

UNIVERSITY OF LOUISIANA

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ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

UNIVERSITY OF LOUISIANA SYSTEM
1201 NORTH THIRD STREET, SUITE 7-300
BATON ROUGE, LOUISIANA 70802

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UNIVERSITY OF LOUISIANA SYSTEM

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 16, 2019

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 unit of the University of Louisiana System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2019, 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.; NSU 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 32.0 %, 22.9%, 5.8%, and 6.2% 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., which is a discretely presented component unit 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.; NSU 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 unit of the System as of June 30, 2019, 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 \$1,073,562,756 at June 30, 2019, 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, 2019, could be under or overstated.

Long-Term Liabilities

As discussed in note 1-P to the basic financial statements, the System implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, for the year ended June 30, 2019. The disclosures required by this statement are presented in notes 1-P and 12 to the financial statements.

Our opinion is not modified with respect to the matters emphasized above.

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 xiii, 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 75, and the Schedule of the System's Proportionate Share of the Total Collective OPEB Liability on page 78 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 81 through 92, for the fiscal year ended June 30, 2019, 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, 2019, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2019.

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, 2018 (not presented herein), and have issued our report thereon dated December 20, 2018, 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 93 through 106 for the year ended June 30, 2018, 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 2018 financial statements. The combining schedules for the fiscal year ended June 30, 2018, have been subjected to the auditing procedures applied in the audit of the 2018 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, 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,



Thomas H. Cole, CPA
First Assistant Legislative Auditor

AM:CR:BH:EFS:ch

ULS 2019

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, 2019. 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 (\$391,445,231), restated, to (\$362,977,604), an approximate 7.2% increase from June 30, 2018, to June 30, 2019. Total revenues exceeded expenses by \$28,467,627, which represents a \$55,933,511 decrease from the fiscal year ended June 30, 2018, restated. Tuition and fees decreased by 0.4%, State appropriations remained relatively unchanged, and federal nonoperating revenue increased by 5.5%. In addition, capital appropriations increased by 6.7% (restated), and capital grants and gifts decreased by 90.7%.

The System's operating revenues increased by approximately 1.2% to \$942,532,977 from June 30, 2018, to June 30, 2019, primarily from increases in auxiliary enterprise revenues, net of scholarship discounts and allowances. Operating expenses increased by approximately 1.7% to \$1,344,259,851 for the year ended June 30, 2019.

Nonoperating revenues (expenses) fluctuate depending upon levels of State appropriations, interest earnings/expense, and other nonoperating revenue. The change to \$393,648,691 in 2019 from \$400,675,977 in 2018 is primarily attributed to an increase in federal nonoperating revenues from Pell Grants totaling \$7,664,780 offset by decreases in investment income and other nonoperating revenues totaling \$5,771,291 and \$9,541,194, respectively.

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 loss to net cash 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 one foundation that is discretely presented in its Basic Financial Statements - the University of Louisiana at Lafayette Foundation, Inc. The financial data of the foundation is presented separately in the *Statement of Financial Position* (page 8) and the *Statement of Activities* (pages 9-10). Additional information about the foundation is contained in the Notes to the Financial Statements.

FINANCIAL ANALYSIS

Net Position

The System's total net position at June 30, 2019, increased by approximately \$28 million, a 7.2% increase from June 30, 2018, as restated (Table A-1). Total assets decreased 1.2% to \$2.58 billion, and total liabilities decreased 1.4% to \$3.06 billion.

Table A-1				
University of Louisiana System				
Comparative Statement of Net Position				
As of June 30, 2019 and June 30, 2018				
(in millions of dollars)				
	2019	2018 (Restated)	Variance	Percent Variance
Assets:				
Current and other assets	\$822	\$885	(\$63)	(7.1%)
Capital assets	1,755	1,724	31	1.8%
Total assets	2,577	2,609	(32)	(1.2%)
Deferred outflows:				
Deferred outflows for debt refunding	3	3		NONE
Deferred outflows related to pensions	253	196	57	29.1%
Deferred outflows related to other postemployment benefits (OPEB)	40	29	11	37.9%
Total deferred outflows	296	228	68	29.8%
Liabilities:				
Current liabilities	207	169	38	22.5%
Noncurrent liabilities	2,849	2,930	(81)	(2.8%)
Total liabilities	3,056	3,099	(43)	(1.4%)
Deferred inflows:				
Deferred inflows related to pensions	97	72	25	34.7%
Deferred inflows related to OPEB	83	57	26	45.6%
Total deferred inflows	180	129	51	39.5%
Net position:				
Net investment in capital assets	1,004	1,014	(10)	(0.9%)
Restricted	454	452	2	0.4%
Unrestricted	(1,821)	(1,857)	36	1.9%
Total net position	(\$363)	(\$391)	\$28	7.2%

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.

Significant *Statement of Net Position* changes from 2018 include the following:

- Capital assets increased from current-year additions and improvements offset by current-year depreciation after an adjustment to the beginning balance of capital assets.
- Noncurrent liabilities decreased from current year bond payments; 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. In addition, a portion of the OPEB liability was reclassified from noncurrent liabilities to current liabilities in accordance with GASB requirements.
- Net investment in capital assets decreased primarily from an adjustment to the beginning balance of capital assets and retirements offset by current year additions for construction in progress, buildings, and equipment and by current year depreciation.
- Unrestricted net position increased primarily from an increase in the operating loss offset by nonoperating and other revenues and expenses.

Net investment in capital assets consists of capital assets net of accumulated depreciation 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, 2019, is approximately \$28 million, or 66.7% lower than at June 30, 2018, 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 1.2% to approximately \$942 million, and total operating expenses increased by 1.7% to approximately \$1.34 billion. The change in revenues is primarily the result of increases in auxiliary revenues offset by decreases in tuition and fees and capital gifts and grants.

Table A-2
University of Louisiana System
Comparative Statement of Changes in Revenues, Expenses, and Net Position
For the Fiscal Years Ended June 30, 2019, and June 30, 2018
(in millions of dollars)

	2019	2018 (Restated)	Variance	Percent Variance
Operating revenues:				
Student tuition and fees, net	\$563	\$565	(\$2)	(0.4%)
Auxiliary	188	176	12	6.8%
Other	191	190	1	0.5%
Total operating revenues	942	931	11	1.2%
Nonoperating revenues:				
State appropriations	232	232		NONE
Gifts	21	20	1	5.0%
Other	169	176	(7)	(4.0%)
Total nonoperating revenues	422	428	(6)	(1.4%)
Other revenues:				
Capital appropriations	32	30	2	6.7%
Capital grants and gifts	4	43	(39)	(90.7%)
Additions to permanent endowments	2	2		NONE
Total other revenues	38	75	(37)	(49.3%)
Total revenues	1,402	1,434	(32)	(2.2%)
Operating expenses:				
Educational and general	1,130	1,111	19	1.7%
Other	214	210	4	1.9%
Total operating expenses	1,344	1,321	23	1.7%
Other nonoperating expenses, net	30	29	1	3.4%
Total expenses	1,374	1,350	24	1.8%
Change in net position	28	84	(56)	(66.7%)
Net position, beginning of the year (restated)	(391)	(475)	84	17.7%
Total net position	(\$363)	(\$391)	\$28	7.2%

Table A-3
University of Louisiana System
Comparative Schedule of Educational and General Expenses
For the Fiscal Years Ended June 30, 2019, and June 30, 2018
(in millions of dollars)

	2019	2018*	Variance	Percent Variance
Instruction	\$410	\$402	\$8	2.0%
Research	96	91	5	5.5%
Public service	39	38	1	2.6%
Academic support	93	89	4	4.5%
Student services	76	76		NONE
Institutional support	139	137	2	1.5%
Operations and plant maintenance	104	106	(2)	(1.9%)
Depreciation	91	91		NONE
Scholarships and fellowships	82	81	1	1.2%
Total	\$1,130	\$1,111	\$19	1.7%

*The restatements to beginning net position for expenses did not impact educational and general expenses for the fiscal year ended June 30, 2018; therefore, no restatements were required for the purpose of this comparison.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, and 2018, the System's capital assets, at cost, totaled approximately \$3.42 billion and \$3.32 billion (restated), respectively. Net of accumulated depreciation, the System's capital assets at June 30, 2019, total approximately \$1.75 billion. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$31 million, or 1.8%, over June 30, 2018, restated. The increases were primarily in construction of buildings financed through long-term obligations and purchases of equipment, offset by current-year depreciation and retirements.

Debt Administration

The System had bonds totaling \$767,397,123, net of bond discounts, premiums, deferred amounts on debt refunding, and issuance costs outstanding at June 30, 2019, compared to \$791,818,308 at June 30, 2018.

Bond activity during the fiscal year ended June 30, 2019, follows:

- Southeastern Louisiana University issued Series 2019 Revenue Refunding Bonds totaling \$11,960,000 to refund the Student Housing, Intermodal Parking, and Stadium Series 2004 bonds, which totaled \$15,000,000. The Series 2004 bonds were paid from the proceeds of the Series 2019 bonds combined with additional University resources.
- The University of Louisiana at Monroe issued \$2,000,000 Series 2018 Revenue Bonds.
- Grambling State University drew \$2,356,201 from its available letter of credit (bonds) for the construction of its new natatorium.

**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 Office of Legislative Auditor, 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.

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BASIC FINANCIAL STATEMENTS: UNIVERSITY OF LOUISIANA SYSTEM



**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Net Position
June 30, 2019**

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$247,354,831
Investments (note 3)	17,389,965
Receivables, net (note 4)	101,348,335
Due from state treasury	1,408,525
Due from federal government	13,117,043
Inventories	5,235,629
Prepaid expenses and advances	12,945,554
Notes receivable	2,950,301
Other current assets	415,146
Total current assets	<u>402,165,329</u>

Noncurrent assets:

Restricted assets:

Cash and cash equivalents (note 2)	104,374,574
Investments (note 3)	295,883,828
Receivables, net (note 4)	2,216,142
Notes receivable, net	17,181,670
Investments (note 3)	33,850
Capital assets, net (note 5)	1,754,562,277
Other noncurrent assets	514,002
Total noncurrent assets	<u>2,174,766,343</u>

Total assets	<u>2,576,931,672</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on debt refunding	2,954,482
Deferred outflows relating to pensions (note 8)	253,260,878
Deferred outflows relating to other postemployment benefits (OPEB) (note 10)	<u>40,270,385</u>

Total deferred outflows of resources	<u>296,485,745</u>
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LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities (note 6)	77,967,899
Due to federal government	36,596

(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, 2019

LIABILITIES (CONT.)

Current liabilities: (Cont.)

Unearned revenues	\$50,655,081
Amounts held in custody for others	10,200,192
Compensated absences payable (notes 7 and 12)	4,389,325
Capital lease obligations (notes 11 and 12)	1,041,387
Notes payable (note 12)	753,021
Contracts payable	249,213
Bonds payable (note 12)	27,128,866
OPEB liability (note 10)	30,356,000
Other current liabilities	4,182,685
Total current liabilities	<u>206,960,265</u>

Noncurrent liabilities:

Unearned revenues	2,446,419
Compensated absences payable (notes 7 and 12)	46,445,851
Capital lease obligations (notes 11 and 12)	4,265,253
Notes payable (note 12)	4,497,359
Bonds payable (note 12)	740,268,257
Net pension liability (note 8)	1,073,562,756
Total OPEB liability (note 10)	966,159,517
Other noncurrent liabilities	11,408,168
Total noncurrent liabilities	<u>2,849,053,580</u>

Total liabilities

3,056,013,845**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows relating to pensions (note 8)	97,631,874
Deferred inflows relating to OPEB (note 10)	82,749,302

Total deferred inflows of resources

180,381,176**NET POSITION**

Net investment in capital assets	1,004,372,179
Restricted for:	
Nonexpendable (note 17)	203,389,520
Expendable (note 17)	251,049,813
Unrestricted	(1,821,789,116)
Total net position	<u>(\$362,977,604)</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, 2019****OPERATING REVENUES**

Student tuition and fees (net of scholarship allowances of \$201,384,085)	\$563,005,705
Federal grants and contracts	60,531,722
State and local grants and contracts	56,577,096
Nongovernmental grants and contracts	34,695,724
Sales and services of educational departments	8,602,903
Auxiliary enterprise revenues (net of scholarship allowances of \$22,774,831 including revenues used as security for revenue bonds)	188,302,225
Other operating revenues	<u>30,817,602</u>
Total operating revenues	<u>942,532,977</u>

OPERATING EXPENSES

Educational and general:	
Instruction	409,710,493
Research	96,298,773
Public service	39,346,649
Academic support	93,049,696
Student services	75,682,950
Institutional support	138,705,391
Operations and maintenance of plant	104,204,234
Depreciation	90,913,917
Scholarships and fellowships	81,919,491
Auxiliary enterprises	210,895,792
Other operating expenses	<u>3,532,465</u>
Total operating expenses	<u>1,344,259,851</u>

OPERATING LOSS (401,726,874)

(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
For the Fiscal Year Ended June 30, 2019****NONOPERATING REVENUES (Expenses)**

State appropriations	\$232,200,868
Gifts	20,880,344
Federal nonoperating revenues	148,236,265
Net investment income	17,561,617
Interest expense	(27,989,516)
Payments to or on behalf of the university	491,623
Loss on sale/exchange of capital assets	(20,574)
Other nonoperating revenues	2,288,064
	<hr/>
Net nonoperating revenues	393,648,691

LOSS BEFORE OTHER REVENUES AND EXPENSES

(8,078,183)

Capital appropriations	32,359,883
Capital grants and gifts	3,762,372
Additions to permanent endowments	2,460,000
Special item - impairment loss (note 26)	(2,177,992)
Other revenues, net	141,547
	<hr/>

CHANGE IN NET POSITION

28,467,627**NET POSITION - BEGINNING OF YEAR, Restated (note 16)**

(391,445,231)**NET POSITION - END OF YEAR**

(\$362,977,604)

(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, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$560,271,084
Grants and contracts	147,810,752
Sales and services of educational departments	7,543,838
Auxiliary enterprise receipts	186,757,717
Payments for employee compensation	(601,860,371)
Payments for benefits	(245,833,429)
Payments for utilities	(40,668,490)
Payments for supplies and services	(309,783,908)
Payments for scholarships and fellowships	(87,009,500)
Loans to students	(543,654)
Collection of loans to students	3,513,074
Other receipts	33,402,492
	<hr/>
Net cash used by operating activities	(346,400,395)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State appropriations	232,236,709
Gifts and grants for other than capital purposes	24,472,879
Pell Grant receipts	145,933,315
Private gifts for endowment purposes	2,400,000
TOPS receipts	151,075,433
TOPS disbursements	(156,497,531)
Direct lending receipts	381,865,498
Direct lending disbursements	(382,487,965)
Other sources	1,103,440
	<hr/>
Net cash provided by noncapital financing sources	400,101,778

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Proceeds from capital debt	17,100,944
Capital grants and gifts received	1,118,028
Purchases of capital assets	(88,190,263)
Principal paid on capital debt and leases	(47,950,124)
Interest paid on capital debt and leases	(30,365,861)
Other uses	(2,437,160)
	<hr/>
Net cash used by capital financing activities	(150,724,436)

(Continued)

The accompanying notes are an integral part of this statement.

