total	5,982,382	655,725	6,638,107
Unamortized Discount/ Premium/Issuance Costs	<u>(4,785)</u>		<u>(4,785)</u>
Total	<u>\$5,977,597</u>	<u>\$655,725</u>	<u>\$6,633,322</u>

The annual requirements to amortize notes outstanding for the University of Louisiana at Lafayette Foundation, Inc. at June 30, 2018, including interest of \$131,602, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	26,027	13,207	39,234
2024-2028	150,611	45,557	196,168
2029-2033	<u>109,384</u>	<u>8,316</u>	<u>117,700</u>
Total	<u>\$378,436</u>	<u>\$131,602</u>	<u>\$510,038</u>

13. REFUNDING OF BONDS

Nicholls State University

On December 1, 2017, the Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority) issued \$10,605,000 of non-taxable Series 2017A Bonds pursuant to an Indenture of Trust between the Authority and Regions Bank (the Trustee). Pursuant to loan agreements between the Authority and the NSU Facilities Corporation, the Authority has loaned the proceeds of the bonds to the Corporation.

On December 8, 2017, NSU Facilities used the proceeds from the Series 2017A Bonds to redeem \$9,130,000 of Series 2007A bonds. The bonds were redeemed at face value, and the transaction resulted in a loss of \$383,319.

14. INTEREST RATE SWAP AGREEMENT

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 8, 2017, the Bonds were remarketed from a variable rate demand bond secured by the existing Assured Guaranty bond insurance and a liquidity facility provided by Regions Bank in the form of a standby bond purchase agreement confirmed by a Federal Home Loan Bank-Atlanta letter of credit (Liquidity Facility) to a bond secured by the existing Assured Guaranty bond insurance directly purchased by Regions Capital Advantage, Inc. The necessity of this remarketing was due to the termination of the Liquidity Facility securing the bonds.

Objective of the 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. (Original 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, (Original Swap Documents). In connection with the remarketing of the Bonds, and pursuant to the terms of the Replacement Transaction Agreement, the Original Provider assigned its rights under the Original Swap Documents to Deutsche Bank AG, New York Branch (the Replacement Provider) and the Original Swap Documents were amended pursuant to an Amended and Restated Confirmation (the Amended and Restated Confirmation and, together with the Original Swap Documents, the Swap Documents) between the Authority and the Replacement Provider.

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 Replacement Provider of the Swap are obligations of the Corporation.

Terms: Under the amended terms of the Swap since December 9, 2017, the Authority pays a fixed rate of 5.622%, and the Replacement Provider pays a variable rate equal to 70% of the one month London Interbank Offered Rate (LIBOR) plus 1.50% beginning January 2, 2018, through June 1, 2039, all as more fully described in the Swap Documents.

Fair Value: The fair value of the Swap agreement as of June 30, 2018, was \$7,972,000 in favor of the Replacement Provider.

Credit Risk: Credit risk is the risk that the counterparty will not fulfill its obligations. At June 30, 2018, 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 interest rates on a Swap and the associated debt are based on different indexes. Under the amended Swap, the floating rate paid to the Authority by the Replacement Provider is based on the same floating rate index as the Bonds (70% of one month LIBOR). Therefore, the Authority is not exposed to basis risk on the amended Swap.

Termination Risk: The Authority or the Replacement Provider may terminate the Swap if the other party fails to perform under the terms of the contract. The Swap may be terminated if either party fails to make payment when due; breaches the Swap Documents; 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 Replacement Provider 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 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 \$1,705,000. The bonds were issued for the installation of a turbine generation system. The approximate remaining amount of the pledge is \$1,793,252 at June 30, 2018, representing principal and interest totaling \$1,705,000 and \$88,252, respectively. The term of commitment is October 24, 2012, through April 1, 2022. For the year ended June 30, 2018, the requirements for principal and interest were \$405,000 and \$43,255, respectively. The amount of pledged revenues recognized for fiscal year 2018 totaled \$1,936,171.

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 bonds were issued 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. 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 \$5,184,015 at June 30, 2018, representing principal and interest totaling \$4,135,000 and \$1,049,015, respectively. The revenues are pledged for the period July 2009 through June 2030. For the year ended June 30, 2018, the requirements for principal and interest were \$265,000 and \$167,713, respectively. Pledged revenues recognized for the period totaled \$1,257,699.

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 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. The original principal on the bonds totaled \$4,500,000, and the approximate remaining amount of the pledge is \$2,672,240 at June 30, 2018, representing principal and interest totaling \$2,350,000 and \$322,240, respectively. The term of commitment was 25 years beginning in October 1999 and ending in April 2024. For the year ended June 30, 2018, the requirements for principal and interest were \$345,000 and \$102,410, respectively. The amount of pledged revenues recognized for fiscal year 2018 totaled \$1,550,914.

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**

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. 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 \$1,340,000. The approximate remaining amount of the pledge is \$949,956 at June 30, 2018, representing principal and interest totaling \$905,000 and \$44,956, respectively. The revenue was pledged for the purpose of this bond through June 2020. For the year ended June 30, 2018, principal and interest requirements were \$435,000 and \$42,481, respectively. Pledged revenues recognized for the period totaled \$819,934.

University of New OrleansRevenue 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 \$8,633,740. The approximate remaining amount of the pledge is \$7,847,272 at June 30, 2018, representing principal and interest totaling \$6,785,000 and \$1,062,272, respectively. The term of commitment is August 2012 through October 2027. For the year ended June 30, 2018, the requirements for principal and interest were \$575,000 and \$211,468, respectively. The amount of pledged revenues recognized during the period totaled \$1,377,703. 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 \$4,242,213. The approximate remaining amount of the pledge is \$4,128,980 at June 30, 2018, representing principal and interest totaling \$2,970,000 and \$1,158,980, respectively. The term of commitment is February 2015 through October 2030. For the year ended June 30, 2018, the requirements for principal and interest were \$10,000 and \$103,233, respectively. The amount of pledged revenues recognized for the fiscal year 2018 totaled \$1,377,703. 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 2004 B bonds. The debt secured by the pledge is \$3,462,980. The approximate remaining amount of the pledge is \$3,077,690 at June 30, 2018, representing principal and interest totaling \$2,712,000 and \$365,690, respectively. The term of commitment is May 2015 through May 2026. For the year ended June 30, 2018, the requirements for principal and interest payments were \$298,000 and \$87,290, respectively. The amount of pledged revenues recognized for the fiscal year 2018 totaled \$9,771,305.

16. RESTATEMENT OF BEGINNING NET POSITION

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

		<u>System</u>
Net position at June 30, 2017		(\$41,000,335)
Other postemployment benefits (OPEB) liability restatement required by GASB Statement No. 75:		
Total OPEB liability at June 30, 2016/2017	(\$463,825,191)	
OPEB contributions during the fiscal year ended June 30, 2017	<u>28,121,948</u>	
Net OPEB liability restatement		(435,703,243)
Capital assets:		
Southeastern Louisiana University	(558,855)	
University of Louisiana at Lafayette	513,137	
University of Louisiana at Monroe	90,770	
University of New Orleans	<u>199,998</u>	
Net capital asset restatement		245,050
Revenues:		
University of Louisiana at Lafayette	(186,880)	
University of Louisiana at Monroe	<u>(5,963)</u>	
Net revenues restatement		(192,843)
Expenses:		
University of Louisiana at Lafayette	961,541	
University of Louisiana at Monroe	<u>(156,539)</u>	
Net expenses restatement		<u>805,002</u>
Net position at June 30, 2017, restated		<u><u>(\$475,846,369)</u></u>

The restatements decreased the System's beginning net position by \$475,846,369. Had the error corrections totaling \$857,209 affecting fiscal year 2017 been included in the June 30, 2017, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of \$23,891,646 would have totaled \$24,748,855.