STATEMENT C

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019

CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	\$19,717,656
Interest received on investments	10,357,188
Purchases of investments	<u>(14,296,035)</u>
Net cash provided by investing activities	<u>15,778,809</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(81,244,244)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>432,973,649</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$351,729,405</u></u>
RECONCILIATION OF OPERATING LOSS TO	
NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	(\$401,726,874)
Adjustments to reconcile net income (loss) to net cash used by operating activities:	
Depreciation expense	90,913,917
Retirement contributions paid by third parties	3,240,883
Amortization of bond issuance costs	37,450
Loss on impairment	175,410
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
(Increase) in accounts receivable, net	(9,321,868)
Decrease in inventories	238,640
(Increase) in prepaid expenses and advances	(2,356,222)
Decrease in notes receivable	3,043,825
Decrease in other assets	1,169,629
(Increase) in deferred outflows related to pensions	(57,300,312)
(Increase) in deferred outflows related to OPEB	(11,764,504)
Increase in accounts payable and accrued liabilities	6,526,940
Increase in unearned revenue	3,662,898
Increase in amounts held in custody for others	273,506
Increase in compensated absences	575,309
(Decrease) in net pension liability	(13,666,578)
(Decrease) in total OPEB liability	(11,903,825)
Increase in other liabilities	9,713
Increase in deferred inflows related to pensions	25,531,312
Increase in deferred inflows related to OPEB	<u>26,240,356</u>
Net cash used by operating activities	<u><u>(\$346,400,395)</u></u>

(Continued)

The accompanying statements 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, 2019

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

Cash and cash equivalents classified as current assets	\$247,354,831
Cash and cash equivalents classified as noncurrent assets	<u>104,374,574</u>
Total cash and cash equivalents	<u><u>\$351,729,405</u></u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital appropriations	\$32,359,883
Change in fair market value of investments	\$1,022,888
Private gifts for endowment purposes	\$60,000
Capital gifts and grants	\$2,644,344
Capital assets acquired through capital leases, notes, and accounts payable	\$1,812,917
Disposition of capital assets	(\$325,596)
Retirement contributions paid by third parties	\$3,240,883
Loss on impairment of capital assets	(\$2,177,992)
Other	\$218,659

(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 UNIT



STATEMENT D**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA****UNIVERSITY OF LOUISIANA AT LAFAYETTE
FOUNDATION, INC. (COMPONENT UNIT)
Statement of Financial Position, June 30, 2019****ASSETS**

Cash and cash equivalents (note 2)	\$10,922,978
Investments (note 3)	177,639,163
Accrued interest receivable	113,865
Accounts receivable	516,850
Contributions receivable, net	5,703,629
Prepaid expenses	67,046
Fixed assets, net (note 5)	12,008,148
Other assets	1,334,208
	<hr/>
Total assets	<u>\$208,305,887</u>

LIABILITIES

Accounts payable and accruals	\$1,100,189
Grants payable to University	550
Accrued expenses	285,002
Amounts held in custody for others	40,431,134
Notes payable (note 12)	356,959
	<hr/>
Total liabilities	<u>42,173,834</u>

NET ASSETS

Without donor restrictions	13,142,641
With donor restrictions (note 17)	152,989,412
	<hr/>
Total net assets	<u>166,132,053</u>
	<hr/>
Total liabilities and net assets	<u>\$208,305,887</u>

The accompanying notes are an integral part of this statement.

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA

UNIVERSITY OF LOUISIANA AT LAFAYETTE
FOUNDATION, INC. (COMPONENT UNIT)
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in unrestricted net assets:			
Contributions	\$72,082	\$12,132,604	\$12,204,686
Contributions - artwork and other property	27,115		27,115
Interest and dividends	249,081	1,080,304	1,329,385
Gains on investments:			
Realized		5,265,608	5,265,608
Unrealized	405	1,589,424	1,589,829
Other income	842,502	163,130	1,005,632
Grant revenue	1,240		1,240
Loss on disposal of fixed assets and artwork	(9,020)	(19,792)	(28,812)
Net assets released from restrictions:			
Satisfaction of purpose restrictions	13,596,736	(13,596,736)	
Transfers between net asset classifications	464,505	(464,505)	
	<u>15,244,646</u>	<u>6,150,037</u>	<u>21,394,683</u>
Total unrestricted revenues and other support			
Expenses			
Grants paid to benefit University of Louisiana at Lafayette for:			
Projects specified by donors	12,795,579		12,795,579
Fundraising:			
Salaries and benefits	377,330		377,330
Other expenses	243,042		243,042
Supporting services:			
Salaries and benefits	434,672		434,672
Insurance	84,484		84,484
Office operations	229,533		229,533
Travel	2,245		2,245
Professional services	69,384		69,384
Dues and subscriptions	26,514		26,514
Meetings and development	1,709		1,709
Interest	18,049		18,049
Depreciation	334,345		334,345
Bad debt recovery	(647,201)		(647,201)
	<u>13,969,685</u>	<u>NONE</u>	<u>13,969,685</u>
Total Expenses			

(Continued)

The accompanying notes are an integral part of this statement.

STATEMENT E

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
FOUNDATION, INC. (COMPONENT UNIT)
Statement of Activities
For the Year Ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Increase in net assets	\$1,274,961	\$6,150,037	\$7,424,998
Net assets at beginning of year¹	<u>11,867,680</u>	<u>146,839,375</u>	<u>158,707,055</u>
Net assets at end of year	<u><u>\$13,142,641</u></u>	<u><u>\$152,989,412</u></u>	<u><u>\$166,132,053</u></u>

¹As explained in note 1-B, the University of New Orleans Foundation has been removed from presentation as a discretely presented component unit and, therefore, is excluded from beginning net assets for the component unit. There was no restatement of beginning net assets for the University of Louisiana at Lafayette Foundation, Inc.

(Concluded)

The accompanying notes are an integral part of this statement.

MANAGEMENT & LEADERSHIP INSTITUTE



**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 located in nine cities as follows: 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 91,323 students enrolled during the fall semester of the 2018/2019 academic year and employed approximately 10,149 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 Unit

The following legally separate, tax-exempt organization is reported within the System as a discrete component unit:

- University of Louisiana at Lafayette Foundation, Inc. (Foundation)

The Foundation acts primarily as a fundraising organization to supplement the resources available to the University of Louisiana at Lafayette (ULL) in support of its programs. Although ULL does not control the timing or amount of receipts from the Foundation, the majority of resources or income the Foundation holds and invests is restricted to the activities of ULL by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of ULL, the Foundation is considered a component unit of ULL and is discretely presented in the financial statements.

During the year ended June 30, 2019, the Foundation made distributions of \$12,795,579, on behalf of ULL for unrestricted purposes.

To obtain the Foundation's latest audit report, 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

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 amended by FASB *Accounting Standards Update* No. 2016-14, which is effective for the fiscal year ended June 30, 2019 – FASB ASC §958). 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 unit is 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. For the year ended June 30, 2019, the University of New Orleans Foundation, which was included in the System's financial statements for the year ended June 30, 2018, did not meet these guidelines; therefore, it has been removed from presentation in the System's financial statements.

C. BASIS OF ACCOUNTING

For financial reporting purposes, the System is considered a special-purpose government engaged only in business-type activities. All activities of the System are accounted for within a single proprietary (enterprise) fund. Accordingly, the System's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-system transactions have been eliminated.

Discrete Component Unit

As discussed in note 1.B. above, the Foundation follows the provisions of FASB ASC §958 and includes the financial statements and the classifications of resources into separate classes of net assets as follows:

- *Net Assets without Donor Restrictions* - the portion of net assets that is not subject to donor-imposed restrictions.
- *Net Assets with Donor Restrictions* - the portion of net assets that is subject to donor-imposed restrictions.

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 each with maturities 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 maturities 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 that 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 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 is to be 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) payments 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, 2019, the System implemented the following accounting standards:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued November 2016 and is effective for fiscal years beginning after June 15, 2018. Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The implementation of Statement No. 83 had no impact on the System's financial statements.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued in March 2018 and is effective for fiscal years beginning after June 15, 2018. Statement No., 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses. Statement No. 88 further requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The System has determined that notes payable (note 12) and capital leases (note 11), which are reported separately in their respective notes represent direct borrowings. In addition, the System's outstanding bonds payable disclosures have been separated into publicly offered bonds and direct placement bonds/direct borrowings in note 12.

2. CASH AND CASH EQUIVALENTS

At June 30, 2019, the System has cash and cash equivalents (book balances) of \$351,729,405, as follows:

Demand deposits	\$217,808,100
Certificates of deposit	36,850,680
Money market funds	18,618,347
Short-term investments	17,698,797
Petty cash	336,617
Blended component unit cash	60,416,864
	60,416,864
Total	\$351,729,405

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, 2019, \$73,123 of the System's bank balance totaling \$344,909,895 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Cash and cash equivalents of the ULL Foundation totaling \$10,922,978, 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*.

3. INVESTMENTS

At June 30, 2019, the System has investments totaling \$331,006,440, which includes \$17,698,797 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, 2019, 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	\$1,561,618		\$1,561,618		
Federal Home Loan Mortgage Corporation	200,380		200,380		
Federal National Mortgage Association	300,676		300,676		
Common and preferred stock	7,340,431	\$7,340,431			
Mutual funds	16,293,536	16,293,536			
Money market funds	206,048		206,048		
Louisiana Asset Management Pool (LAMP)	17,698,797		17,698,797		
Investments held by foundations:					
U.S. government securities:					
U.S. Treasury Notes	7,143,195		7,143,195		
Government National Mortgage Association	592,820		592,820		
Federal Home Loan Mortgage Corporation	3,567,693		3,567,693		
Federal National Mortgage Association	1,866,000		1,866,000		
Federal Home Loan Bank	489,950		489,950		
Federal Farm Credit Bank	259,367		259,367		
Other fixed income securities	3,430,530	2,335,933	1,094,597		
Mutual funds	80,571,757	73,318,074	7,253,683		
Money market accounts	6,952,071	6,952,071			
Equity funds	11,275,577	8,714,554		\$1,155,142	\$1,405,881
Common and preferred stock	47,628,511	47,628,511			
Corporate bonds/obligations	16,743,296		16,743,296		
Hedge funds and other alternatives:					
Unit investment trusts and limited partnerships					
Equity - long/short	14,570,080				14,570,080
Multi-strategy	4,132,296				4,132,296
Other credit	12,754,224				12,754,224
Private equities	9,301,507				9,301,507
Other hedge funds	7,994,121				7,994,121
	1,704,362				1,704,362
Other	903,570	157,080		746,490	
Subtotal	275,482,413	\$162,740,190	\$58,978,120	\$1,901,632	\$51,862,471
Not categorized	55,524,027				
Total	\$331,006,440				

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 \$55,524,027 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, 2019:

	Fair Value	Unfunded Commitments
Equity funds	\$1,405,881	
Alternative investment:		
Unit investment trusts and limited partnerships	14,570,080	
Hedge Funds:		
Equity long/short	4,132,296	
Multi-strategy	12,754,224	
Other credit	9,301,507	
Private equities	7,994,121	\$2,082,901
Other	1,704,362	
Subtotal	<u>\$51,862,471</u>	<u>\$2,082,901</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, 2019:

	Lockup Period	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
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 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. Two business days' written notice is required to redeem investments.

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.

Of the equity long/short investments totaling \$4,132,296, funds totaling \$480,275 are invested with the ACAP Strategic Fund. This fund has no lockup period; carries a redemption frequency of up to 25% of the fund at the discretion of the board of directors; and specifies a redemption notice period with a paperwork deadline generally 14 days prior to fiscal quarter-end. In addition, of the multi-strategy investments totaling \$12,754,224, funds totaling \$683,505 are invested in the Hatteras Core Alternatives TEO Fund, L.P. This fund has no lockup period; carries a redemption frequency with anticipated quarterly tender offers at the discretion of the board of directors, subject to an early repurchase fee of 5% if requested within the first 12 months of the investment; and specifies a redemption notice period as tender window. Investments in these two funds have no unfunded commitments.

Other hedge funds totaling \$1,704,362 are invested with Hedge Fund Managers (Strategic), Ltd., whose parent company is Goldman Sachs Hedge Fund Strategies, LLC. The fund has a one-year lockup period, with quarterly liquidity, and a 91-day redemption notice period.

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, 2019, 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	0.47%	\$1,561,618	\$967,545	\$594,073			
Federal Home Loan Mortgage Corporation	0.06%	200,380	200,380				
Federal National Mortgage Association	0.09%	300,676	300,676				
Common and Preferred Stock	2.22%	7,340,431					
Mutual Funds	4.92%	16,293,536					
Money Market Funds	0.06%	206,048					
Louisiana Asset Management Pool (LAMP)	5.35%	17,698,797					
Investments held by foundations:							
Held in external investment pools	6.46%	21,366,577					
US Government Securities:							
US Treasury Notes	2.16%	7,143,195	1,237,102	3,215,642	\$2,690,451		
Government National Mortgage Association	0.18%	592,820		14,022	409,029		\$169,769
Federal Home Loan Mortgage Corporation	1.08%	3,567,693	199,773	1,181,454	872,805	\$395,441	918,220
Federal National Mortgage Association	0.56%	1,866,000		201,771	538,627	277,733	847,869
Federal Home Loan Bank	0.15%	489,950	39,866	450,084			
Federal Farm Credit Bank	0.08%	259,367		259,367			
Other Fixed Income Securities	1.04%	3,430,530	457,377	2,877,168	95,985		
Mutual Funds	24.34%	80,571,757	22,075,655	1,436,901			
Money Market Accounts	2.10%	6,952,071					
Equity Funds	3.40%	11,275,577					
Common and Preferred Stock	14.39%	47,628,511					
Corporate Bonds/Obligations	5.06%	16,743,296	1,593,895	8,004,889	4,778,757	443,875	52,814
Hedge Funds and Other Alternatives	15.24%	50,456,590	1,704,362				
Other	0.27%	903,570					
Held by Blended Component Units	10.32%	34,157,450					
Totals	100.00%	\$331,006,440	\$28,776,631	\$18,235,371	\$9,385,654	\$1,117,049	\$1,988,672

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 \$253,247,504 reported as investments held by foundations, the amounts held by the discretely presented component unit (the ULL Foundation) total \$104,429,218.