The OPEB liability restatements, which resulted from a change in accounting principle, follow:

	(Increase) in OPEB Liability at June 30, 2016	OPEB Contributions During the Fiscal Year Ended June 30, 2017	OPEB Liability Restatement (net)
Grambling State University	(\$25,825,935)	\$1,986,690	(\$23,839,245)
Louisiana Tech University	(67,685,591)	3,804,923	(63,880,668)
McNeese State University	(33,632,693)	2,267,983	(31,364,710)
Nicholls State University	(47,326,585)	2,756,032	(44,570,553)
Northwestern State University	(33,996,824)	2,058,467	(31,938,357)
Southeastern Louisiana University	(55,654,672)	3,591,462	(52,063,210)
University of Louisiana at Lafayette	(89,864,075)	4,920,383	(84,943,692)
University of Louisiana at Monroe	(48,750,427)	3,356,272	(45,394,155)
University of New Orleans	(59,863,167)	3,337,274	(56,525,893)
Board of Supervisors	(1,225,222)	42,462	(1,182,760)
	<u>(\$463,825,191)</u>	<u>\$28,121,948</u>	<u>(\$435,703,243)</u>

17. RESTRICTED NET POSITION

The System has the following restricted expendable net position at June 30, 2018:

<u>Account Title</u>	<u>Amount</u>
Endowments	\$86,890,987
Student Fees	66,662,474
Student Loan Fund	28,203,387
Auxiliary Enterprises	19,659,447
Grants and Contracts	11,059,803
Maintenance Reserves	13,121,559
Capital Construction/Plant Projects	6,066,889
Debt Service/Retirement of Indebtedness	7,146,723
Scholarships	5,683,317
WRAC Fund	2,387,429
Other	5,479,436
Gifts - Restricted by Donors	<u>1,181,822</u>
Total expendable	<u><u>\$253,543,273</u></u>

The System's restricted nonexpendable net position totaling \$198,552,597 as of June 30, 2018, was comprised entirely of endowment funds.

Of the total net position reported on Statement A for the year ended June 30, 2018, \$41,045,481 was restricted by enabling legislation.

RESTRICTED NET ASSETS - COMPONENT UNITS

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

	University of Louisiana at Lafayette Foundation, Inc.	University of New Orleans Foundation*
Temporarily restricted:		
Donor-restricted endowment funds	\$39,534,242	\$8,900,929
Chair and professorship endowment funds	15,586,620	13,124,846
Other programs		7,157,661
	<u>\$55,120,862</u>	<u>\$29,183,436</u>
Total temporarily restricted net assets		
Permanently restricted:		
Donor-restricted endowment funds	\$48,694,246	\$13,583,962
Chair and professorship endowment funds	49,349,066	18,529,890
	<u>\$98,043,312</u>	<u>\$32,113,852</u>
Total permanently restricted net assets		

*Fiscal year ended December 31, 2017

18. CONDENSED FINANCIAL INFORMATION

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

Statement of Net Position

	Black and Gold Facilities, Inc.	Innovative Student Facilities, Inc.	Cowboy Facilities, Inc.	NSU Facilities Corporation
Assets:				
Current assets	\$16,717	\$9,076	\$1,005,000	\$52,402
Capital assets	3,048,914	113,098,652	19,932,504	50,802,053
Other assets	731,405	13,277,624	5,583,418	6,058,571
Total assets	\$3,797,036	\$126,385,352	\$26,520,922	\$56,913,026
Liabilities:				
Current liabilities	\$199,478	\$4,434,623	\$1,304,033	\$2,572,914
Long-term liabilities	4,409,103	107,006,942	24,412,295	66,093,230
Total liabilities	\$4,608,581	\$111,441,565	\$25,716,328	\$68,666,144
Net Position:				
Net investment in capital assets	(\$758,784)	\$10,031,204	(\$3,235,891)	\$587,623
Restricted net position - expendable			4,040,485	2,092,876
Unrestricted net position	(52,761)	4,912,583		(14,433,617)
Total net position	(\$811,545)	\$14,943,787	\$804,594	(\$11,753,118)
	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	\$33,271,384		\$10,716,119	\$12,739,417
Capital assets	122,422,665	\$241,789,123	62,446,962	49,425,965
Other assets	5,921,722	58,554,139	6,376,415	34,521,074
Total assets	\$161,615,771	\$300,343,262	\$79,539,496	\$96,686,456
Liabilities:				
Current liabilities	\$11,124,874	\$10,819,475	\$5,135,715	\$4,275,368
Long-term liabilities	110,216,927	267,787,583	62,261,049	41,282,628
Total liabilities	\$121,341,801	\$278,607,058	\$67,396,764	\$45,557,996
Net Position:				
Net investment in capital assets	\$25,273,450	\$17,538,421	(\$2,869,087)	\$45,337,634
Restricted net position - expendable	10,406,912	3,670,879		
Unrestricted net position	4,593,608	526,904	15,011,819	5,790,826
Total net position	\$40,273,970	\$21,736,204	\$12,142,732	\$51,128,460

*Fiscal year ended December 31, 2017

Statement of Revenues, Expenses, and Changes in Net Position

	Black and Gold Facilities, Inc.	Innovative Student Facilities, Inc.	Cowboy Facilities, Inc.	NSU Facilities Corporation
Operating revenues	\$417,480	\$6,512,864	\$4,217,598	\$5,544,208
Operating expenses	(10,273)		(924,161)	(275,222)
Depreciation expense	(139,248)	(2,543,261)	(1,019,921)	(3,589,599)
Net operating income	267,959	3,969,603	2,273,516	1,679,387
Nonoperating revenues (expenses):				
Investment income	6,193	215,548	75,531	91,425
Gifts of equipment				
Gift income				
Interest expense	(284,290)	(4,045,518)	(1,314,173)	(2,819,998)
Other (net)	(2,969)	(437,020)	(59,205)	2,100,681
Capital contributions/additions to permanent and term endowments				
Changes in net position	(13,107)	(297,387)	975,669	1,051,495
Net position beginning of the year	(798,438)	15,241,174	(171,075)	(12,804,613)
Net position end of the year	(\$811,545)	\$14,943,787	\$804,594	(\$11,753,118)
	University Facilities, Inc.	Ragin' Cajun Facilities, Inc.	University of Louisiana at Monroe Facilities, Inc.	University of New Orleans Research and Technology Foundation, Inc.*
Operating revenues	\$16,384,251	\$13,742,851	\$12,597,649	\$11,752,174
Operating expenses	(7,129,445)	(1,924,042)	(3,273,566)	(8,235,678)
Depreciation expense	(3,241,599)	(10,448,917)	(2,098,870)	(2,581,027)
Net operating income	6,013,207	1,369,892	7,225,213	935,469
Nonoperating revenues (expenses):				
Investment income	329,257	97,816	99,335	251,512
Gifts of equipment			(1,658,791)	
Gift income				30,027
Interest expense	(2,887,752)	(9,468,812)	(673,102)	(1,408,692)
Other (net)		(149,823)		600,249
Capital contributions/additions to permanent and term endowments		7,627,477		
Changes in net position	3,454,712	(523,450)	4,992,655	408,565
Net position beginning of the year	36,819,258	22,259,654	7,150,077	50,719,895
Net position end of the year	\$40,273,970	\$21,736,204	\$12,142,732	\$51,128,460

*Fiscal year ended December 31, 2017

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	\$133,861	\$6,512,864	\$3,442,712	\$5,142,420
Noncapital financing				
Capital and related financing	(125,000)	(24,725,686)	(2,923,010)	(5,804,522)
Investing activities	(6,147)	215,548	75,531	662,102
Net increase (decrease) in cash	2,714	(17,997,274)	595,233	NONE
Cash, beginning of the year	14,003	31,138,754	5,993,186	
Cash, end of the year	\$16,717	\$13,141,480	\$6,588,419	NONE
	University Facilities, Inc.	Ragin' Cajun Facilities, Inc.	University of Louisiana at Monroe Facilities, Inc.	University of New Orleans Research and Technology Foundation, Inc.*
Net cash flows provided (used) by:				
Operating activities	\$9,563,642	\$10,395,496	\$9,069,571	\$4,191,161
Noncapital financing			(590,000)	(708,844)
Capital and related financing	(33,831,670)	31,932,494	(14,375,130)	(2,137,492)
Investing activities	24,285,009		99,335	(1,472,446)
Net increase (decrease) in cash	16,981	42,327,990	(5,796,224)	(127,621)
Cash, beginning of the year	186,516	16,226,149	22,422,281	1,762,187
Cash, end of the year	\$203,497	\$58,554,139	\$16,626,057	\$1,634,566