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 \$21,366,577 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	\$2,773,362
Standard & Poor's	AA+	12,770,832
Standard & Poor's	AA	751,713
Standard & Poor's	AA-	1,492,524
Standard & Poor's	A+	1,077,146
Standard & Poor's	A	2,737,499
Standard & Poor's	A-	2,437,159
Standard & Poor's	AAAm	17,698,797
Standard & Poor's	BBB+	3,110,370
Standard & Poor's	BBB	2,685,516
Standard & Poor's	BBB-	738,686
Moody's	Aaa	2,499,682
Moody's	Aa1	106,323
Moody's	A2	141,174
Unrated		279,985,657
		<hr/>
Totals		<u>\$331,006,440</u>

**INVESTMENTS – UNIVERSITY OF LOUISIANA (ULL)
AT LAFAYETTE FOUNDATION, INC.**

The ULL Foundation's investments totaling \$177,639,163, 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 unit at June 30, 2019, follow:

<u>Type of Investment</u>	
Certificates of deposit	\$813,494
Stocks and equities	451,775
Mutual and exchange traded funds	77,479,923
Hedge funds and alternative investments	73,868,308
Unit investment trusts and limited partnerships	24,931,395
Derivative assets	94,268
	<hr/>
Total	<u>\$177,639,163</u>

4. RECEIVABLES

Receivables shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2019, follow:

<u>Type</u>	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Accounts Receivable</u>	<u>Restricted Portion</u>
Student tuition and fees	\$59,054,043	(\$23,811,304)	\$35,242,739	\$996,374
Auxiliary enterprises	12,847,319	(3,766,325)	9,080,994	193,001
Contributions and gifts	7,247,782		7,247,782	500,000
Federal, state, and private grants and contracts	37,489,941	(245,127)	37,244,814	455,467
Insurance recoveries	453,391		453,391	
Other	14,488,958	(194,201)	14,294,757	71,300
Total	<u>\$131,581,434</u>	<u>(\$28,016,957)</u>	<u>\$103,564,477</u>	<u>\$2,216,142</u>

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2019, follows:

University of Louisiana System

	<u>Balance July 1, 2018</u>	<u>Prior Period Adjustment</u>	<u>Restated Balance July 1, 2018</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>
Capital assets not being depreciated:							
Land	\$97,047,323		\$97,047,323	\$2,609,965	\$848,242		\$100,505,530
Land improvements	6,947,086		6,947,086		616,945		7,564,031
Capitalized collections	321,621		321,621				321,621
Livestock	38,200		38,200	8,750		(\$9,450)	37,500
Construction-in-progress	143,472,915		143,472,915	95,325,690	(135,954,951)	(705,896)	102,137,758
Other	233,110		233,110				233,110
Total assets not being depreciated	<u>248,060,255</u>	<u>NONE</u>	<u>248,060,255</u>	<u>97,944,405</u>	<u>(134,489,764)</u>	<u>(715,346)</u>	<u>210,799,550</u>
Capital assets being depreciated:							
Infrastructure	31,985,379		31,985,379		1,688,051		33,673,430
Land improvements	97,640,905		97,640,905	1,302,610	12,130,421	(1,484,817)	109,589,119
Buildings	2,448,826,080	(\$1,976,748)	2,430,849,332	9,710,822	119,383,014	(6,784,867)	2,553,158,301
Equipment (including library books)	492,863,735		492,863,735	16,700,558	727,408	(14,368,310)	495,923,391
Software (internally generated and purchased)	18,096,525		18,096,525		498,873		18,595,398
Total capital assets being depreciated	<u>3,089,412,624</u>	<u>(17,976,748)</u>	<u>3,071,435,876</u>	<u>27,713,990</u>	<u>134,427,767</u>	<u>(22,637,994)</u>	<u>3,210,939,639</u>
Less accumulated depreciation:							
Infrastructure	(12,573,473)		(12,573,473)	(846,051)	(1,029,931)		(14,449,455)
Land improvements	(47,998,101)	(366,967)	(48,365,068)	(4,341,017)	1,029,931		(51,676,154)
Buildings	(1,117,118,798)	465,331	(1,116,653,467)	(62,880,399)		5,579,398	(1,173,954,468)
Equipment	(408,277,731)	721,190	(407,556,541)	(19,233,365)	519,881	14,155,502	(412,114,523)
Software (internally generated and purchased)	(10,870,353)		(10,870,353)	(3,613,085)	(498,874)		(14,982,312)
Total accumulated depreciation	<u>(1,596,838,456)</u>	<u>819,554</u>	<u>(1,596,018,902)</u>	<u>(90,913,917)</u>	<u>21,007</u>	<u>19,734,900</u>	<u>(1,667,176,912)</u>
Total capital assets, net	<u>\$1,740,634,423</u>	<u>(\$17,157,194)</u>	<u>\$1,723,477,229</u>	<u>\$34,744,478</u>	<u>(\$40,990)</u>	<u>(\$3,618,440)</u>	<u>\$1,754,562,277</u>

Component Units

	Balance July 1, 2018	Prior Period Adjustment	Restated Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets not being depreciated:						
Real estate	\$2,952,399	(\$1,038,694)	\$1,913,705	\$109,964		\$2,023,669
Art and collectibles	3,000,266		3,000,266	20,073		3,020,339
Construction-in-progress	114,922		114,922		(\$97,926)	16,996
Total assets not being depreciated	<u>6,067,587</u>	<u>(1,038,694)</u>	<u>5,028,893</u>	<u>130,037</u>	<u>(97,926)</u>	<u>5,061,004</u>
Capital assets being depreciated:						
Buildings	21,030,421	(10,198,189)	10,832,232	120,348		10,952,580
Vehicles, furniture, and equipment	1,282,308	(386,552)	895,756	7,161	(40,000)	862,917
Software (internally generated/purchased)	76,703		76,703			76,703
Total assets being depreciated	<u>22,389,432</u>	<u>(10,584,741)</u>	<u>11,804,691</u>	<u>127,509</u>	<u>(40,000)</u>	<u>11,892,200</u>
Less accumulated depreciation	<u>(7,876,742)</u>	<u>3,266,031</u>	<u>(4,610,711)</u>	<u>(334,345)</u>	<u>NONE</u>	<u>(4,945,056)</u>
Total capital assets, net	<u>\$20,580,277</u>	<u>(\$8,357,404)</u>	<u>\$12,222,873</u>	<u>(\$76,799)</u>	<u>(\$137,926)</u>	<u>\$12,008,148</u>

The capital asset disclosure for the discretely-presented component unit (ULL Foundation) has been adjusted to reflect the classifications of the assets as presented in the audited financial statements of the ULL Foundation, whose 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.

The prior period adjustments represent the effects of the removal of the University of New Orleans Foundation as a discretely presented component unit.

Southeastern Louisiana University and the University of New Orleans capitalize 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, 2019:

<u>Account Name</u>	
Vendor payables	\$34,454,035
Accrued salaries and payroll deductions	36,393,998
Accrued interest	4,314,062
Other	<u>2,805,804</u>
Total payables	<u><u>\$77,967,899</u></u>

7. COMPENSATED ABSENCES

At June 30, 2019, 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, 2019, by type:

<u>Leave Type</u>	<u>Leave Balance</u>
Annual	\$27,767,937
Sick	21,626,319
Compensatory	<u>1,440,920</u>
Total compensated absences	<u><u>\$50,835,176</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. 11:411-417. 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 2019 were \$29,163,225 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 2019 were \$102,632,466, with active regular plan member contributions of 8%, and employer contributions of 25.5% and 21.8% for the defined benefit plan and ORP employees, respectively. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenues, totaled \$3,240,883, and were recognized as revenue in fiscal year 2019 by the System.

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

At June 30, 2019, the System reported liabilities of \$268,222,275 and \$805,340,481 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, 2018, 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, 2018, the most recent measurement date, the System's proportions and the changes in proportion from the prior measurement date were 3.93292%, a decrease of 0.11633% for LASERS, and 8.19433%, an increase of 0.36933% for TRSL.

For the year ended June 30, 2019, the System recognized a pension expense of \$17,168,765 for LASERS and \$72,432,231 for TRSL for a total of \$89,600,996.

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				\$3,007,837	\$26,529,569	\$29,537,406
Changes in assumptions	\$2,729,375	\$51,745,765	\$54,475,140			
Net difference between projected and actual earnings on pension plan investments	3,477,953		3,477,953		51,902,683	51,902,683
Changes in proportion and differences between employer contributions and proportionate share of contributions		63,512,094	63,512,094	5,632,118	10,559,667	16,191,785
Employer contributions subsequent to the measurement date	29,163,225	102,632,466	131,795,691			
Total	\$35,370,553	\$217,890,325	\$253,260,878	\$8,639,955	\$88,991,919	\$97,631,874

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, 2020. 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
2020	\$4,729,009	\$22,504,223	\$27,233,232
2021	\$374,919	\$8,056,769	\$8,431,688
2022	(\$6,554,911)	(\$10,359,204)	(\$16,914,115)
2023	(\$981,644)	\$6,064,152	\$5,082,508

Actuarial Assumptions

The total pension liability for LASERS and TRSL in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

	LASERS	TRSL
Valuation Date	June 30, 2018	June 30, 2018
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	7.65% per annum, net of investment expenses*	7.65%, net of investment expenses**
Inflation Rate	2.75% per annum	2.5% per annum
Mortality - Active Members		RP-2014, White Collar Employee tables adjusted by 1.010 for males and 0.997 for females
Mortality - Non-disabled	RP-2000 Combined Healthy Mortality table, with mortality improvement projected to 2015	RP-2014 White Collar Healthy Annuitant tables adjusted by 1.366 for males and 1.189 for females
Mortality - Disabled	RP-2000 Disabled Retiree Mortality table with no projection for mortality improvement	RP-2014 Disability tables, adjusted by 1.111 for males and 1.134 for females
Termination, Disability, Retirement	2009-2013 experience study	2012-2017 experience study
Salary Increases	2009-2013 experience study, ranging from 2.8% to 14.3%	3.3% to 4.8%
Cost-of-Living Adjustments	Not substantively automatic	Not substantively automatic

*The investment rate of return used in the LASERS actuarial valuation for funding purposes was 8.05%, recognizing an additional 40 basis points (0.4%) for gain-sharing. The net return available to fund regular plan benefits is 7.83% which is reasonably close to the 7.65% discount rate.

**The investment rate of return used in the TRSL actuarial valuation for funding purposes was 8.05%, recognizing an additional 40 basis points (0.4%) for gain-sharing. Prior to fiscal year 2018/2019, administrative expenses were funded in accordance with R.S. 11:102, which precluded funding by a direct allocation through the employer contribution rate. Per Act 94 of 2016, noninvestment-related administrative expenses will be directly funded with employer contributions as a percentage of projected payroll beginning fiscal year 2018/2019.

Changes in assumptions for the June 30, 2018, valuations follow:

- TRSL updated its demographic, mortality, and salary increase assumptions beginning with the June 30, 2018, valuation to reflect the results of the most recent experience study observed for the period July 1, 2012, through June 30, 2017.
- LASERS and TRSL changes in actuarial assumptions related to inflation and salary factors in the measurement of the total pension liability and were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees who are provided with pensions through the pension plan.
- The LASERS and TRSL discount rate used was 7.65% for the June 30, 2018, valuations compared to 7.70% for the June 30, 2017, valuations. On November 1, 2018, TRSL's board accelerated the discount rate reduction plan by one year, using a 7.55% rate to determine the projected contribution requirements for the fiscal year ending June 30, 2020.

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 8.83%, and 8.07%, for LASERS and TRSL, respectively. The target allocation and best estimates of arithmetic/geometric real rates of return as of June 30, 2018, 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%	(0.48%)		
Domestic equity	23.00%	4.31%	27.00%	4.01%
International equity	32.00%	5.26%	19.00%	4.90%
Domestic fixed income	6.00%	1.49%	13.00%	1.36%
International fixed income	10.00%	2.23%	5.50%	2.35%
Alternative investments	22.00%	7.67%		
Other alternative investments:				
Private equity			25.50%	8.39%
Other private assets			10.00%	3.57%
Risk parity	7.00%	4.96%		
Total	100.00%	5.40%	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.65% 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:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
LASERS	\$338,514,332	\$268,222,275	\$207,683,500
TRSL	\$1,066,881,187	\$805,340,481	\$584,717,280

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, 2019, the System had \$2,526,226 and \$7,643,191 payable to LASERS and TRSL, respectively, for the June 2019 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, 2018, the employer contribution rate for amounts credited to the ORP participants 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 2019 totaled \$55,578,786, which represents pension expense for the system. Employee contributions totaled \$15,886,215. The active member and employer contribution rates were 8% and 6.2%, respectively, with an additional employer contribution of 21.8% 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 (fiscal year ended June 30, 2012). 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. The plans do not issue publicly available financial statements; however, the entities are included in the Louisiana Comprehensive Annual Financial Report (CAFR), a copy of which may be obtained from the Division of Administration's Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

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.

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'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, 2019, the System reported an OPEB liability totaling \$996,515,517 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, 2018, and June 30, 2019, respectively. The System's proportionate share of the total collective LSU Health Plan's OPEB liability at June 30, 2019, totaling \$16,558,072, was determined by an actuarial valuation as of January 1, 2018, which was rolled forward to the measurement date of June 30, 2019, using a discount rate of 3.5%.

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, 2019, the System's proportion of the OGB liability was 11.4799%, representing an increase of 0.0571% in the System's proportion.

At June 30, 2019, the System's proportion of the LSU Health Plan liability was 1.5146%, which represents a decrease of 0.0920% from the June 30, 2018, proportion of the liability.

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 the 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 actuarially accrued liability 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, 2018	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	4.5	6.7
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	2.98%	3.50%
Mortality rates - non-disabled	<p>For LASERS participants: RP-2014 Combined Health Mortality Table rolled back to 2006 using RP-2014 projection and then projected on a fully generational basis by Mortality Improvement Scale MP-2018</p> <p>For TRSL participants: Consistent with the TRSL pension plan disclosed in note 8</p>	Generational RP-2014 projected using scale MP-17
Mortality rates - disabled	<p>For LASERS participants: RP-2014 Disabled Retiree Mortality table rolled back to 2006 using RP-2014 projection and then projected on a fully generational basis by Mortality Improvement Scale MP-2018</p> <p>For TRSL participants: Consistent with the TRSL pension plan disclosed in note 8</p>	RP-2014 Disabled Generational Table trended back to 2006 and scaled forward using scale MP-18 applied on a gender-specific basis
Termination and Retirement Tables		TRSL and LASERS 2017 Actuarial Valuation

¹The discount rate for the OGB Plan is based on the June 30, 2018, 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 3.13% as of July 1, 2017, to 2.98% as of July 1, 2018. In addition, the OGB valuation relies upon the pension plans covering the same participants for the retirement, termination, disability, and salary scale assumptions. Baseline per capita costs were adjusted to reflect 2018 claims and enrollment; retirement contributions were updated based on 2019 premiums; the impact of the High Cost Excise Tax was revisited reflecting updated plan premiums; and the percentage of future retirees assumed to elect medical coverage was adjusted based on recent plan experience.

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:

<u>Year</u>	<u>Medical and Drug Pre-65</u>	<u>Medical and Drug Post-65</u>
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):

<u>Benefit</u>	<u>Select</u>	<u>Ultimate</u>
Pre-65 Medical and Drug	6.00%	4.50%
Post-Medicare	5.00%	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	1.98%	2.98%	3.98%
Proportionate Share of Total	\$1,147,079,754	\$979,957,445	\$847,322,939
LSU Health Plan:			
Discount Rate	2.50%	3.50%	4.50%
Proportionate Share of Total	\$20,096,122	\$16,558,072	\$13,842,632

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:	\$842,605,938	\$979,957,445	\$1,156,484,638
LSU Health Plan:	\$13,902,989	\$16,558,072	\$19,935,666

Per Capita Health Care Claim Costs

The OGB expected per capita costs for the self-insured plans administered by Blue Cross/Blue Shield were based on medical and prescription drug claims for retired participants for the period January 1, 2017, through December 31, 2018. The claims experience was trended to the valuation date. The last two months of claims experience was adjusted for incurred but not reported claims using completion factors based on prior year data. Per capita costs for the fully insured HMO and Medicare Advantage plans were based on calendar year 2019 premiums adjusted to the valuation date using the trend assumptions above. In addition, per capita costs were adjusted for expected age-related differences in morbidity applicable to retirees, except for costs for the Via Benefits HRA plan, which provides a flat monthly subsidy.

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, 2019, the System recognized OPEB expense totaling \$32,961,849, comprised of \$32,273,263 and \$688,586 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	\$9,559,563		\$9,559,563	\$5,491,183		\$5,491,183
Difference between proportionate share of employer benefit payments and actual benefit payments	212,605		212,605	6,559,402		6,559,402
Differences between expected and actual experience				4,271,309		4,271,309
Changes in assumptions		\$1,033,601	1,033,601	66,022,802	\$404,606	66,427,408
Employer contributions subsequent to the measurement date	29,464,616		29,464,616			
Total	\$39,236,784	\$1,033,601	\$40,270,385	\$82,344,696	\$404,606	\$82,749,302

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, 2020. Because the LSU Health Plan's measurement date was June 30, 2019, there are no deferred outflows for System benefit payments at June 30, 2019, for the LSU Health Plan. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal year ending June 30,	OGB	LSU Health	Total
2020	(\$25,445,293)	\$95,256	(\$25,350,037)
2021	(\$25,445,293)	\$95,256	(\$25,350,037)
2022	(\$17,040,667)	\$95,256	(\$16,945,411)
2023	(\$4,641,275)	\$95,256	(\$4,546,019)
2024		\$121,125	\$121,125
2025		\$126,846	\$126,846

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2019, the total rental expense for all operating leases was \$1,170,732. 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
2020	\$718,356	\$64,392	\$119,031	\$125,153	\$1,026,932
2021	655,353	24,764	121,277	121,335	922,729
2022	524,568	14,339	123,564	120,117	782,588
2023	515,845	5,988	125,895	125,926	773,654
2024	336,496	5,988	128,270	94,862	565,616
2025-2029	882,175	29,940	510,451		1,422,566
2030-2034	657,175	29,940	32,570		719,685
2035-2039	657,175	29,940	35,256		722,371
2040-2044	657,175	29,940	38,165		725,280
2045-2049	657,170	29,940	41,313		728,423
Thereafter	44		103,724		103,768
Total	\$6,261,532	\$265,171	\$1,379,516	\$587,393	\$8,493,612

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, 2019, consist of various leases as follows:

Nature of Lease	Buildings	Equipment	Total
Gross amount of leased assets (historical cost)	\$5,523,464	\$4,956,557	\$10,480,021
Remaining interest to end of lease	\$52,944	\$489,876	\$542,820
Remaining principal to end of lease	\$1,595,000	\$3,711,640	\$5,306,640

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, 2019:

Fiscal Year Ending June 30,	System
2020	\$1,181,864
2021	1,180,367
2022	1,042,898
2023	491,933
2024	491,933
2025-2029	1,460,465
Total minimum lease payments	5,849,460
Less - amount representing interest	(542,820)
Present value of net minimum lease payments	\$5,306,640

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, 2019:

	Cost	Accumulated Depreciation	Carrying Amount
Office space	\$41,746,626	(\$19,091,943)	\$22,654,683
Buildings	103,896,612	(40,226,781)	63,669,831
Equipment	346,234	(116,496)	229,738
Land	10,195,058		10,195,058
Total	<u>\$156,184,530</u>	<u>(\$59,435,220)</u>	<u>\$96,749,310</u>

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2019:

<u>Fiscal Year Ending June 30,</u>	<u>Office Space</u>	<u>Buildings</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
2020	\$4,397,918	\$4,761,181	\$151,472	\$3,114,859	\$12,425,430
2021	3,076,909	4,800,651	136,154	1,813,268	9,826,982
2022	2,857,991	4,830,414	167,411	1,813,268	9,669,084
2023	2,838,937	4,709,195	183,377	1,813,268	9,544,777
2024	2,705,283	4,214,783	144,103	1,813,268	8,877,437
2025-2029	7,517,451	8,292,261	723,497	642,772	17,175,981
2030-2034	499,685	800,963	695,538	500,000	2,496,186
2035-2039	99,941		716,684	500,000	1,316,625
2040-2044	3		749,513	500,000	1,249,516
2045-2049			786,099	337,500	1,123,599
Thereafter			5,415,044		5,415,044
Total minimum future rentals	<u>\$23,994,118</u>	<u>\$32,409,448</u>	<u>\$9,868,892</u>	<u>\$12,848,203</u>	<u>\$79,120,661</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, 2019, were \$1,591,872, \$1,832,887, and \$671,135, respectively.

12. LONG-TERM LIABILITIES

Following are summaries of bond and other long-term debt transactions of the System for the year ended June 30, 2019:

University of Louisiana System

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Bonds and notes payable:					
Notes payable	\$5,977,597	NONE	(\$727,217)	\$5,250,380	\$753,021
Bonds payable:					
Publicly offered	540,486,197	\$13,014,206	(30,153,945)	523,346,458	15,018,462
Direct borrowing/placements	251,332,111	4,285,803	(11,567,249)	244,050,665	12,110,404
Total bonds payable	791,818,308	17,300,009	(41,721,194)	767,397,123	27,128,866
Total bonds and notes payable	797,795,905	17,300,009	(42,448,411)	772,647,503	27,881,887
Other liabilities:*					
Accrued compensated absences payable	50,259,867	6,553,278	(5,977,969)	50,835,176	4,389,325
Capital lease obligations	6,895,765		(1,589,125)	5,306,640	1,041,387
Total other liabilities	57,155,632	6,553,278	(7,567,094)	56,141,816	5,430,712
Total	\$854,951,537	\$23,853,287	(\$50,015,505)	\$828,789,319	\$33,312,599

*See notes 8 and 10 for the required disclosures related to changes in the net pension and total OPEB liabilities.

University of Louisiana at Lafayette Foundation

	Balance June 30, 2018	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Notes payable	\$378,436	(\$21,477)	\$356,959	\$22,489

Details of all debt outstanding at June 30, 2019, are as follows:

Bonds Payable - Publicly Offered

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2018	Issued (Redeemed)	Principal Outstanding June 30, 2019	Maturities	Interest Rates	Interest Outstanding June 30, 2019
Grambling State University								
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	\$4,670,000	(\$130,000)	\$4,540,000	2038	5.80%	\$3,040,815
Louisiana Tech University								
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	15,760,000	(725,000)	15,035,000	2034	3.00 - 5.00%	4,700,652
Student Housing and Related Facilities								
Refunding Bonds - Series 2015	December 29, 2015	43,020,000	40,825,000	(1,265,000)	39,560,000	2038	2.00 - 5.00%	20,256,100
Student Housing - Series 2016 A	August 16, 2016	36,695,000	36,565,000	(545,000)	36,020,000	2047	2.00 - 4.00%	23,931,550
McNeese State University								
Cowboy Facilities, Inc. (blended component unit):								
Calcasieu Parish Trust Authority:								
University Student Lease Revenue								
Bonds - Series 2011	December 7, 2011	18,655,000	14,375,000	(705,000)	13,670,000	2033	4.00 - 5.00%	5,220,050
Louisiana Local Government Environmental								
Facilities and Community Development Authority								
University Student Parking Bonds - Series 2011	December 28, 2011	13,850,000	12,335,000	(300,000)	12,035,000	2042	3.50 - 5.00%	8,131,019
Nicholls State University								
NSU Facilities Corporation (blended component unit):								
Louisiana Local Government Environmental								
Facilities and Community Development Authority:								
Student Self-Assessed Fees - Series 2010	December 15, 2010	10,860,000	9,645,000	(225,000)	9,420,000	2041	4.13%	6,378,825
Southeastern Louisiana University								
Student Recreation and Activity								
Center Revenue Bonds - Series 2011	December 7, 2011	3,650,000	905,000	(445,000)	460,000	2020	2.00 - 3.375%	15,525
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)				
Intermodal Parking - Series 2007 A and B	March 14, 2007	8,035,000	3,970,000	(215,000)	3,755,000	2037	4.00 - 4.375%	1,223,557
Student Union - Series 2010	November 17, 2010	31,255,000	27,005,000	(705,000)	26,300,000	2041	0.80 - 5.00%	16,249,426
Student Housing - Series 2013 Refunding Bonds	November 13, 2013	40,910,000	29,650,000	(3,105,000)	26,545,000	2027	4.00 - 5.25%	4,400,993
Housing Project - Series 2017 Revenue Bonds	June 6, 2017	35,465,000	35,465,000		35,465,000	2049	5.00%	27,214,375
Student Housing - Series 2019 Refunding Bonds	February 7, 2019	11,960,000		11,960,000	11,960,000	2035	4.00 - 5.00%	6,253,054
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	19,120,000	(495,000)	18,625,000	2041	3.25 - 5.00%	11,450,785
Housing and Parking Project - Series 2010	December 1, 2010	100,050,000	6,250,000	(1,980,000)	4,270,000	2021	5.00 - 5.25%	169,719
Refunding Bonds Series 2012	October 30, 2012	14,740,000	12,910,000	(645,000)	12,265,000	2033	3.00 - 5.00%	3,644,660
Louisiana Local Government Environmental								
Facilities and Community Development Authority -								
Lewis Street Parking Garage Project, Series 2013	November 21, 2013	25,205,000	23,690,000	(530,000)	23,160,000	2044	3.00 - 5.00%	16,268,132
Athletic Facilities Project Series 2013	November 26, 2013	23,605,000	22,180,000	(495,000)	21,685,000	2044	3.00 - 5.00%	15,216,134
Ragin' Cajun Facilities, Inc. -								
Cajundome Project, Series 2015	August 18, 2015	18,500,000	18,500,000		18,500,000	2045	3.50 - 4.125%	14,109,893
Revenue Refunding Bonds - Student								
Housing and Parking Project - Series 2017	April 19, 2017	95,945,000	95,300,000	(440,000)	94,860,000	2042	2.00 - 5.00%	59,755,713
Housing Project - Series 2018	May 23, 2018	47,410,000	47,410,000		47,410,000	2049	5.00%	62,699,375
University of New Orleans								
UNO Research and Technology Foundation:*								
Louisiana Public Facilities Authority								
Revenue Refunding Bonds Series 2014	August 28, 2014	36,000,000	34,275,000	(980,000)	33,295,000	2036	3.00% - 5.00%	15,411,500
Total		677,775,000	525,805,000	(16,970,000)	508,835,000			
Discounts			(959,748)	56,641	(903,107)			
Premiums			28,300,335	(859,633)	27,440,702			
Deferred loss on refunding			(664,962)	65,650	(599,312)			
Bond issuance costs			(11,994,428)	567,603	(11,426,825)			
Total		\$677,775,000	\$540,486,197	(\$17,139,739)	\$523,346,458			\$325,741,852

*For the year ended December 31, 2018

Bonds Payable – Direct Borrowings/Placements

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2018	Issued (Redeemed)	Principal Outstanding June 30, 2019	Maturities	Interest Rates	Interest Outstanding June 30, 2019
Grambling State University								
Future and Advance Project Funding Bonds:								
Series 2016-4	November 30, 2016	\$91,171,636	\$88,027,161	(\$3,224,568)	\$84,802,593	2039	2.69%	\$23,955,320
Series 2016-5 (see footnote 1 below)	November 30, 2016	119,092	119,092	2,356,201	2,475,293	2046	2.69%	1,195,545
Louisiana Tech University								
Revenue Refunding Bonds - Series 2012	October 24, 2012	3,975,000	1,705,000	(415,000)	1,290,000	2022	2.05%	53,300
Innovative Student Facilities, Inc. (blended component unit):								
Louisiana Local Government Environmental Facilities and Community Development Authority:								
University Athletic and Related Facilities Series 2014	April 10, 2014	9,000,000	8,130,000	(240,000)	7,890,000	2039	4.48%	4,220,608
Student Housing Bonds - Series 2016 B	June 7, 2016	4,000,000	4,000,000		4,000,000	2047	4.50%	3,984,300
McNeese State University								
Field House - Series 2009	August 6, 2009	6,000,000	4,135,000	(275,000)	3,860,000	2030	3.93%	891,913
Nicholls State University								
NSU Facilities Corporation (blended component unit):								
Louisiana Local Government Environmental Facilities and Community Development Authority:								
Student Revenue Housing - Series 2007 B	August 23, 2007	32,380,000	32,380,000		32,380,000	2039	4.49%	20,114,709
Streets and Parking Revenue Bonds - Series 2016 A	February 16, 2016	1,975,000	1,495,000	(200,000)	1,295,000	2025	2.30%	106,260
Cafeteria and Student Union Revenue Bonds - Series 2016 B	February 16, 2016	4,000,000	3,370,000	(225,000)	3,145,000	2030	3.71%	742,557
Student Housing Revenue Refunding Bonds - Series 2017	December 1, 2017	10,605,000	9,280,000	(1,440,000)	7,840,000	2024	2.86%	685,399
Northwestern State University								
Wellness, Recreation, and Activity Center Bonds - Series 2011								
	October 25, 2011	4,500,000	2,350,000	(355,000)	1,995,000	2024	3.8%	232,940
University of Louisiana at Lafayette								
Ragin' Cajun Facilities, Inc. (blended component unit):								
Louisiana Local Government Environmental Facilities and Community Development Authority -								
Baseball Stadium Project - Series 2017	September 27, 2017	10,145,000	10,145,000	(480,000)	9,665,000	2034	3.50%	2,671,769
Cajundome Refunding Lease, Revenue Bonds Series 2016	August 2, 2016	11,005,000	10,295,000	(755,000)	9,540,000	2030	2.47%	1,262,047
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	28,670,000	(1,215,000)	27,455,000	2035	2.92%	6,928,769
Revenue Bonds Series 2004 C & C-T	December 8, 2004	33,680,000	26,650,000	(955,000)	25,695,000	2036	2.92%	7,441,421
Revenue and Refunding Bonds - Series 2014 Stadium and Scoreboard	June 30, 2014	1,845,000	1,180,000	(180,000)	1,000,000	2024	2.92%	79,510
Revenue Refunding Bonds, Student Center - Series 2014	July 9, 2014	1,645,000	1,270,000	(125,000)	1,145,000	2027	3.14%	152,117
Revenue Bonds, Student Center - Series 2016	March 8, 2016	6,000,000	5,590,000	(220,000)	5,370,000	2036	2.62%	1,389,517
Revenue Bonds - Series 2017	June 14, 2017	4,000,000	3,645,000	(360,000)	3,285,000	2027	2.75%	419,375
Revenue Bonds - Series 2018	August 1, 2018	2,000,000		1,795,000	1,795,000	2027	3.56%	299,040
University of New Orleans								
Revenue Bonds - Series 2012	August 22, 2012	9,700,000	6,785,000	(595,000)	6,190,000	2028	2.99%	868,296
Revenue Bonds Series 2015	February 27, 2015	2,990,000	2,970,000	(10,000)	2,960,000	2031	3.47%	1,056,094
Revenue Bonds Series 2015 B	May 29, 2015	3,580,000	2,712,000	(306,000)	2,406,000	2026	2.90%	287,042
Total		289,525,728	254,903,253	(7,424,367)	247,478,886			
Bond issuance costs			(3,571,142)	142,921	(3,428,221)			
Total		<u>\$289,525,728</u>	<u>\$251,332,111</u>	<u>(\$7,281,446)</u>	<u>\$244,050,665</u>			<u>\$79,037,848</u>

¹On November 30, 2016, Grambling State University entered into an agreement with Rice Financial Products Company whereby the University obtained funding through the Rice Capital Access Program. In accordance with this agreement, the University was granted a line of credit totaling \$8,000,000 (Series 2016-5 bonds) to provide funding for the construction of its new natatorium. As of June 30, 2019, the University has drawn \$2,475,293 from the line of credit, which is reported as bonds payable in the direct borrowings/placements above. The remaining available balance totals \$5,524,707. Principal and interest payments begin July 1, 2020, and the bonds mature in fiscal year 2047.