*Fiscal year ended December 31, 2017

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$266,644,346	\$96,111,208	\$78,498	\$38,768,168	\$343,021		\$401,945,241
Research	54,220,616	15,737,278	2,082,556	18,927,202	405,781		91,373,433
Public service	23,207,109	7,761,612	10,359	7,453,106	2,403		38,434,589
Academic support	47,939,780	18,577,602	220,842	22,688,884	37,393		89,464,501
Student services	36,949,933	12,806,600	323,346	25,839,342	52,954		75,972,175
Institutional support	69,732,296	30,352,895	592,861	35,939,421	16,739		136,634,212
Operations and maintenance of plant	23,668,150	11,748,257	28,094,798	42,448,617	4,230		105,964,052
Depreciation						\$91,059,127	91,059,127
Scholarships and fellowships	305,504	598,837		15,500	79,538,205		80,458,046
Auxiliary enterprises	56,265,244	19,315,703	11,597,893	108,472,999	6,553,176		202,205,015
Other	1,629,148	2,239,437	722,169	2,276,290			6,867,044
Total operating expenses	<u>\$580,562,126</u>	<u>\$215,249,429</u>	<u>\$43,723,322</u>	<u>\$302,829,529</u>	<u>\$86,953,902</u>	<u>\$91,059,127</u>	<u>\$1,320,377,435</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, 2018, was \$2,774,857.

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, 2018, net appreciation of donor-restricted endowments is equal to \$73,578,340, 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
- Northwestern State University Foundation
- Demons Unlimited Foundation
- Lion 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 (Regents). The Endowed Professorship Program endowment funds are established for \$100,000 each. Effective July 1, 2017, universities with fewer than 15 Endowed Professorship slots with \$60,000 of private

contributions receive \$40,000 of State matching portion allocated by Regents (60% non-State/40% State ratio), and universities with more than 15 Endowed Professorship slots with \$80,000 of private contributions receive \$20,000 of State matching portion allocated by Regents (80% non-State/20% State ratio). Once a university has received State match for 15 Endowed Professorship slots, that university will be eligible only for the 80% non-State/20% State ratio.

At June 30, 2018, the foundations held in custody \$247,771,847 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.lla.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 (University); 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 University 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. The University will lease the facility site to RCFI at \$1 per year during the construction phase and for the term of the facility lease agreement. The University 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 the University within 60 days of a written request from the University.

The CGI facility was completed during the fiscal year ended June 30, 2017. The University funded the construction costs of \$13.5 million incurred by RCFI as a funding mechanism until the costs were reimbursed by the State.

University of Louisiana at Lafayette/Louisiana Department of Economic Development

General

In July 2014, the University entered into a CEA with the State and the LED for 10 years providing a grant of \$4.5 million to the University for expansion of the School of Computing and Informatics (SCI) and other informatics related initiatives, including the development of the pipeline between the University 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, the University 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, 2018, project payments totaling \$710,423 were paid.

University of Louisiana at Lafayette/Project Chimps

General

In December 2015 the University entered into a CEA with Project Chimps, Inc. (Project Chimps), a nonprofit corporation established under the laws of the State of Oregon dedicated to and created for the purpose of providing permanent non-research sanctuary for the lifelong care of chimpanzees. The University'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. The University currently bears the cost of providing lifetime care and maintenance for retired chimpanzees. Project Chimps desires to undertake the cost to provide sanctuary for the retired chimpanzees. The University will transfer ownership, rights, and obligations of the chimpanzees to Project Chimps, thus providing relief for the University'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, the University agrees to make one-time payments to Project Chimps upon the transfer of each chimpanzee to the sanctuary. The University

is obligated to pay Project Chimps a maximum \$4.3 million. Using unrestricted endowment payments for the project, the University has made payments totaling \$3,617,241 through June 30, 2018.

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 the 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 \$6,403,259 as of December 31, 2017.

**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 a 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.

As of December 31, 2017 the activities related to this project are placed on hold by the State of Louisiana. The Foundation has a balance of \$705,896 in construction-in-progress as of December 31, 2017, related to the Agreement. Management will reassess this project annually to determine if such costs are impaired. As of December 31, 2017, no impairment has been recognized on this facility by the Foundation.

26. SUBSEQUENT EVENTS

No events of a material nature have occurred subsequent to the Statement of Net Position date that would require adjustment to or disclosure in the accompanying financial statements.

UNIVERSITY OF LOUISIANA

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REQUIRED SUPPLEMENTARY
INFORMATION SCHEDULES



**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's Employer
Contributions to Pension Plans**

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

**Schedule of System's Proportionate Share of the Total Collective
Other Postemployment Benefits (OPEB) Liability**

Schedule 3 presents certain specific data for the System's share of the total collective OPEB liability.

Schedule 1

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Schedule of the System's Proportionate Share
of the Net Pension Liability
Fiscal Year Ended June 30, 2018**

Fiscal Year*	System's proportion of the net pension liability (asset)	System's proportionate share of the net pension liability (asset)	System's covered payroll	System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System					
2015	4.31059%	\$269,536,391	\$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%
2018	4.04925%	\$285,019,953	\$76,144,048	374%	62.5%
Teachers Retirement System of Louisiana					
2015	7.42707%	\$759,154,018	\$356,854,834	213%	63.7%
2016	7.46121%	\$802,250,525	\$360,842,983	222%	62.5%
2017	7.54949%	\$886,080,065	\$369,791,054	240%	59.9%
2018	7.82500%	\$802,209,384	\$379,818,842	211%	65.6%

*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.

(Continued)

Schedule 1

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Schedule of the System's Proportionate Share
of the Net Pension Liability
Fiscal Year Ended June 30, 2018

Notes to Required Supplementary Information

Changes of Benefit Terms and Assumptions 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.

2018

- E. The discount rate used to measure the total pension liability changed from 7.75% to 7.70%. To determine the projected required contributions for the fiscal year ending June 30, 2019, LASERS used a 7.65% discount rate.
- F. The inflation assumption was reduced from 3.0% to 2.75%, effective July 1, 2017. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by 0.25%.
- G. Per Act 94 of 2016 the projected contribution requirements for the fiscal year ending June 30, 2019, include direct funding of administrative expenses, rather than a reduction in the assumed rate of return.

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.

2018

- D. The discount rate used to measure the total pension liability changed from 7.75% to 7.70%. To determine the projected required contributions for the fiscal year ending June 30, 2019, LASERS and TRSL used a 7.65% discount rate.
- E. Per Act 94 of 2016 the projected contribution requirements for the fiscal year ending June 30, 2019, include direct funding of administrative expenses, rather than a reduction in the assumed rate of return.

(Concluded)

Schedule 2

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Schedule of System's Employer Contributions
Fiscal Year Ended June 30, 2018**

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					
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%
2018	\$28,494,661	\$28,494,661	NONE	\$75,131,857	37.9%
Teachers Retirement System of Louisiana					
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%
2018	\$97,474,077	\$97,474,077	NONE	\$408,252,960	23.9%

*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.

(Continued)

Schedule 2

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Schedule of System's Employer Contributions
Fiscal Year Ended June 30, 2018**

Notes to Required Supplementary Information

Changes of Benefit Terms and Assumptions 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.

2018

- E. The discount rate used to measure the total pension liability changed from 7.75% to 7.70%. To determine the projected required contributions for the fiscal year ending June 30, 2019, LASERS used a 7.65% discount rate.
- F. The inflation assumption was reduced from 3.0% to 2.75%, effective July 1, 2017. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by 0.25%.
- G. Per Act 94 of 2016 the projected contribution requirements for the fiscal year ending June 30, 2019, include direct funding of administrative expenses, rather than a reduction in the assumed rate of return.

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.

2018

- D. The discount rate used to measure the total pension liability changed from 7.75% to 7.70%. To determine the projected required contributions for the fiscal year ending June 30, 2019, LASERS and TRSL used a 7.65% discount rate.
- E. Per Act 94 of 2016 the projected contribution requirements for the fiscal year ending June 30, 2019, include direct funding of administrative expenses, rather than a reduction in the assumed rate of return.

(Concluded)

Schedule 3**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA****Schedule of the System's Proportionate Share
of the Total Collective OPEB Liability
Fiscal Year Ended June 30, 2018**

	<u>Fiscal Year Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Office of Group Benefits:		
System's proportion of the total collective OPEB liability	11.4227%	11.4227%
System's proportionate share of the total collective OPEB liability	992,744,345	1,036,402,180
System's covered-employee payroll	398,234,617	388,234,784
System's proportionate share of the total collective liability as a percentage of the covered-employee payroll	249%	267%
LSU Health Plan		
System's proportion of the total collective OPEB liability	1.6066%	1.6953%
System's proportionate share of the total collective OPEB liability	15,674,996	17,110,633
System's covered-employee payroll	NONE	NONE
System's proportionate share of the total collective liability as a percentage of the covered-employee payroll	NONE	NONE

The amounts presented for each fiscal year were determined on the measurement dates. The schedule is intended to show information for 10 years. Additional years will be presented as they become available.

Notes to Required Supplementary Information

There are no assets accumulated in a trust that meets the requirements in paragraph 4 of GASB Statement 75 to pay related benefits.

Office of Group Benefits:

2018

- A. A change in the discount rate from 2.71% to 3.13%.

LSU Health Plan:

2018

- A. A change in the discount rate from 3.58% to 3.90%.
- B. A transition from the Projected Unit Credit cost method to the Entry Age Normal cost method.
- C. Updated plan design changes as of January 1, 2018.
- D. Updated claim costs for the expected retiree health costs.
- E. Census changes since the last valuation.

UNIVERSITY OF LOUISIANA

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SUPPLEMENTAL INFORMATION SCHEDULES



**Combining Schedule of Net Position, by University,
for the year ended June 30, 2018**

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, 2018**

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, 2018**

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, 2017**

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, 2017**

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, 2017**

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, 2018**

	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	\$9,175,894	\$31,198,271	\$43,501,204	\$19,465,037	\$35,463,562	\$39,355,833
Investments						17,114,528
Receivables (net)	3,098,040	4,534,541	4,394,232	3,845,510	6,974,785	6,828,981
Due from State Treasury	93,309	176,606	113,889	99,997	152,668	184,858
Due from federal government	1,023,556	2,565,495	1,089,442	58,557	84,632	2,414,016
Inventories	392,687	489,027	1,442,515	121,674	264,349	751,754
Prepaid expenses and advances	487,480	2,978,968	379,971	618,241	366,375	357,349
Notes receivable (net)		732,558	318,939			239,738
Other current assets	823,185	139,864			146,016	
Total current assets	15,094,151	42,815,330	51,240,192	24,209,016	43,452,387	67,247,057
Noncurrent assets:						
Restricted:						
Cash and cash equivalents	18,629,996	21,735,031	9,546,409	4,270,919	2,593,860	17,988,377
Investments	8,061,628	39,648,956	19,450,729	24,799,611	15,590,092	23,247,121
Receivables (net)			600,000	271,784	141,338	
Notes receivable (net)	341	4,270,487	1,045,882		778,561	1,699,506
Investments						
Capital assets (net)	121,931,036	252,969,303	144,554,169	108,607,935	56,911,474	244,025,274
Other noncurrent assets		136,144				
Total noncurrent assets	148,623,001	318,759,921	175,197,189	137,950,249	76,015,325	286,960,278
Total assets	163,717,152	361,575,251	226,437,381	162,159,265	119,467,712	354,207,335
Deferred outflows of Resources:						
Deferred amounts on debt refunding	3,102,206					
Deferred outflows related to pensions	8,807,483	22,800,417	11,715,886	12,608,231	19,122,754	20,709,754
Deferred outflows related to other postemployment benefits (OPEB)	2,156,507	3,790,846	2,360,380	2,848,265	2,063,480	3,784,410
Total deferred outflows of resources	14,066,196	26,591,263	14,076,266	15,456,496	21,186,234	24,494,164
LIABILITIES						
Current liabilities:						
Accounts payable and accruals	6,743,608	6,865,290	4,369,349	4,692,581	6,616,685	11,945,942
Due to state treasury	319					8,551
Unearned revenues	481,008	7,662,512	3,421,667	2,057,077	4,320,437	4,048,179
Compensated absences payable	286,407	448,055	253,816	341,777	289,472	576,777
Capital lease obligations	31,809	369,502				510,000
Amounts held in custody for others	3,236,300	1,256,324	426,948	428,347	33,067	1,604,106
Notes payable	152,033					
Contracts payable						
Bonds payable	3,354,568	3,414,604	1,280,000	2,090,000	355,000	4,470,000
Other current liabilities	905,150	2,000				5,192
Total current liabilities	15,191,202	20,018,287	9,751,780	9,609,782	11,614,661	23,168,747

(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	\$41,493,748	\$29,754,575	\$19,805,081	\$603,385	\$269,816,590
Investments			8,282,030		25,396,558
Receivables (net)	30,739,131	6,453,487	18,920,185	43,130	85,832,022
Due from State Treasury	238,123	168,532	228,526		1,456,508
Due from federal government	278,785	750,860	2,013,482		10,278,825
Inventories	1,605,724	196,180	210,358		5,474,268
Prepaid expenses and advances	3,773,630	991,538	599,698		10,553,250
Notes receivable (net)	920,595	460,967	493,559		3,166,356
Other current assets			85,730		1,194,795
Total current assets	<u>79,049,736</u>	<u>38,776,139</u>	<u>50,638,649</u>	<u>646,515</u>	<u>413,169,172</u>
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	73,488,154	10,765,359	4,138,954		163,157,059
Investments	102,000,594	31,401,914	21,946,761		286,147,406
Receivables (net)		741,209			1,754,331
Notes receivable (net)	6,330,211	2,612,145	3,094,156		19,831,289
Investments			32,582		32,582
Capital assets (net)	444,063,339	149,327,906	218,232,659	11,328	1,740,634,423
Other noncurrent assets			467,613		603,757
Total noncurrent assets	<u>625,882,298</u>	<u>194,848,533</u>	<u>247,912,725</u>	<u>11,328</u>	<u>2,212,160,847</u>
Total assets	<u>704,932,034</u>	<u>233,624,672</u>	<u>298,551,374</u>	<u>657,843</u>	<u>2,625,330,019</u>
Deferred outflows of Resources:					
Deferred amounts on debt refunding					3,102,206
Deferred outflows related to pensions	53,604,737	19,446,467	25,560,768	1,584,069	195,960,566
Deferred outflows related to other postemployment benefits (OPEB)	5,189,234	3,000,941	3,267,816	44,002	28,505,881
Total deferred outflows of resources	<u>58,793,971</u>	<u>22,447,408</u>	<u>28,828,584</u>	<u>1,628,071</u>	<u>227,568,653</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accruals	20,993,852	8,705,090	4,429,373	138,704	75,500,474
Due to state treasury					8,870
Unearned revenues	14,538,983	4,558,863	5,417,199		46,505,925
Compensated absences payable	834,793	672,804	662,684	42,784	4,409,369
Capital lease obligations		106,759	571,057		1,589,127
Amounts held in custody for others	1,765,062	214,608	884,048		9,848,810
Notes payable	119,186		457,169		728,388
Contracts payable		765,717			765,717
Bonds payable	5,820,000	2,978,024	2,107,889		25,870,085
Other current liabilities	2,716,464		282,585		3,911,391
Total current liabilities	<u>46,788,340</u>	<u>18,001,865</u>	<u>14,812,004</u>	<u>181,488</u>	<u>169,138,156</u>