The University of Louisiana at Lafayette Foundation, Inc. had no bonds outstanding at June 30, 2019.

The annual requirements to amortize all System bonds outstanding at June 30, 2019, are as follows:

	Bonds Payable			
	Publicly Offered		Direct Placements/Borrowings	
	Principal	Interest	Principal	Interest
2020	\$14,580,000	\$22,805,647	\$12,205,113	\$7,529,158
2021	14,795,000	22,141,316	12,678,870	7,376,060
2022	15,435,000	21,562,329	13,207,509	6,962,216
2023	16,145,000	20,908,414	13,004,164	6,579,019
2024	16,870,000	20,208,886	13,453,697	6,095,247
2025-2029	96,350,000	88,946,308	66,156,055	24,679,127
2030-2034	112,220,000	64,615,913	64,043,856	14,242,417
2035-2039	97,625,000	39,740,336	49,066,227	4,942,644
2040-2044	75,545,000	19,659,240	2,186,525	538,661
2045-2049	49,270,000	5,153,463	1,476,870	93,299
Sub-total	508,835,000	325,741,852	247,478,886	79,037,848
Unamortized Discount/ Premium/Issuance Costs	14,511,458		(3,428,221)	
Total	<u>\$523,346,458</u>	<u>\$325,741,852</u>	<u>\$244,050,665</u>	<u>\$79,037,848</u>

Following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2019:

<u>Bond Issue</u>	<u>Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
Publicly Offered:			
Grambling State University			
Series 2006C Revenue Bonds - Debt Service	\$419,702	\$405,765	\$13,937
Series 2006C Revenue Bonds - Maintenance	325,408	316,711	8,697
Louisiana Tech University			
Innovative Student Facilities, Inc., Revenue Bonds 2013	684,484	684,484	
McNeese State University			
Cowboy Facilities, Inc.			
Student Parking Bonds 2011	887,511	879,256	8,255
Student Lease Revenue Bonds 2011	1,361,814	1,356,513	5,301
Nicholls State University			
NSU Facilities, Inc.			
Revenue Bonds 2010	689,392	689,750	(358)
Southeastern Louisiana University			
University Facilities, Inc.			
Revenue Bonds 2007	391,338	386,138	5,200
Revenue Bonds 2010A	1,584,179	1,578,569	5,610
Revenue Bonds 2010B	359,814	358,540	1,274
Revenue Bonds 2013	2,109,069	2,045,500	63,569
University of Louisiana at Lafayette			
Ragin' Cajun Facilities, Inc.			
Student Union/University Facilities Project Series 2010	1,384,397	1,379,681	4,716
Housing and Parking Project Series 2010	825,710	815,000	10,710
Project Series 2013 Lewis Street Parking Garage	1,611,505	1,590,463	21,042
Project Series 2013 Athletic Facilities Project	1,507,940	1,488,250	19,690
Total publicly offered	<u>14,142,263</u>	<u>13,974,620</u>	<u>167,643</u>
Direct Placements/Borrowings:			
Grambling State University			
Series A 2016-5 Bonds - Escrow	122,842	122,842	
Series A 2016-4 Bonds - Escrow	4,088,955	4,088,955	
Series A 2016-4 Bonds - Escrow Reserve	11,006	11,006	
McNeese State University			
McNeese State University Field House Project, Series 2009	446,775	436,000	10,775
Nicholls State University			
NSU Facilities, Inc.			
Revenue Bonds, Series 2017	3,308,582	3,275,945	32,637
University of Louisiana at Monroe			
ULM Facilities, Inc.			
Student Housing and Student Center Revenue Bonds 2004 A & A-T	1,133,471	1,120,465	13,006
Student Housing and Student Center Revenue Bonds 2004 C & C-T	1,033,392	1,021,535	11,857
Total direct placements/borrowings	<u>10,145,023</u>	<u>10,076,748</u>	<u>68,275</u>
Notes Payable:			
Grambling State University			
U.S. Department of Education Note	528,000	528,000	
Total reserves	<u>\$24,815,286</u>	<u>\$24,579,368</u>	<u>\$235,918</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 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>
Publicly Offered Bonds:	
Louisiana Tech University	
Innovative Student Facilities, Inc.:	
Revenue Refunding Bonds - Series 2015	\$3,308,150
Revenue Bonds - Series 2016 A	\$2,583,015
Southeastern Louisiana University	
University Facilities, Inc.	
Housing Project - Series 2017 Revenue Bonds	\$4,532,875
Student Housing - Series 2019 Refunding Bonds	\$2,254,200
University of Louisiana at Lafayette	
Ragin' Cajun Facilities, Inc.:	
Refunding Bonds - Series 2012	\$1,171,344
Cajundome Project - Series 2015	\$1,527,385
Housing and Parking Project Refunding Bonds - Series 2017	\$7,121,575
Housing Project Bonds - Series 2018	\$4,642,070
University of New Orleans (UNO)	
UNO Research and Technology Foundation:	
Revenue Refunding Bonds - Series 2014	\$3,037,050
Direct Placement Bonds:	
University of Louisiana at Lafayette	
Ragin' Cajun Facilities, Inc.:	
Cajundome Refunding Lease Revenue Bonds - Series 2016	\$1,020,325
University of New Orleans (UNO)	
Revenue Bonds - Series 2012	\$790,887
Revenue Bonds - Series 2015	\$997,003
Revenue Bonds - Series 2015 B	\$385,243

The bond indentures for both the publicly offered and direct placement bonds include events of default in which all bond principal and accrued interest may become immediately due and payable.

In the event of default, which remains ongoing, on the Grambling State University (Grambling) Future Advance Project Funding Bonds, Series 2016-4 (direct placement bonds), the Secretary of the United States Department of Education (Secretary) may declare the outstanding bonds and accrued interest to be immediately payable in full to the Secretary. The Secretary may collect these funds by administrative offset against federal program payments due to Grambling. Grambling would then only be permitted to receive credit against this debt or payment of Federal Funds on documented expenditures of institutional funds for program purposes.

Notes Payable - University of Louisiana System

Note	Date of Issue	Original Issue	Outstanding June 30, 2018	Issued (Redeemed)	Outstanding June 30, 2019	Maturities	Interest Rates	Interest Outstanding June 30, 2019
Grambling State University								
U.S. Department of Education	May 1, 1993	\$3,500,000	\$895,090	(\$152,033)	\$743,057	2024	3.00%	\$56,835
University of Louisiana at Lafayette								
MidSouth Bank 1	September 18, 2015	1,300,000	998,961	(119,185)	879,776	2026	4.45%	131,749
University of New Orleans								
UNO Research and Technology Foundation:*								
LPFA	October 19, 1999	1,500,000	935,074	(138,798)	796,276	2025	0%	
Whitney Bank	April 19, 2001	7,350,000	3,153,257	(318,371)	2,834,886	2021	4.50%	261,527
Total		13,650,000	5,982,382	(728,387)	5,253,995			
Note issuance costs			(4,785)	1,170	(3,615)			
Total		<u>\$13,650,000</u>	<u>\$5,977,597</u>	<u>(\$727,217)</u>	<u>\$5,250,380</u>			<u>\$450,111</u>

*Fiscal year ended December 31, 2018

The University of Louisiana at Lafayette Foundation, Inc. had the following outstanding note payable at June 30, 2019:

Note	Date of Issue	Original Issue	Outstanding June 30, 2018	Issued (Redeemed)	Outstanding June 30, 2019	Maturities	Interest Rates	Interest Outstanding June 30, 2019
University of Louisiana at Lafayette Foundation, Inc.								
U.S. Department of Education	June 9, 2011	\$500,000	\$378,436	(\$21,477)	\$356,959	2031	4.75%	\$113,845

The annual requirements to amortize all System notes outstanding for the System at June 30, 2019, including interest of \$450,111, are as follows:

	Principal	Interest
2020	\$753,021	\$180,981
2021	779,093	154,908
2022	2,594,809	68,738
2023	452,767	25,612
2024	375,610	13,892
2025-2029	298,695	5,980
Sub-total	5,253,995	450,111
Unamortized Discount/ Premium/Issuance Costs	(3,615)	
Total	<u>\$5,250,380</u>	<u>\$450,111</u>

The annual requirements to amortize notes outstanding for the University of Louisiana at Lafayette Foundation, Inc. at June 30, 2019, including interest of \$113,845, are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	\$22,489	\$16,745
2021	23,642	15,592
2022	24,806	14,428
2023	26,027	13,207
2024	27,276	11,958
2025-2029	158,059	38,109
2030-2034	74,660	3,806
	<u> </u>	<u> </u>
Total	<u>\$356,959</u>	<u>\$113,845</u>

13. REFUNDING OF BONDS

On February 7, 2019, University Facilities, Inc., through the Louisiana Local Government Environmental Facilities and Community Development Authority issued Series 2019 Revenue Refunding Bonds (Southeastern Louisiana University Student Housing/University Facilities, Inc. Project) totaling \$11,960,000. The proceeds from the bond issuance, together with an additional rental payment of \$1,000,000 and funds on deposit with the 2004 debt service reserve fund, were used to refund the Series 2004B bonds in the amount of \$15,000,000; fund the cost of the issuance of the Series 2019 Bonds, including the premium for the bond insurance policy insuring the bonds; and the surety bond premium for a debt service reserve fund surety policy. The proceeds from the Series 2004 bonds financed the construction of a residential facility and renovation of an existing student housing facility owned by University Facilities, Inc.; provided working capital for marketing and operation of the new and renovated facilities; funded interest on the bonds during the construction and renovation period; funded a debt service reserve fund and a replacement reserve fund; and paid the cost of issuing the bonds. The Series 2004B bonds were defeased in February 2019.

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 stand-by 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 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 has assigned its rights under the Original Swap Documents to Deutsche Bank AG, New York Branch (Replacement Provider) and the Original Swap Documents were amended pursuant to an Amended and Restated Confirmation (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, 2019, which was provided by Sisung Securities Corporation, was \$10,376,000 in favor of the Replacement Provider.

Credit Risk: Credit risk is the risk that the counterparty will not fulfill its obligations. At June 30, 2019, 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, 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 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 \$1,290,000. The bonds were issued for the installation of a turbine generation system. The approximate remaining amount of the pledge is \$1,343,300 at June 30, 2019, representing principal and interest totaling \$1,290,000 and \$53,300, respectively. The term of commitment is October 24, 2012, through April 1, 2022. For the year ended June 30, 2019, the requirements for principal and interest were \$415,000 and \$34,952, respectively. The amount of pledged revenues recognized for fiscal year 2019 totaled \$1,978,772.

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 State Legislature from time to time. The debt secured by the revenues pledged was for renovation

and expansion of the university's athletic field house, including adding a second floor to the facility, funding a debt service reserve fund, funding a maintenance reserve fund, and paying the costs of issuance of the bonds.

The original principal on the bonds totaled \$6,000,000, and the debt secured by the pledge is \$3,860,000. The approximate remaining amount of the pledge is \$4,751,913 at June 30, 2019, representing principal and interest totaling \$3,860,000 and \$891,913, respectively. The revenues are pledged for the period July 2009 through June 2030. For the year ended June 30, 2019, the requirements for principal and interest were \$275,000 and \$157,102, respectively. Pledged revenues recognized for the period totaled \$1,507,017.

Northwestern State University

Wellness, Recreation, and Activity Center Bonds, Series 2011

Specific pledged revenue for this bond is student self-assessed fees approved for the project by the students of the University in the amount of \$75 per semester. The original principal on the bonds totaled \$4,500,000, and the approximate remaining amount of the pledge is \$2,227,940 at June 30, 2019, representing principal and interest totaling \$1,995,000 and \$232,940, respectively. The term of commitment was 25 years beginning in October 1999 and ending in April 2024. The general purpose for the debt secured by the pledge was the planning, acquisition, construction, and equipping of the university's Student Wellness, Recreation, and Activity Center. The dedicated revenues are pledged 100% annually up to the current amount due for principal and interest. For the year ended June 30, 2019, the requirements for principal and interest were \$355,000 and \$89,300, respectively. The amount of pledged revenues recognized for fiscal year 2019 totaled \$1,593,957.

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 \$460,000. The approximate remaining amount of the pledge is \$475,525 at June 30, 2019, representing principal and interest totaling \$460,000 and \$15,525, respectively. For the year ended June 30, 2019, principal and interest requirements were \$445,000 and \$29,431, respectively. Pledged revenues recognized for the period totaled \$1,278,503.

University of New Orleans

Revenue Bond Series 2012, Recreation and Wellness Center

Revenue pledged for these bonds includes per semester student charges and other fees imposed on users of the fitness center. The original principal on the bonds totaled \$9,700,000, and the bonds were issued for refunding of Series 1998 bonds and the construction of the student fitness center. The debt secured by the pledge is \$6,190,000. The approximate remaining amount of the pledge is \$7,058,296 at June 30, 2019, representing principal and interest totaling \$6,190,000 and \$868,296, respectively. The term of commitment is August 2012 through October 2027. For the year ended June 30, 2019, the requirements for principal and interest were \$595,000 and \$193,976, respectively. The amount of pledged revenues recognized during the period totaled \$1,336,192. These revenues are also pledged for the Series 2015 Recreation and Wellness Center bonds.