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Position, by University
June 30, 2018

	GRAMBLING STATE UNIVERSITY	LOUISIANA TECH UNIVERSITY	MCNEESE STATE UNIVERSITY	NICHOLLS STATE UNIVERSITY	NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY
LIABILITIES (CONT.)						
Noncurrent liabilities:						
Unearned revenues				\$189,733		
Compensated absences payable	\$3,749,058	\$4,264,831	\$3,362,984	3,125,291	\$4,179,229	\$6,946,834
Capital lease obligations	63,617	3,432,386				1,595,000
Notes payable	743,057					
Bonds payable	89,330,787	108,296,942	28,272,295	52,090,125	1,995,000	110,676,927
Net Pension liability	59,431,574	130,016,071	76,884,763	74,237,402	96,753,405	142,754,133
OPEB liability	59,045,214	124,531,971	78,346,291	88,992,731	83,793,934	142,880,003
Other noncurrent liabilities				8,123,320	63,588	
Total noncurrent liabilities	<u>212,363,307</u>	<u>370,542,201</u>	<u>186,866,333</u>	<u>226,758,602</u>	<u>186,785,156</u>	<u>404,852,897</u>
Total liabilities	<u>227,554,509</u>	<u>390,560,488</u>	<u>196,618,113</u>	<u>236,368,384</u>	<u>198,399,817</u>	<u>428,021,644</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	6,036,072	6,746,074	4,740,482	4,956,870	4,835,674	8,844,074
Deferred inflows related to OPEB	3,120,190	6,807,369	4,380,406	4,835,949	4,970,236	8,411,620
Total deferred inflows of resources	<u>9,156,262</u>	<u>13,553,443</u>	<u>9,120,888</u>	<u>9,792,819</u>	<u>9,805,910</u>	<u>17,255,694</u>
NET POSITION						
Net investment in capital assets	42,917,820	144,394,968	117,695,886	58,393,505	54,561,474	143,866,059
Restricted for:						
Nonexpendable	7,246,829	33,148,457	13,100,000	17,969,902	11,205,351	12,793,747
Expendable	18,661,026	22,216,052	31,022,495	11,201,220	16,249,268	35,727,420
Unrestricted	<u>(127,753,098)</u>	<u>(215,706,894)</u>	<u>(127,043,735)</u>	<u>(156,110,069)</u>	<u>(149,567,874)</u>	<u>(258,963,065)</u>
Total net position	<u>(\$58,927,423)</u>	<u>(\$15,947,417)</u>	<u>\$34,774,646</u>	<u>(\$68,545,442)</u>	<u>(\$67,551,781)</u>	<u>(\$66,575,839)</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			\$2,816,759		\$3,006,492
Compensated absences payable	\$11,438,493	\$3,485,303	4,986,614	\$311,861	45,850,498
Capital lease obligations		215,635			5,306,638
Notes payable	874,990		3,631,162		5,249,209
Bonds payable	266,912,593	62,338,025	46,035,529		765,948,223
Net Pension liability	267,091,659	111,202,953	125,191,633	3,665,741	1,087,229,334
OPEB liability	197,083,159	104,533,810	126,841,017	2,371,211	1,008,419,341
Other noncurrent liabilities			365,363		8,552,271
Total noncurrent liabilities	<u>743,400,894</u>	<u>281,775,726</u>	<u>309,868,077</u>	<u>6,348,813</u>	<u>2,929,562,006</u>
Total liabilities	<u>790,189,234</u>	<u>299,777,591</u>	<u>324,680,081</u>	<u>6,530,301</u>	<u>3,098,700,162</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	13,807,921	6,163,477	14,898,310	1,071,608	72,100,562
Deferred inflows related to OPEB	11,628,717	5,588,070	6,613,477	152,912	56,508,946
Total deferred inflows of resources	<u>25,436,638</u>	<u>11,751,547</u>	<u>21,511,787</u>	<u>1,224,520</u>	<u>128,609,508</u>
NET POSITION					
Net investment in capital assets	219,812,637	83,689,463	165,429,853	11,328	1,030,772,993
Restricted for:					
Nonexpendable	54,215,000	26,746,113	22,127,198		198,552,597
Expendable	74,237,105	19,184,940	25,043,747		253,543,273
Unrestricted	<u>(400,164,609)</u>	<u>(185,077,574)</u>	<u>(231,412,708)</u>	<u>(5,480,235)</u>	<u>(1,857,279,861)</u>
Total net position	<u>(\$51,899,867)</u>	<u>(\$55,457,058)</u>	<u>(\$18,811,910)</u>	<u>(\$5,468,907)</u>	<u>(\$374,410,998)</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, 2018**

	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 \$192,463,351)	\$23,616,408	\$77,724,018	\$41,981,444	\$36,641,560	\$52,672,924	\$73,173,963
Federal grants and contracts	7,827,721	7,204,044	499,811	544,721	1,353,779	7,868,498
State and local grants and contracts	490,943	3,290,903	1,924,432	1,017,660	4,438,444	3,497,493
Nongovernmental grants and contracts	203,833	1,344,922	30,951	166,387	803,911	307,536
Sales and services of educational departments	930,096	309,650	502,769	187,628	4,624,823	557,362
Auxiliary enterprise revenues (net of scholarship allowances of \$21,092,234 including revenues used as security for revenue bonds)	25,921,073	23,950,321	10,948,740	18,849,753	3,405,213	19,254,729
Other operating revenues	942,325	1,204,069	2,554,519	962,564	3,789,043	2,884,410
Total operating revenues	<u>59,932,399</u>	<u>115,027,927</u>	<u>58,442,666</u>	<u>58,370,273</u>	<u>71,088,137</u>	<u>107,543,991</u>
OPERATING EXPENSES						
Educational and general:						
Instruction	18,766,014	45,940,829	30,182,627	27,947,552	43,818,783	59,937,983
Research	1,164,799	19,935,737	403,252	1,201,353	209,136	948,717
Public service	55,201	195,072	790,061	899,046	958,797	3,007,655
Academic support	3,107,285	12,434,836	8,897,695	6,475,505	9,664,984	12,930,189
Student services	5,853,831	6,092,792	5,598,242	5,584,407	8,931,580	10,046,970
Institutional support	14,918,611	11,758,415	8,879,562	8,186,757	10,856,840	12,981,353
Operations and maintenance of plant	6,627,899	9,718,746	8,261,469	6,848,887	8,650,629	15,535,809
Depreciation	6,452,627	11,453,487	6,940,946	6,965,975	5,964,241	9,737,466
Scholarships and fellowships	7,969,126	11,861,468	2,872,367	5,068,859	11,594,832	12,973,006
Auxiliary enterprises	23,746,509	34,649,085	15,564,480	14,534,405	10,667,355	14,115,816
Other operating expenses		612,992	335,620	179,068	888,300	1,282,083
Total operating expenses	<u>88,661,902</u>	<u>164,653,459</u>	<u>88,726,321</u>	<u>83,891,814</u>	<u>112,205,477</u>	<u>153,497,047</u>
OPERATING LOSS	<u>(28,729,503)</u>	<u>(49,625,532)</u>	<u>(30,283,655)</u>	<u>(25,521,541)</u>	<u>(41,117,340)</u>	<u>(45,953,056)</u>
NONOPERATING REVENUES (Expenses)						
State appropriations	13,568,618	29,099,750	19,437,492	15,099,715	21,135,713	29,501,265
Gifts	587,338	8,263,912	1,712,954	547,178		1,132,338
Federal nonoperating revenues	17,897,739	11,579,162	10,421,302	10,247,778	19,022,698	23,267,396
Investment income, net	1,518,205	1,487,768	1,947,011	576,614	1,715,984	1,159,662
Interest expense	(2,607,893)	(4,208,677)	(1,494,596)	(2,819,998)	(102,410)	(2,981,808)
Payments to or on behalf of the university				468,947		
Loss on disposal of capital assets						
Other nonoperating revenues (expenses)	891	1,948,304	155,867	2,584,689	230,306	1,469,901
Net nonoperating revenues	<u>30,964,898</u>	<u>48,170,219</u>	<u>32,180,030</u>	<u>26,704,923</u>	<u>42,002,291</u>	<u>53,548,754</u>