Revenue Bond Series 2015, Recreation and Wellness Center

Revenue pledged for these bonds includes per semester student charges and other fees imposed on users of the fitness center. The original principal on the bonds totaled \$2,990,000, and the bonds were issued to refund the Series 1998 bonds, originally issued for the construction of the student fitness center. The debt secured by the pledge is \$2,960,000. The approximate remaining amount of the pledge is \$4,016,094 at June 30, 2019, representing principal and interest totaling \$2,960,000 and \$1,056,094, respectively. The term of commitment is February 2015 through October 2030. For the year ended June 30, 2019, the requirements for principal and interest were \$10,000 and \$102,886, respectively. The amount of pledged revenues recognized for the fiscal year 2019 totaled \$1,336,192. These revenues are also pledged for the Series 2012 Recreation and Wellness Center bonds.

Revenue Bonds Series 2015, Auxiliaries

Revenue pledged for these bonds includes student housing, food and vending services, the student union, and other miscellaneous auxiliaries. The original principal on the bonds was \$3,580,000, and the bonds were issued for refunding of the auxiliary portion of the Series 2004B bonds. The debt secured by the pledge is \$2,406,000. The approximate remaining amount of the pledge is \$2,693,042 at June 30, 2019, representing principal and interest totaling \$2,406,000 and \$287,042, respectively. The term of commitment is May 2015 through May 2026. For the year ended June 30, 2019, the requirements for principal and interest payments were \$306,000 and \$78,648, respectively. The amount of pledged revenues recognized for the fiscal year 2019 totaled \$10,167,837.

16. RESTATEMENT OF BEGINNING NET POSITION

The beginning net position and net assets as reflected on Statement B and Statement E, respectively, for the system and its component units have been restated to reflect the following changes:

	<u>System</u>	<u>Component Units</u>
Net position at June 30, 2018	(\$374,410,998)	\$231,924,911
Removal of the University of New Orleans Foundation as a discretely presented component unit		(\$73,217,856)
Capital assets:		
Grambling State University	\$990,723	
Southeastern Louisiana University	<u>(18,147,917)</u>	
Net capital asset restatement	(17,157,194)	
Expenses:		
University of Louisiana at Monroe	<u>122,961</u>	
Net position at June 30, 2018, restated	<u><u>(\$391,445,231)</u></u>	<u><u>\$158,707,055</u></u>

The restatements decreased the System's beginning net position to (\$391,445,231). Had the error corrections totaling (\$17,034,233) affecting fiscal year 2018 been included in the June 30, 2018, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position totaling \$101,435,371 would have totaled \$84,401,138.

As explained in note 1.b, the University of New Orleans Foundation no longer meets the threshold established by the Division of Administration, Office of Statewide Accounting and Reporting Policy for inclusion in the System's financial statements as a discretely presented component unit. Therefore, the foundation has been removed from the financial statements, and the foundation's prior year ending net asset balance totaling \$73,217,856 has been removed from the component units' June 30, 2018, net position.

17. RESTRICTED NET POSITION*University of Louisiana System*

The System has the following restricted expendable net position at June 30, 2019:

<u>Account Title</u>	<u>Amount</u>
Endowments	\$89,030,676
Student Fees	61,092,833
Student Loan Fund	28,258,137
Auxiliary Enterprises	17,277,448
Grants and Contracts	12,036,421
Maintenance Reserves	12,592,890
Capital Construction/Plant Projects	5,906,300
Debt Service/Retirement of Indebtedness	7,589,021
Scholarships	6,345,594
WRAC Fund	2,612,689
Other	7,308,405
Gifts - Restricted by Donors	999,399
	<hr/>
Total expendable	<u><u>\$251,049,813</u></u>

The System's restricted nonexpendable net position totaling \$203,389,520 as of June 30, 2019, was comprised entirely of endowment funds.

Of the total restricted net position reported on Statement A for the year ended June 30, 2019, \$38,114,884 was restricted by enabling legislation.

University of Louisiana at Lafayette Foundation, Inc.

ULL Foundation net assets with donor restrictions are restricted for the following purposes:

	<u>Amount</u>
Subject to expenditure for a specified purpose:	
University programs and projects	\$17,706,209
Subject to spending policy and appropriation:	
Purpose restrictions:	
University programs and projects	14,534,643
Endowed Chairs and Professorships	16,376,957
Not subject to appropriation or expenditure:	
Perpetuity:	
University programs and projects	48,379,485
Endowed Chairs and Professorships	50,514,928
Museum and other assets required to be used for a specific purpose	5,477,190
	<hr/>
Total net assets with donor restrictions	<u><u>\$152,989,412</u></u>

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	\$1,050,000	\$60,825
Capital assets	2,909,666	115,284,307	19,101,324	47,315,612
Other assets	745,110	7,596,970	5,788,783	6,485,879
Total assets	\$3,671,493	\$122,890,353	\$25,940,107	\$53,862,316
Liabilities:				
Current liabilities	\$209,478	\$4,538,848	\$1,340,333	\$2,461,762
Long-term liabilities	4,276,823	103,877,338	23,485,489	66,129,727
Total liabilities	\$4,486,301	\$108,416,186	\$24,825,822	\$68,591,489
Net Position:				
Net investment in capital assets	(\$762,047)	\$9,597,388	(\$3,184,840)	(\$916,970)
Restricted net position - expendable				2,520,184
Unrestricted net position	(52,761)	4,876,779	4,299,125	(16,332,387)
Total net position	(\$814,808)	\$14,474,167	\$1,114,285	(\$14,729,173)
	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	\$24,868,260	\$70,937	\$10,288,710	\$15,270,352
Capital assets	123,387,693	276,630,758	60,108,863	46,139,307
Other assets	4,450,328	15,211,437	6,202,228	34,364,939
Total assets	\$152,706,281	\$291,913,132	\$76,599,801	\$95,774,598
Liabilities:				
Current liabilities	\$7,110,136	\$10,944,851	\$5,518,678	\$4,351,187
Long-term liabilities	103,325,868	261,417,255	60,703,879	38,925,237
Total liabilities	\$110,436,004	\$272,362,106	\$66,222,557	\$43,276,424
Net Position:				
Net investment in capital assets	\$21,306,898	\$18,088,010	(\$3,650,619)	\$42,508,145
Restricted net position - expendable	8,904,699	2,887,031		
Unrestricted net position	12,058,680	(1,424,015)	14,027,863	9,990,029
Total net position	\$42,270,277	\$19,551,026	\$10,377,244	\$52,498,174

*Fiscal year ended December 31, 2018

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	\$407,886	\$8,117,757	\$4,256,973	\$5,934,219
Operating expenses	(8,529)		(1,718,453)	(105,531)
Depreciation expense	(139,248)	(3,796,571)	(1,040,899)	(3,616,453)
Net operating income	260,109	4,321,186	1,497,621	2,212,235
Nonoperating revenues (expenses):				
Investment income	13,783	140,193	144,508	128,978
Interest expense	(277,155)	(3,967,590)	(1,274,171)	(2,913,268)
Other (net)		(963,409)	(58,267)	(2,404,000)
Capital contributions/additions to permanent and term endowments				
Changes in net position	(3,263)	(469,620)	309,691	(2,976,055)
Net position beginning of the year	(811,545)	14,943,787	804,594	(11,753,118)
Net position end of the year	(\$814,808)	\$14,474,167	\$1,114,285	(\$14,729,173)
	University Facilities, Inc.	Ragin' Cajun Facilities, Inc.	University of Louisiana at Monroe Facilities, Inc.	University of New Orleans Research and Technology Foundation, Inc.*
Operating revenues	\$19,497,475	\$15,378,262	\$10,872,611	\$10,871,753
Operating expenses	(9,398,124)	(1,134,316)	(3,258,058)	(7,306,516)
Depreciation expense	(4,164,137)	(10,699,327)	(2,477,707)	(2,580,762)
Net operating income	5,935,214	3,544,619	5,136,846	984,475
Nonoperating revenues (expenses):				
Investment income	621,240	179,804	163,567	52,633
Interest expense	(4,213,009)	(9,255,985)	(1,780,301)	(1,377,550)
Other (net)	(347,138)		(5,285,600)	1,710,156
Capital contributions/additions to permanent and term endowments		3,346,384		
Changes in net position	1,996,307	(2,185,178)	(1,765,488)	1,369,714
Net position beginning of the year	40,273,970	21,736,204	12,142,732	51,128,460
Net position end of the year	\$42,270,277	\$19,551,026	\$10,377,244	\$52,498,174

*Fiscal year ended December 31, 2018

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	\$143,705	\$8,117,757	\$2,538,520	\$5,594,786
Noncapital financing				
Capital and related financing	(130,000)	(13,929,528)	(2,432,663)	(5,293,264)
Investing activities	(13,705)	140,193	144,508	(301,522)
Net increase (decrease) in cash	NONE	(5,671,578)	250,365	NONE
Cash, beginning of the year	16,717	13,141,480	6,588,418	
Cash, end of the year	<u>\$16,717</u>	<u>\$7,469,902</u>	<u>\$6,838,783</u>	<u>NONE</u>
	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	\$9,493,302	\$8,237,280	\$7,286,141	\$6,494,014
Noncapital financing				(673,182)
Capital and related financing	(19,999,412)	(54,928,145)	(8,381,466)	(2,100,021)
Investing activities	10,497,553		163,567	(3,982,912)
Net increase (decrease) in cash	(8,557)	(46,690,865)	(931,758)	(262,101)
Cash, beginning of the year	203,497	58,554,139	16,626,057	1,634,566
Cash, end of the year	<u>\$194,940</u>	<u>\$11,863,274</u>	<u>\$15,694,299</u>	<u>\$1,372,465</u>

*Fiscal year ended December 31, 2018

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$277,620,662	\$92,492,618	\$69,197	\$39,342,558	\$185,458		\$409,710,493
Research	56,570,793	15,911,240	2,038,208	21,249,491	529,041		96,298,773
Public service	24,462,648	8,196,059	8,893	6,679,049			39,346,649
Academic support	48,917,957	17,933,582	231,526	25,855,950	110,681		93,049,696
Student services	39,495,342	12,950,016	324,851	22,886,717	26,024		75,682,950
Institutional support	73,978,360	29,167,913	642,001	34,896,863	20,254		138,705,391
Operations and maintenance of plant	23,529,517	10,217,371	26,861,853	43,590,220	5,273		104,204,234
Depreciation						\$90,913,917	90,913,917
Scholarships and fellowships	316,760	641,691		16,686	80,944,354		81,919,491
Auxiliary enterprises	58,408,979	17,719,688	11,554,064	114,397,007	8,816,054		210,895,792
Other	1,312,434	480,058	746,697	993,276			3,532,465
Total operating expenses	<u>\$604,613,452</u>	<u>\$205,710,236</u>	<u>\$42,477,290</u>	<u>\$309,907,817</u>	<u>\$90,637,139</u>	<u>\$90,913,917</u>	<u>\$1,344,259,851</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 are 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 did not incur 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, 2019, was \$2,649,793.

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, 2019, net appreciation of donor-restricted endowments is equal to \$77,100,663, 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 Louisiana University Foundation
- Southeastern Louisiana University Alumni Association, Inc.
- 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 Foundation, Inc.
- 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, 2019, the foundations held in custody \$253,247,504 of Endowed Chair and Endowed Professorship Program funds. Amounts invested by private foundations for the System are included as investments held by private foundations in the disclosures in note 3.

24. DEFERRED COMPENSATION PLAN

Certain employees of the System participate in the Louisiana Public Employees' Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available on the Internet at www.la.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, 2019, project payments totaling \$577,178 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 \$698,000 through June 30, 2019.

University of Louisiana at Monroe

University of Louisiana at Monroe/Provident Group – ULM Properties, LLC

General

On May 1, 2019, the University of Louisiana at Monroe (University), and Provident Group – ULM Properties, LLC (Provident) entered into a cooperative endeavor agreement (Agreement) under which Provident will provide a purpose-built student housing facility containing approximately 372 beds [including the buildings, furniture, fixtures, and equipment along with the associated site development and various related amenities and improvements (Project)] on its campus in Monroe, Louisiana. Provident will finance the project with the issuance of \$26,285,000 Louisiana Local Government Environmental Facilities and Community Development Authority student housing revenue bonds.

The University is leasing the land on which the Project will be constructed pursuant to a Ground Lease Agreement. Any portion of the housing charges that may be collected by the University from residents of the Project shall, pending transfer to Provident or to the Trustee on behalf of Provident, be held by the University in trust for, and as agent of, Provident and shall not constitute property of the University.

Obligations

Provident will fund all costs associated with the student housing facility. No System, University, or other State funds will be used to fund the costs to construct and operate the housing facility. In addition, after all debt service payments have been made, and if the Project's annual financial statements, audit report, and supporting calculations result in a fixed charges coverage ratio of at least 1.20, the Trustee shall transfer all amounts remaining in a surplus fund (established in accordance with the Agreement) to the University as specified in a written invoice approved by the University and Provident.

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 \$6,075,229 as of December 31, 2018.

26. IMPAIRMENT LOSS

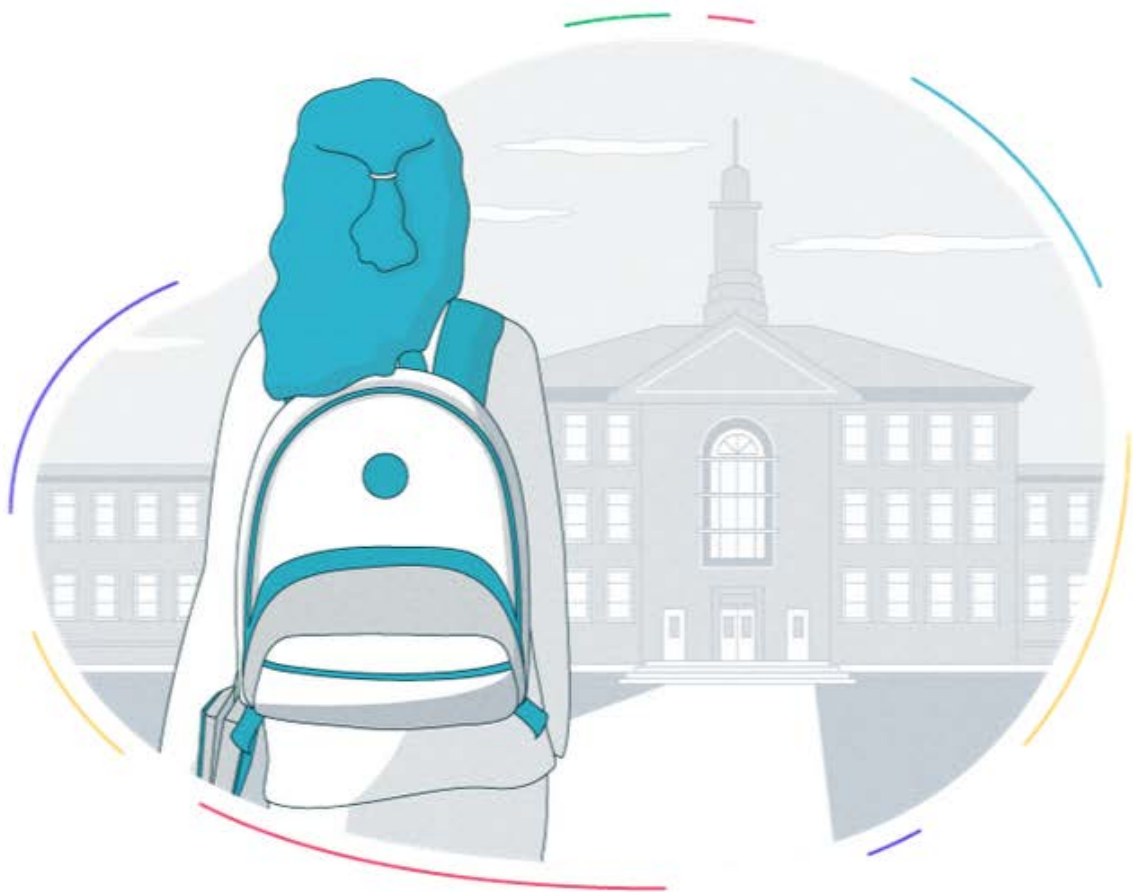
On April 25, 2019, several facilities at Louisiana Tech University were significantly damaged by a tornado. The University is working with the Office of Risk Management, FEMA, and other agencies regarding the repairs or replacements of these facilities. Recovery is underway and Federal and State Agencies are continuing their assessment of damages. The total financial impact to the University has not been determined; however, at June 30, 2019, the University reported as a special item an impairment loss totaling \$2,177,992 on the Statement of Revenues, Expenses, and Changes in Net Position, which represents the acquisition cost less accumulated depreciation for the damaged facilities.