(Continued)

	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 \$192,463,351)	\$145,127,679	\$57,796,292	\$56,132,715		\$564,867,003
Federal grants and contracts	22,939,597	3,989,952	7,870,314		60,098,437
State and local grants and contracts	4,383,988	8,479,662	25,972,768		53,496,293
Nongovernmental grants and contracts	25,614,991	622,746	7,447,538		36,542,815
Sales and services of educational departments	144,202	426,557	148,172		7,831,259
Auxiliary enterprise revenues (net of scholarship allowances of \$21,092,234 including revenues used as security for revenue bonds)	41,426,914	18,832,784	13,889,351		176,478,878
Other operating revenues	8,279,953	891,596	7,891,445	\$2,177,186	31,577,110
Total operating revenues	<u>247,917,324</u>	<u>91,039,589</u>	<u>119,352,303</u>	<u>2,177,186</u>	<u>930,891,795</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	96,285,138	39,234,792	39,831,523		401,945,241
Research	50,939,480	6,276,095	10,294,864		91,373,433
Public service	5,880,306	7,359,570	19,288,881		38,434,589
Academic support	20,887,444	6,259,817	8,806,746		89,464,501
Student services	15,913,559	8,959,809	8,990,985		75,972,175
Institutional support	34,759,038	14,504,822	16,427,472	3,361,342	136,634,212
Operations and maintenance of plant	17,770,067	14,979,194	17,571,352		105,964,052
Depreciation	25,207,495	6,621,615	11,713,627	1,648	91,059,127
Scholarships and fellowships	11,269,548	9,982,161	6,866,679		80,458,046
Auxiliary enterprises	51,209,471	22,549,760	15,168,134		202,205,015
Other operating expenses	752,308	1,721	2,814,952		6,867,044
Total operating expenses	<u>330,873,854</u>	<u>136,729,356</u>	<u>157,775,215</u>	<u>3,362,990</u>	<u>1,320,377,435</u>
OPERATING LOSS	<u>(82,956,530)</u>	<u>(45,689,767)</u>	<u>(38,422,912)</u>	<u>(1,185,804)</u>	<u>(389,485,640)</u>
NONOPERATING REVENUES (Expenses)					
State appropriations	47,873,617	25,818,215	29,113,270	1,025,487	231,673,142
Gifts	5,112,771	867,800	1,746,357		19,970,648
Federal nonoperating revenues	25,303,722	11,931,340	10,900,348		140,571,485
Investment income, net	10,553,360	2,502,089	1,645,084	227,131	23,332,908
Interest expense	(9,468,812)	(1,661,617)	(1,810,682)		(27,156,493)
Payments to or on behalf of the university					468,947
Loss on disposal of capital assets		(13,918)			(13,918)
Other nonoperating revenues (expenses)	3,614,568	1,409,223	405,539	9,970	11,829,258
Net nonoperating revenues	<u>82,989,226</u>	<u>40,853,132</u>	<u>41,999,916</u>	<u>1,262,588</u>	<u>400,675,977</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, 2018**

	<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	\$2,235,395	(\$1,455,313)	\$1,896,375	\$1,183,382	\$884,951	\$7,595,698
Capital appropriations	200,285	4,044,827	15,373,959	678,155	280,857	24,640,110
Capital grants and gifts	2,100,250	18,041,598	1,540,056	965,828	143,093	3,908,644
Additions to permanent endowments		200,000	600,000		500,000	120,000
Other expenses, net		(2,830,378)				
CHANGE IN NET POSITION	4,535,930	18,000,734	19,410,390	2,827,365	1,808,901	36,264,452
NET POSITION - BEGINNING OF YEAR (Restated)	(63,463,353)	(33,948,151)	15,364,256	(71,372,807)	(69,360,682)	(102,840,291)
NET POSITION - END OF YEAR	<u>(\$58,927,423)</u>	<u>(\$15,947,417)</u>	<u>\$34,774,646</u>	<u>(\$68,545,442)</u>	<u>(\$67,551,781)</u>	<u>(\$66,575,839)</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	\$32,696	(\$4,836,635)	\$3,577,004	\$76,784	\$11,190,337
Capital appropriations	2,933	70,582	1,937,811		47,229,519
Capital grants and gifts	15,969,268	317,821	54,259		43,040,817
Additions to permanent endowments	800,000				2,220,000
Other expenses, net			585,076		(2,245,302)
CHANGE IN NET POSITION	16,804,897	(4,448,232)	6,154,150	76,784	101,435,371
NET POSITION - BEGINNING OF YEAR (Restated)	(68,704,764)	(51,008,826)	(24,966,060)	(5,545,691)	(475,846,369)
NET POSITION - END OF YEAR	<u>(\$51,899,867)</u>	<u>(\$55,457,058)</u>	<u>(\$18,811,910)</u>	<u>(\$5,468,907)</u>	<u>(\$374,410,998)</u>

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2018**

	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	\$25,955,541	\$77,431,781	\$41,613,909	\$37,463,668	\$51,688,241	\$72,791,352
Grants and contracts	8,201,777	10,301,889	2,499,039	2,020,114	6,594,994	12,728,212
Sales and services of educational departments	930,096	314,572	502,769	5,523	4,624,823	570,092
Auxiliary enterprise receipts	25,873,624	23,671,054	11,350,480	18,318,349	3,405,213	19,835,369
Payments for employee compensation	(30,638,951)	(70,807,536)	(38,800,136)	(34,543,517)	(48,221,019)	(73,123,863)
Payments for benefits	(12,603,683)	(28,683,475)	(16,094,383)	(15,039,963)	(19,872,982)	(29,650,729)
Payments for utilities	(3,584,709)	(5,989,209)	(2,676,759)	(3,174,701)	(2,050,845)	(4,633,516)
Payments for supplies and services	(34,459,669)	(34,441,803)	(18,194,343)	(14,600,723)	(20,862,308)	(33,561,699)
Payments for scholarships and fellowships	(7,969,126)	(13,231,394)	(6,715,903)	(6,788,883)	(11,594,832)	(8,019,057)
Loans to students		(362,355)	(56,255)		(71,500)	(37,500)
Collection of loans to students		576,389	121,363		529,155	251,765
Other receipts (payments)	5,353,356	787,403	2,501,306	(1,095,455)	2,613,493	3,627,095
Net cash used by operating activities	(22,941,744)	(40,432,684)	(23,948,913)	(17,435,588)	(33,217,567)	(39,222,479)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	13,739,133	29,422,486	19,910,856	15,282,454	21,312,885	29,839,080
Gifts and grants for other than capital purposes	1,235,048	9,084,250	1,712,954	533,158		1,132,338
Pell grant receipts	17,250,029	11,327,722	10,421,302	10,472,561	19,022,698	22,959,707
Private gifts for endowment purposes			600,000		500,000	120,000
Taylor Opportunity Program for Students receipts	755,865	24,500,159	11,390,411	12,134,648	12,409,245	24,040,621
Taylor Opportunity Program for Students disbursements	(755,865)	(24,629,191)	(11,390,411)	(12,134,648)	(12,409,245)	(24,077,067)
Direct lending receipts	64,384,040	37,537,641	22,736,340	26,669,921	49,796,886	46,086,976
Direct lending disbursements	(64,384,040)	(37,533,425)	(22,736,340)	(26,537,454)	(49,796,886)	(46,072,278)
Other receipts (payments)	(26,970)	1,589,673		655,867		1,817,763
Net cash provided by noncapital financing sources	32,197,240	51,299,315	32,645,112	27,076,507	40,835,583	55,847,140
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:						
Proceeds from capital debt				10,605,000		
Capital grants and gifts received						
Proceeds from the sale of capital assets		180,000				
Purchases of capital assets	(893,768)	(21,396,114)	(2,240,957)	(1,293,102)	(1,463,854)	(23,880,205)
Principal paid on capital debt and leases	(3,448,857)	(2,996,343)	(1,175,874)	(12,390,000)	(345,000)	(6,306,213)
Interest paid on capital debt and leases	(2,600,173)	(4,435,906)	(1,502,963)	(2,812,199)	(102,410)	(4,465,017)
Other payments		(2,703,646)		(526,992)		
Net cash provided (used) by capital financing activities	(6,942,798)	(31,352,009)	(4,919,794)	(6,417,293)	(1,911,264)	(34,651,435)

(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	\$145,958,026	\$57,858,484	\$56,287,031		\$567,048,033
Grants and contracts	48,888,287	12,762,985	41,919,997		145,917,294
Sales and services of educational departments	144,202	426,557	(172,306)		7,346,328
Auxiliary enterprise receipts	42,406,226	18,759,166	12,403,553		176,023,034
Payments for employee compensation	(152,245,780)	(56,742,126)	(70,214,247)	(\$1,876,395)	(577,213,570)
Payments for benefits	(54,863,441)	(24,030,478)	(28,378,704)	(704,317)	(229,922,155)
Payments for utilities	(8,030,152)	(4,213,998)	(7,789,589)		(42,143,478)
Payments for supplies and services	(73,064,781)	(33,564,155)	(43,229,597)	(745,330)	(306,724,408)
Payments for scholarships and fellowships	(14,350,549)	(9,982,161)	(8,190,498)		(86,842,403)
Loans to students	(839,440)				(1,367,050)
Collection of loans to students	1,564,726	931,711	441,665		4,416,774
Other receipts (payments)	6,361,304	488,051	10,372,633	2,089,312	33,098,498
Net cash used by operating activities	(58,071,372)	(37,305,964)	(36,550,062)	(1,236,730)	(310,363,103)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	48,308,773	26,126,196	29,530,887	1,025,487	234,498,237
Gifts and grants for other than capital purposes	9,163,970	1,135,692	1,473,357		25,470,767
Pell grant receipts	24,587,806	13,762,438	10,900,348		140,704,611
Private gifts for endowment purposes	800,000				2,020,000
Taylor Opportunity Program for Students receipts	38,552,393	16,644,143	9,769,000		150,196,485
Taylor Opportunity Program for Students disbursements	(38,490,029)	(16,470,972)	(9,850,514)		(150,207,942)
Direct lending receipts	64,514,242	42,008,996	25,313,890		379,048,932
Direct lending disbursements	(64,435,039)	(42,008,996)	(25,180,645)		(378,685,103)
Other receipts (payments)	908,911	(846,994)	(223,136)		3,875,114
Net cash provided by noncapital financing sources	83,911,027	40,350,503	41,733,187	1,025,487	406,921,101
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from capital debt	61,360,580				71,965,580
Capital grants and gifts received	1,023,803				1,023,803
Proceeds from the sale of capital assets					180,000
Purchases of capital assets	(26,393,063)	(10,653,257)	(2,054,678)		(90,268,998)
Principal paid on capital debt and leases	(15,473,941)	(2,966,059)	(3,317,272)		(48,419,559)
Interest paid on capital debt and leases	(9,399,835)	(1,666,166)	(2,086,015)		(29,070,684)
Other receipts (payments)	(285,217)	(18,000)	(40,966)		(3,574,821)
Net cash provided (used) by capital financing activities	10,832,327	(15,303,482)	(7,498,931)	0	(98,164,679)

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University, 2018**

	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	\$730,634		\$982,928	\$5,098,544	\$790,805	\$32,683,369
Interest received on investments	699,842	\$859,061	964,083	581,449	144,415	1,157,594
Purchase of investments	(412,232)		(734,983)	(6,489,343)	(400,000)	(7,779,859)
Net cash provided (used) by investing activities	1,018,244	859,061	1,212,028	(809,350)	535,220	26,061,104
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	3,330,942	(19,626,317)	4,988,433	2,414,276	6,241,972	8,034,330
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR						
	24,474,948	72,559,619	48,059,180	21,321,680	31,815,450	49,309,880
CASH AND CASH EQUIVALENTS AT END OF THE YEAR						
	\$27,805,890	\$52,933,302	\$53,047,613	\$23,735,956	\$38,057,422	\$57,344,210
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating loss	(\$28,729,503)	(\$49,625,532)	(\$30,283,655)	(\$25,521,541)	(\$41,117,340)	(\$45,953,056)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation expense	6,452,627	11,453,487	6,940,946	6,965,975	5,964,241	9,737,466
Nonemployer contributing entity revenue	175,585	361,208	215,072	198,821	260,713	382,315
Amortization of bond issuance costs				118,376		
Changes in assets, deferred outflows, liabilities and deferred inflows:						
(Increase) Decrease in accounts receivable, net	1,853,616	(1,026,369)	765,444	(32,367)	(983,992)	351,085
(Increase) Decrease in inventories	(194,241)	(20,618)	187,760	(13,666)	13,025	(12,074)
(Increase) Decrease in prepaid expenses and advances	(210,161)	54,062	129,634	265,326	(7,310)	30,605
Decrease in notes receivable, net		519,101	143,834		457,655	
(Increase) Decrease in other assets	(403,466)	(4,094)			49,132	214,265
(Increase) Decrease in deferred outflows related to pensions	3,850,503	6,937,684	4,246,702	4,770,790	9,985,562	10,829,116
(Increase) Decrease in deferred outflows related to OPEB	(169,817)	14,077	(92,397)	(92,233)	(2,063,480)	(192,948)
Increase (Decrease) in accounts payable and accrued liabilities	1,282,370	1,085,169	(226,058)	792,050	1,196,963	(295,592)
Increase (Decrease) in unearned revenue	117,348	(1,315,712)	(288,757)	105,382	(1,831)	387,855
Increase (Decrease) in amounts held in custody for others	928,942	153,507	3,989	40,970	(16)	398,510
Increase in compensated absences	160,499	310,141	256,880	124,985	338,056	681,407
Increase (Decrease) in net pension liability	(8,635,993)	(13,568,263)	(8,178,383)	(7,303,557)	(10,686,690)	(20,318,694)
(Decrease) in OPEB liability	(2,596,626)	(5,476,532)	(3,445,428)	(3,913,626)	(3,684,999)	(6,283,422)
Increase (Decrease) in other liabilities	157,847				(37,628)	
Increase (Decrease) in deferred inflows related to pensions	(101,464)	2,908,631	1,295,098	1,222,778	2,130,136	2,409,063
Increase (Decrease) in deferred inflows related to OPEB	3,120,190	6,807,369	4,380,406	4,835,949	4,970,236	8,411,620
Net cash used by operating activities	(\$22,941,744)	(\$40,432,684)	(\$23,948,913)	(\$17,435,588)	(\$33,217,567)	(\$39,222,479)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:						
Cash and cash equivalents classified as current assets	\$9,175,894	\$31,198,271	\$43,501,204	\$19,465,037	\$35,463,562	\$39,355,833
Cash and cash equivalents classified as noncurrent assets	18,629,996	21,735,031	9,546,409	4,270,919	2,593,860	17,988,377
Cash and cash equivalents at the end of the year	\$27,805,890	\$52,933,302	\$53,047,613	\$23,735,956	\$38,057,422	\$57,344,210

(Continued)