27. SUBSEQUENT EVENTS

On July 1, 2019, the Black and Gold Facilities, Inc. (corporation) deposited \$4,627,340 into an escrow account to defease the Louisiana Public Facilities Authority Taxable Revenue Bonds, Series 2006C. The bonds were paid on August 1, 2019.

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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, 2019**

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%
2019	3.93262%	\$268,222,275	\$75,131,857	357%	64.3%
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%
2019	8.19433%	\$805,340,481	\$408,252,960	197%	68.2%

*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, 2019****Notes to Required Supplementary Information**

Changes of Benefit Terms and Assumptions for LASERS include:

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. Effective July 1, 2017, the LASERS board adopted a plan to gradually reduce the discount rate in 0.05% increments, and the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017, valuation. A 7.65% discount rate was used to determine the projected contribution requirements for the fiscal year ending June 30, 2019.
- F. The inflation assumption, a component of the salary increase assumption, was reduced from 3.0% to 2.75%, effective July 1, 2017. Therefore, 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.

2019

- H. The discount rate used for the June 30, 2018, valuation was 7.65%, and a 7.60% discount rate was used to determine the projected contribution requirements for the fiscal year ending June 30, 2020.

(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, 2019****Notes to Required Supplementary Information**

Changes of Benefit Terms and Assumptions for TRSL include:

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. Effective July 1, 2017, the TRSL board adopted a plan to gradually reduce the discount rate in 0.05% increments, and the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017, valuation and to 7.65% for the June 30, 2018 valuation.
- 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.

2019

- F. The discount rate used to determine the projected contributions for the fiscal year ended June 30, 2019, was 7.65%.
- G. Demographic, mortality, and salary increase assumptions were updated beginning with the June 30, 2018 valuation to reflect the results of the most recent experience study observed for the period July 1, 2012 - June 30, 2017.
- H. On November 1, 2018, the TRSL board accelerated the discount rate reduction plan by one year, using a 7.55% rate to determine the projected contribution requirements for the fiscal year ending June 30, 2020.

(Concluded)

Schedule 2

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANASchedule of System's Employer Contributions
Fiscal Year Ended June 30, 2019

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%
2019	\$29,163,225	\$29,163,225	NONE	\$76,758,505	38.0%
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%
2019	\$102,632,466	\$102,632,466	NONE	\$430,608,131	23.8%

*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 the System's Employer Contributions
Fiscal Year Ended June 30, 2019

Notes to Required Supplementary Information

Changes of Benefit Terms and Assumptions for LASERS include:

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. Effective July 1, 2017, the LASERS board adopted a plan to gradually reduce the discount rate in 0.05% increments, and the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017, valuation.
- F. The inflation assumption, a component of the salary increase assumption, was reduced from 3.0% to 2.75%, effective July 1, 2017. Therefore, 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.

2019

- H. The discount rate used for the June 30, 2018, valuation was 7.65%, and a 7.60% discount rate was used to determine the projected contribution requirements for the fiscal year ending June 30, 2020.

(Continued)

Schedule 2**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Schedule of the System's Employer Contributions
Fiscal Year Ended June 30, 2019****Notes to Required Supplementary Information**

Changes of Benefit Terms and Assumptions for TRSL include:

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. Effective July 1, 2017, the TRSL board adopted a plan to gradually reduce the discount rate in 0.05% increments, and the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017, valuation and to 7.65% for the June 30, 2018, valuation.
- 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.

2019

- F. The discount rate used to determine the projected contributions for the fiscal year ended June 30, 2019, was 7.65%.
- G. Demographic, mortality, and salary increase assumptions were updated beginning with the June 30, 2018 valuation to reflect the results of the most recent experience study observed for the period July 1, 2012 - June 30, 2017.
- H. On November 1, 2018, the TRSL board accelerated the discount rate reduction plan by one year, using a 7.55% rate to determine the projected contribution requirements for the fiscal year ending June 30, 2020.

(Concluded)

Schedule 3

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANASchedule of the System's Proportionate Share
of the Total Collective OPEB Liability
Fiscal Year Ended June 30, 2019

	Fiscal Year Ended June 30,		
	2019	2018	2017
Office of Group Benefits:			
System's proportion of the total collective OPEB liability	11.4799%	11.4227%	11.4227%
System's proportionate share of the total collective OPEB liability	\$979,957,444	\$992,744,345	\$1,036,402,180
System's covered-employee payroll	\$423,160,115	\$398,234,617	\$388,234,784
System's proportionate share of the total collective liability as a percentage of the covered-employee payroll	232%	249%	267%
LSU Health Plan			
System's proportion of the total collective OPEB liability	1.5146%	1.6066%	1.6953%
System's proportionate share of the total collective OPEB liability	\$16,558,072	\$15,674,996	\$17,110,633
System's covered-employee payroll	NONE	NONE	NONE
System's proportionate share of the total collective liability as a percentage of the covered-employee payroll	NONE	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.

Schedule 3

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANASchedule of the System's Proportionate Share
of the Total Collective OPEB Liability
Fiscal Year Ended June 30, 2019

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.

Changes of benefit terms and assumptions include:

Office of Group Benefits:

2018

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

2019

- A. A change in the discount rate from 3.13% to 2.98%
- B. Baseline per capita costs were updated to reflect 2018 claims. Enrollment and retiree contributions were updated based on 2019 premiums. The impact of the High Cost Excise Tax was revised to reflect updated plan premiums.
- C. OGB relies on the demographic assumptions for the Louisiana State Police Retirement System, Louisiana School Employees' Retirement System, and TRSL. These retirement systems performed experience studies and adopted new assumptions for the June 30, 2018, valuation. OGB updated its demographic assumptions to reflect these update assumptions.
- D. The percentage of future retirees assumed to elect medical coverage was modified based on recent plan experience.
- E. The valuation model was refined to incorporate available census information, including: an adjustment to liabilities to reflect the deferral of benefit commencement and the years of service accrual that occur between the Deferred Retirement Option Program (DROP) entry date and the DROP end date; and reflection of available OGB participation service for employees who transfer between pension plans.

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.

2019

- A. A change in the discount rate from 3.90% to 3.50%.

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**SUPPLEMENTAL INFORMATION
SCHEDULES**

**Combining Schedule of Net Position, by University,
for the year ended June 30, 2019**

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, 2019**

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, 2019**

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, 2018**

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, 2018**

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, 2018**

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, 2019**

	<u>GRAMBLING STATE UNIVERSITY</u>	<u>LOUISIANA TECH UNIVERSITY</u>	<u>MCNEESE STATE UNIVERSITY</u>	<u>NICHOLLS STATE UNIVERSITY</u>	<u>NORTHWESTERN STATE UNIVERSITY</u>	<u>SOUTHEASTERN LOUISIANA UNIVERSITY</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$9,211,437	\$22,696,769	\$48,259,620	\$20,253,171	\$36,164,544	\$40,673,981
Investments						6,051,934
Receivables (net)	3,101,168	11,556,969	4,066,020	4,089,495	7,081,009	9,016,595
Due from state treasury	87,244	176,627	113,902	100,009	116,671	178,814
Due from federal government	916,531	3,388,011	548,302	259,271	651,239	4,120,892
Inventories	390,150	488,663	1,318,966		248,889	707,288
Prepaid expenses and advances	487,479	3,239,325	316,315	580,344	428,486	993,102
Notes receivable (net)		680,352	362,198			258,169
Other current assets	270	140,665			188,481	
Total current assets	<u>14,194,279</u>	<u>42,367,381</u>	<u>54,985,323</u>	<u>25,282,290</u>	<u>44,879,319</u>	<u>62,000,775</u>
Noncurrent assets:						
Restricted:						
Cash and cash equivalents	17,308,168	15,067,740	9,318,922	4,222,523	2,005,727	15,882,317
Investments	8,007,968	38,761,354	21,040,782	25,943,045	16,282,078	22,292,118
Receivables (net)		381	500,000	528,312	402,161	
Notes receivable (net)	341	3,490,133	505,218		776,948	1,446,438
Investments						
Capital assets (net)	121,674,054	269,806,372	149,980,171	102,676,860	55,347,466	222,694,565
Other noncurrent assets		127,068				
Total noncurrent assets	<u>146,990,531</u>	<u>327,253,048</u>	<u>181,345,093</u>	<u>133,370,740</u>	<u>74,814,380</u>	<u>262,315,438</u>
Total assets	<u>161,184,810</u>	<u>369,620,429</u>	<u>236,330,416</u>	<u>158,653,030</u>	<u>119,693,699</u>	<u>324,316,213</u>
Deferred outflows of Resources:						
Deferred amounts on debt refunding	2,954,482					
Deferred outflows related to pensions	13,071,600	29,421,733	14,789,469	15,145,711	23,540,124	29,563,145
Deferred outflows related to other postemployment benefits (OPEB)	2,372,794	4,889,851	2,366,140	2,877,996	3,760,312	6,837,711
Total deferred outflows of resources	<u>18,398,876</u>	<u>34,311,584</u>	<u>17,155,609</u>	<u>18,023,707</u>	<u>27,300,436</u>	<u>36,400,856</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accruals	7,288,658	6,909,106	4,541,614	4,417,616	6,571,985	8,203,644
Due to federal government						36,596
Unearned revenues	807,226	8,171,197	3,272,844	2,178,305	4,370,005	5,265,059
Amounts held in custody for others	2,572,848	1,142,644	551,668	405,543	34,110	2,400,195
Compensated absences payable	289,305	434,710	387,058	334,565	291,344	576,336
Capital lease obligations	31,809	382,111				520,000
Notes payable	156,628					
Contracts payable						
Bonds payable	3,435,113	3,549,604	1,340,000	2,145,000	370,000	4,685,000
OPEB payable	2,200,000	4,000,000	2,400,000	2,900,000	2,200,000	3,800,000
Other current liabilities	731,878	2,000				2,409
Total current liabilities	<u>17,513,465</u>	<u>24,591,372</u>	<u>12,493,184</u>	<u>12,381,029</u>	<u>13,837,444</u>	<u>25,489,239</u>

(Continued)

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
ASSETS					
Current assets:					
Cash and cash equivalents	\$30,336,487	\$24,041,241	\$15,063,520	\$654,061	\$247,354,831
Investments			11,338,031		17,389,965
Receivables (net)	32,056,493	8,072,349	22,308,237		101,348,335
Due from state treasury	238,152	168,552	228,554		1,408,525
Due from federal government	496,907	719,596	2,016,294		13,117,043
Inventories	1,755,518	164,722	161,433		5,235,629
Prepaid expenses and advances	4,957,416	857,602	1,085,485		12,945,554
Notes receivable (net)	763,919	462,784	422,879		2,950,301
Other current assets			85,730		415,146
Total current assets	<u>70,604,892</u>	<u>34,486,846</u>	<u>52,710,163</u>	<u>654,061</u>	<u>402,165,329</u>
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	28,004,715	10,151,994	2,412,468		104,374,574
Investments	107,777,381	32,674,520	23,104,582		295,883,828
Receivables (net)		785,288			2,216,142
Notes receivable (net)	5,938,249	2,196,289	2,828,054		17,181,670
Investments			33,850		33,850
Capital assets (net)	471,836,583	148,795,007	211,717,977	33,222	1,754,562,277
Other noncurrent assets			386,934		514,002
Total noncurrent assets	<u>613,556,928</u>	<u>194,603,098</u>	<u>240,483,865</u>	<u>33,222</u>	<u>2,174,766,343</u>
Total assets	<u>684,161,820</u>	<u>229,089,944</u>	<u>293,194,028</u>	<u>687,283</u>	<u>2,576,931,672</u>
Deferred outflows of Resources:					
Deferred amounts on debt refunding					2,954,482
Deferred outflows related to pensions	70,914,823	22,921,522	32,457,927	1,434,824	253,260,878
Deferred outflows related to other postemployment benefits (OPEB)	8,676,273	3,478,761	4,694,099	316,448	40,270,385
Total deferred outflows of resources	<u>79,591,096</u>	<u>26,400,283</u>	<u>37,152,026</u>	<u>1,751,272</u>	<u>296,485,745</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accruals	22,887,071	8,616,839	8,164,650	366,716	77,967,899
Due to federal government					36,596
Unearned revenues	15,832,880	5,180,429	5,577,136		50,655,081
Amounts held in custody for others	1,727,936	219,270	1,145,978		10,200,192
Compensated absences payable	808,948	697,885	525,953	43,221	4,389,325
Capital lease obligations		107,467			1,041,387
Notes payable	124,391		472,002		753,021
Contracts payable		249,213			249,213
Bonds payable	6,035,000	3,365,946	2,203,203		27,128,866
OPEB payable	5,200,000	3,500,000	4,100,000	56,000	30,356,000
Other current liabilities	3,002,845	294,402	149,151		4,182,685
Total current liabilities	<u>55,619,071</u>	<u>22,231,451</u>	<u>22,338,073</u>	<u>465,937</u>	<u>206,960,265</u>

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Position, by University
June 30, 2019