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments	\$876,553	\$37,422,678			\$78,585,511
Interest received on investments	1,853,194	839,668	\$940,546	\$227,131	8,266,983
Purchase of investments		(37,719,067)	(1,668,896)		(55,204,380)
Net cash provided (used) by investing activities	2,729,747	543,279	(728,350)	227,131	31,648,114
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	39,401,729	(11,715,664)	(3,044,156)	15,888	30,041,433
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, RESTATED					
	75,580,173	52,235,598	26,988,191	587,497	402,932,216
CASH AND CASH EQUIVALENTS AT END OF THE YEAR					
	\$114,981,902	\$40,519,934	\$23,944,035	\$603,385	\$432,973,649
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating loss	(\$82,956,530)	(\$45,689,767)	(\$38,422,912)	(\$1,185,804)	(\$389,485,640)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation expense	25,207,495	6,621,615	11,713,627	1,648	91,059,127
Nonemployer contributing entity revenue	706,086	317,894	405,539	9,970	3,033,203
Amortization of bond issuance costs			37,451		155,827
Changes in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) Decrease in accounts receivable, net	(4,355,841)	(297,036)	1,137,909	(43,130)	(2,630,681)
(Increase) Decrease in inventories	158,487	(67,604)	2,982		54,051
(Increase) Decrease in prepaid expenses and advances	(945,110)	(85,025)	298,095		(469,884)
Decrease in notes receivable, net	716,042	1,056,529	441,664		3,334,825
(Increase) Decrease in other assets			8,893		(135,270)
(Increase) in deferred outflows related to pensions	20,622,402	5,702,800	(2,181,187)	(830,582)	63,933,790
(Increase) Decrease in deferred outflows related to OPEB	(268,851)	355,331	69,458	(1,540)	(2,442,400)
Increase (Decrease) in accounts payable and accrued liabilities	5,192,326	1,317,802	(1,938,536)	2,178	8,408,672
Increase (Decrease) in unearned revenue	66,785	(106,557)	(550,882)		(1,586,369)
Increase (Decrease) in amounts held in custody for others	178,165	(2,736)	(196,130)	(1,666)	1,503,535
Increase (Decrease) in compensated absences	742,299	1,721	208,346	22,250	2,846,584
Increase (Decrease) in net pension liability	(31,396,412)	(10,179,862)	(7,692,937)	853,913	(117,106,878)
Increase (Decrease) in OPEB liability	(8,667,110)	(4,597,075)	(6,324,375)	(104,279)	(45,093,472)
Increase (Decrease) in other liabilities	(69,678)	(79,793)	(1,410,018)	300	(1,438,970)
Increase (Decrease) in deferred inflows related to pensions	5,369,356	2,837,729	1,229,474	(112,900)	19,187,901
Increase (Decrease) in deferred inflows related to OPEB	11,628,717	5,588,070	6,613,477	152,912	56,508,946
Net cash used by operating activities	(\$58,071,372)	(\$37,305,964)	(\$36,550,062)	(\$1,236,730)	(\$310,363,103)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:					
Cash and cash equivalents classified as current assets	\$41,493,748	\$29,754,575	\$19,805,081	\$603,385	\$269,816,590
Cash and cash equivalents classified as noncurrent assets	73,488,154	10,765,359	4,138,954		163,157,059
Cash and cash equivalents at the end of the year	\$114,981,902	\$40,519,934	\$23,944,035	\$603,385	\$432,973,649

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University, 2018**

	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	\$200,285	\$4,044,827	\$15,373,959	\$678,155	\$280,857	\$24,640,110
Change in fair market value of investments	\$818,363	\$630,872	\$1,622,103	\$17,424	\$1,727,078	\$2,068
Private gifts for endowment purposes		\$200,000				
Capital gifts and grants	\$2,100,250	\$18,041,598	\$1,540,056	\$965,828	\$143,093	\$3,908,644
Capital assets acquired through capital leases and notes payable	\$127,235	\$951,622		\$257,171		\$6,172,251
Disposition of capital assets		(\$17,769)		(\$49,011)	(\$30,407)	
Retirement contributions paid by third parties	\$175,585	\$361,208	\$215,072	\$198,821	\$260,713	\$382,315
Other	(\$7,720)	\$517,500				

(Concluded)

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
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**SCHEDULE OF NONCASH INVESTING, CAPITAL,
AND FINANCING ACTIVITIES:**

Capital appropriations	\$2,933	\$70,582	\$1,937,811		\$47,229,519
Change in fair market value of investments	(\$760,402)	(\$1,206,024)	\$333,263		\$3,184,745
Private gifts for endowment purposes					\$200,000
Capital gifts and grants	\$14,945,465	\$317,821	\$54,259		\$42,017,014
Capital assets acquired through capital leases and notes payable					\$7,508,279
Disposition of capital assets	(\$498,929)	(\$13,918)	(\$69,876)		(\$679,910)
Retirement contributions paid by third parties	\$706,086	\$317,894	\$405,539	\$9,970	\$3,033,203
Other	\$349,361				\$859,141

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

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

	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	\$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 amounts on 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					
Bonds payable	92,552,636	111,711,546	29,427,095	54,055,422	2,350,000	115,711,057
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
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
Bonds payable	211,877,043	65,316,049	48,143,418		731,144,266
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
Other noncurrent liabilities	36,882		15,752		10,768,038
Total noncurrent liabilities	647,610,037	251,118,905	267,038,022	4,353,802	2,604,127,490
Total liabilities	691,084,707	267,555,687	286,415,076	4,532,383	2,761,768,902
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	8,438,565	3,325,748	13,668,836	1,184,508	52,912,661
Total deferred inflows of resources	8,438,565	3,325,748	13,668,836	1,184,508	52,912,661
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	(316,608,616)	(130,938,282)	(186,465,441)	(4,375,907)	(1,441,982,371)
Total net position	\$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 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)

	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	<u>235,232,078</u>	<u>93,314,860</u>	<u>112,319,004</u>	<u>1,633,630</u>	<u>906,523,248</u>
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	<u>325,267,304</u>	<u>132,928,622</u>	<u>144,577,453</u>	<u>2,473,597</u>	<u>1,303,242,852</u>
OPERATING LOSS	<u>(90,035,226)</u>	<u>(39,613,762)</u>	<u>(32,258,449)</u>	<u>(839,967)</u>	<u>(396,719,604)</u>
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	<u>63,084,611</u>	<u>39,233,382</u>	<u>41,030,596</u>	<u>1,126,401</u>	<u>363,596,153</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**

	<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		(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	(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	17,451,518	384,848	288,827	509,904	260,345	(38,095,853)
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						
	9,542,614	46,088,467	44,354,886	18,881,047	30,263,193	46,478,298
CASH AND CASH EQUIVALENTS AT END OF THE YEAR						
	\$24,474,948	\$72,559,619	\$48,059,180	\$21,321,680	\$31,815,450	\$49,309,880
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	(\$22,646,189)	(\$33,751,186)	(\$24,116,435)	(\$17,376,305)	(\$33,106,423)	(\$32,676,851)
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	\$24,474,948	\$72,559,619	\$48,059,180	\$21,321,680	\$31,815,450	\$49,309,880

(Continued)

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments	\$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	2,902,372	1,000,929	(1,456,121)	111,050	(16,642,181)
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					
	88,912,706	49,491,922	30,160,492	715,999	364,889,624
CASH AND CASH EQUIVALENTS AT END OF THE YEAR					
	\$75,580,173	\$52,235,598	\$26,988,194	\$587,497	\$402,932,219
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	(\$50,240,142)	(\$25,035,163)	(\$35,199,498)	(\$1,249,297)	(\$275,397,489)
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	30,467,598	11,064,848	4,036,358		149,774,459
Cash and cash equivalents at the end of the year	\$75,580,173	\$52,235,598	\$26,988,194	\$587,497	\$402,932,219

**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)		(\$1,475,754)
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)

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Exhibit A

The following pages contain a report on internal control over financial reporting and on compliance with laws and regulations and other matters as required by *Government Auditing Standards* issued by the Comptroller General of the United States. This 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 20, 2018

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, 2018, 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 20, 2018. Our report was modified to include emphasis of matter paragraphs regarding actuarial assumptions and financial statement comparability.

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

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

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing 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, 2018. 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, 2018, 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 10, 2018	None
McNeese State University	Management Letter	December 19, 2018	None
Southeastern Louisiana University	Management Letter	December 5, 2018	None
University of Louisiana at Lafayette	Management Letter	Pending	Pending
University of Louisiana at Monroe	Management Letter	November 21, 2018	Employees' Time Worked Not Approved by Supervisors
University of New Orleans	Management Letter	December 3, 2018	None

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

Purpose of This Report

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

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

CM:CR:BH:EFS:aa

ULS 2018