	<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				\$135,613		
Compensated absences payable	\$3,821,834	\$4,508,020	\$3,288,051	3,429,818	\$4,017,906	\$7,334,310
Capital lease obligations	31,809	3,050,275				1,075,000
Notes payable	586,429					
Bonds payable	88,259,595	104,747,338	27,055,489	50,053,277	1,625,000	103,325,868
Net Pension liability	58,657,218	127,846,321	74,259,197	71,816,026	96,201,519	140,581,458
OPEB liability	52,961,576	119,393,438	73,244,764	83,744,246	81,971,214	140,239,011
Other noncurrent liabilities				10,520,454	85,605	
Total noncurrent liabilities	<u>204,318,461</u>	<u>359,545,392</u>	<u>177,847,501</u>	<u>219,699,434</u>	<u>183,901,244</u>	<u>392,555,647</u>
Total liabilities	<u>221,831,926</u>	<u>384,136,764</u>	<u>190,340,685</u>	<u>232,080,463</u>	<u>197,738,688</u>	<u>418,044,886</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	6,352,723	10,417,931	6,402,441	6,615,461	7,731,539	12,313,981
Deferred inflows related to OPEB	<u>6,318,654</u>	<u>9,335,668</u>	<u>6,856,899</u>	<u>7,029,477</u>	<u>7,050,771</u>	<u>11,821,261</u>
Total deferred inflows of resources	<u>12,671,377</u>	<u>19,753,599</u>	<u>13,259,340</u>	<u>13,644,938</u>	<u>14,782,310</u>	<u>24,135,242</u>
NET POSITION						
Net investment in capital assets	34,140,584	159,397,067	124,280,782	54,444,279	53,352,466	118,558,770
Restricted for:						
Nonexpendable	7,246,829	33,153,627	13,600,000	18,440,421	11,605,350	12,833,807
Expendable	17,887,570	20,952,506	34,310,674	11,133,506	16,463,564	35,754,076
Unrestricted	<u>(114,194,600)</u>	<u>(213,461,550)</u>	<u>(122,305,456)</u>	<u>(153,066,870)</u>	<u>(146,948,243)</u>	<u>(248,609,712)</u>
TOTAL NET POSITION	<u><u>(\$54,919,617)</u></u>	<u><u>\$41,650</u></u>	<u><u>\$49,886,000</u></u>	<u><u>(\$69,048,664)</u></u>	<u><u>(\$65,526,863)</u></u>	<u><u>(\$81,463,059)</u></u>

(Concluded)

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
LIABILITIES (CONT.)					
Noncurrent liabilities:					
Unearned revenues			\$2,310,806		\$2,446,419
Compensated absences payable	\$11,601,171	\$3,032,263	5,071,369	\$341,109	46,445,851
Capital lease obligations		108,169			4,265,253
Notes payable	751,770		3,159,160		4,497,359
Bonds payable	260,665,485	60,703,879	43,832,326		740,268,257
Net Pension liability	270,804,230	106,955,190	122,969,967	3,471,630	1,073,562,756
OPEB liability	192,566,834	97,492,096	121,961,148	2,585,190	966,159,517
Other noncurrent liabilities			802,109		11,408,168
Total noncurrent liabilities	<u>736,389,490</u>	<u>268,291,597</u>	<u>300,106,885</u>	<u>6,397,929</u>	<u>2,849,053,580</u>
Total liabilities	<u>792,008,561</u>	<u>290,523,048</u>	<u>322,444,958</u>	<u>6,863,866</u>	<u>3,056,013,845</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	21,985,731	9,146,420	15,814,714	850,933	97,631,874
Deferred inflows related to OPEB	<u>16,258,448</u>	<u>9,035,282</u>	<u>8,797,912</u>	<u>244,930</u>	<u>82,749,302</u>
Total deferred inflows of resources	<u>38,244,179</u>	<u>18,181,702</u>	<u>24,612,626</u>	<u>1,095,863</u>	<u>180,381,176</u>
NET POSITION					
Net investment in capital assets	213,293,834	84,819,889	162,051,286	33,222	1,004,372,179
Restricted for:					
Nonexpendable	55,415,000	28,789,011	22,305,475		203,389,520
Expendable	76,489,891	17,809,496	20,248,530		251,049,813
Unrestricted	<u>(411,698,549)</u>	<u>(184,632,919)</u>	<u>(221,316,821)</u>	<u>(5,554,396)</u>	<u>(1,821,789,116)</u>
TOTAL NET POSITION	<u><u>(\$66,499,824)</u></u>	<u><u>(\$53,214,523)</u></u>	<u><u>(\$16,711,530)</u></u>	<u><u>(\$5,521,174)</u></u>	<u><u>(\$362,977,604)</u></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, 2019**

	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 \$201,384,085)	\$22,012,267	\$76,174,959	\$42,149,994	\$37,448,811	\$51,655,126	\$72,405,873
Federal grants and contracts	5,531,542	8,038,734	770,750	639,433	1,474,126	8,915,448
State and local grants and contracts	670,359	2,872,190	2,533,278	1,340,196	5,349,719	3,840,423
Nongovernmental grants and contracts	323,413	1,311,827	1,122,995	313,323	698,975	315,807
Sales and services of educational departments	541,280	1,618,360	555,977	180,727	4,407,609	611,248
Auxiliary enterprise revenues (net of scholarship allowances of \$22,774,831 including revenues used as security for revenue bonds)	25,328,454	28,415,442	11,347,710	20,731,638	4,148,198	22,605,112
Other operating revenues	712,730	1,723,636	3,081,269	782,776	2,876,398	3,019,971
Total operating revenues	<u>55,120,045</u>	<u>120,155,148</u>	<u>61,561,973</u>	<u>61,436,904</u>	<u>70,610,151</u>	<u>111,713,882</u>
OPERATING EXPENSES						
Educational and general:						
Instruction	18,792,824	47,204,521	29,973,726	28,114,389	44,438,326	62,092,716
Research	1,079,544	20,020,800	368,515	1,441,595	200,156	1,098,428
Public service	48,138	158,327	1,172,160	922,162	938,235	3,059,827
Academic support	3,383,371	13,148,301	9,396,843	6,485,387	10,370,482	12,280,148
Student services	6,021,757	6,309,758	5,406,658	5,265,709	9,993,768	11,102,241
Institutional support	13,274,146	12,171,653	8,913,092	7,858,630	10,685,553	13,394,450
Operations and maintenance of plant	7,401,846	9,971,708	8,141,385	7,274,092	8,895,104	15,317,910
Depreciation	6,990,726	12,607,392	6,916,238	6,882,808	3,975,078	10,175,433
Scholarships and fellowships	5,298,489	12,131,458	2,937,641	6,100,453	11,851,396	13,978,982
Auxiliary enterprises	21,722,506	36,954,984	16,761,258	15,006,566	9,902,823	16,135,637
Other operating expenses		530,296	435,929	143,861	(225,341)	827,246
Total operating expenses	<u>84,013,347</u>	<u>171,209,198</u>	<u>90,423,445</u>	<u>85,495,652</u>	<u>111,025,580</u>	<u>159,463,018</u>
OPERATING LOSS	<u>(28,893,302)</u>	<u>(51,054,050)</u>	<u>(28,861,472)</u>	<u>(24,058,748)</u>	<u>(40,415,429)</u>	<u>(47,749,136)</u>
NONOPERATING REVENUES (Expenses)						
State appropriations	14,667,475	29,085,159	19,416,998	14,904,266	21,461,548	29,157,423
Gifts	439,346	10,243,894	2,138,569	600,795		1,094,581
Federal nonoperating revenues	17,642,849	11,988,824	11,020,909	11,005,452	20,159,497	24,745,993
Investment income, net	888,988	58,718	2,710,788	1,112,041	135,884	2,077,545
Interest expense	(2,335,512)	(4,124,974)	(1,452,033)	(2,913,268)	(89,300)	(4,282,955)
Payments to or on behalf of the university				491,623		
Loss on disposal of capital assets						
Other nonoperating revenues (expenses)	39,233	1,844,622	164,585	(1,922,710)	306,542	(2,298,957)
Net nonoperating revenues	<u>31,342,379</u>	<u>49,096,243</u>	<u>33,999,816</u>	<u>23,278,199</u>	<u>41,974,171</u>	<u>50,493,630</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 \$201,384,085)	\$144,489,253	\$59,663,028	\$57,006,394		\$563,005,705
Federal grants and contracts	24,512,413	3,671,693	6,977,583		60,531,722
State and local grants and contracts	5,090,830	8,348,948	26,531,153		56,577,096
Nongovernmental grants and contracts	22,070,330	598,723	7,940,331		34,695,724
Sales and services of educational departments	175,345	400,571	111,786		8,602,903
Auxiliary enterprise revenues (net of scholarship allowances of \$22,774,831 including revenues used as security for revenue bonds)	43,712,443	18,112,305	13,900,923		188,302,225
Other operating revenues	7,303,183	1,084,602	7,954,662	\$2,278,375	30,817,602
Total operating revenues	<u>247,353,797</u>	<u>91,879,870</u>	<u>120,422,832</u>	<u>2,278,375</u>	<u>942,532,977</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	100,465,645	37,645,059	40,983,287		409,710,493
Research	54,170,452	6,077,071	11,842,212		96,298,773
Public service	6,135,284	5,982,810	20,929,706		39,346,649
Academic support	20,333,584	7,308,698	10,342,882		93,049,696
Student services	14,674,583	8,735,409	8,173,067		75,682,950
Institutional support	36,664,189	14,201,800	17,724,602	3,817,276	138,705,391
Operations and maintenance of plant	18,125,961	10,937,011	18,139,217		104,204,234
Depreciation	25,830,485	6,980,734	10,548,772	6,251	90,913,917
Scholarships and fellowships	10,885,976	11,195,599	7,539,497		81,919,491
Auxiliary enterprises	56,899,945	22,387,468	15,124,605		210,895,792
Other operating expenses	146,843	(433,747)	2,107,378		3,532,465
Total operating expenses	<u>344,332,947</u>	<u>131,017,912</u>	<u>163,455,225</u>	<u>3,823,527</u>	<u>1,344,259,851</u>
OPERATING LOSS	<u>(96,979,150)</u>	<u>(39,138,042)</u>	<u>(43,032,393)</u>	<u>(1,545,152)</u>	<u>(401,726,874)</u>
NONOPERATING REVENUES (Expenses)					
State appropriations	48,205,588	26,146,447	28,130,477	1,025,487	232,200,868
Gifts	4,359,254	242,401	1,761,504		20,880,344
Federal nonoperating revenues	25,434,253	13,533,749	12,704,739		148,236,265
Investment income, net	6,558,940	2,359,551	1,198,813	460,349	17,561,617
Interest expense	(9,255,985)	(1,782,429)	(1,753,060)		(27,989,516)
Payments to or on behalf of the university					491,623
Loss on disposal of capital assets		(17,475)		(3,099)	(20,574)
Other nonoperating revenues (expenses)	3,770,488	726,438	(352,325)	10,148	2,288,064
Net nonoperating revenues	<u>79,072,538</u>	<u>41,208,682</u>	<u>41,690,148</u>	<u>1,492,885</u>	<u>393,648,691</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, 2019**

	GRAMBLING STATE UNIVERSITY	LOUISIANA TECH UNIVERSITY	MCNEESE STATE UNIVERSITY	NICHOLLS STATE UNIVERSITY	NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	\$2,449,077	(\$1,957,807)	\$5,138,344	(\$780,549)	\$1,558,742	\$2,744,494
Capital appropriations	568,006	22,657,538	8,264,298	88,282	53,143	465,688
Capital grants and gifts		252,871	1,208,712	89,045	13,033	30,515
Additions to permanent endowments			500,000	100,000	400,000	20,000
Special item - loss on impairment		(2,177,992)				
Other revenues (expenses), net		(2,785,543)				
CHANGE IN NET POSITION	3,017,083	15,989,067	15,111,354	(503,222)	2,024,918	3,260,697
NET POSITION - BEGINNING OF YEAR (Restated)	(57,936,700)	(15,947,417)	34,774,646	(68,545,442)	(67,551,781)	(84,723,756)
NET POSITION - END OF YEAR	<u>(\$54,919,617)</u>	<u>\$41,650</u>	<u>\$49,886,000</u>	<u>(\$69,048,664)</u>	<u>(\$65,526,863)</u>	<u>(\$81,463,059)</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	(\$17,906,612)	\$2,070,640	(\$1,342,245)	(\$52,267)	(\$8,078,183)
Capital appropriations	182,036	12,163	68,729		32,359,883
Capital grants and gifts	1,924,619	36,771	206,806		3,762,372
Additions to permanent endowments	1,200,000		240,000		2,460,000
Special item - loss on impairment					(2,177,992)
Other revenues (expenses), net			2,927,090		141,547
CHANGE IN NET POSITION	(14,599,957)	2,119,574	2,100,380	(52,267)	28,467,627
NET POSITION - BEGINNING OF YEAR (Restated)	(51,899,867)	(55,334,097)	(18,811,910)	(5,468,907)	(391,445,231)
NET POSITION - END OF YEAR	(\$66,499,824)	(\$53,214,523)	(\$16,711,530)	(\$5,521,174)	(\$362,977,604)

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2019**

	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	\$22,072,326	\$75,875,532	\$42,148,735	\$37,312,352	\$51,337,647	\$72,681,823
Grants and contracts	7,220,794	11,190,550	4,585,460	2,007,550	6,956,213	12,222,621
Sales and services of educational departments	360,280	1,639,003	555,977	171,966	4,407,609	(49,339)
Auxiliary enterprise receipts	25,184,030	27,836,661	11,720,497	20,827,252	4,148,198	21,836,134
Payments for employee compensation	(32,474,507)	(73,849,432)	(39,324,403)	(36,515,558)	(50,049,934)	(75,456,262)
Payments for benefits	(13,234,445)	(29,986,549)	(16,394,855)	(17,756,317)	(20,563,314)	(33,332,494)
Payments for utilities	(3,169,138)	(5,848,143)	(2,871,380)	(3,043,471)	(2,226,190)	(4,233,773)
Payments for supplies and services	(27,003,707)	(39,404,702)	(20,766,518)	(16,560,963)	(23,310,299)	(33,382,246)
Payments for scholarships and fellowships	(5,298,489)	(13,586,772)	(6,925,340)	(7,663,868)	(11,644,502)	(8,347,092)
Loans to students						
Collection of loans to students		530,645	119,788		1,613	234,637
Other receipts (payments)	49,278	1,407,922	3,030,806	546,207	2,391,403	2,662,460
Net cash used by operating activities	<u>(26,293,578)</u>	<u>(44,195,285)</u>	<u>(24,121,233)</u>	<u>(20,674,850)</u>	<u>(38,551,556)</u>	<u>(45,163,531)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	14,667,464	29,085,138	19,416,985	14,904,254	21,497,545	29,157,401
Gifts and grants for other than capital purposes	1,061,797	10,651,385	2,138,569	308,391		1,094,581
Pell grant receipts	17,020,398	11,750,684	11,020,909	11,015,770	20,159,497	24,348,159
Private gifts for endowment purposes			500,000	40,000	400,000	20,000
Taylor Opportunity Program for Students receipts	1,154,180	21,280,916	12,426,637	13,515,622	12,961,509	24,757,705
Taylor Opportunity Program for Students disbursements	(1,154,180)	(26,172,377)	(12,426,637)	(13,515,622)	(12,961,509)	(24,875,044)
Direct lending receipts	63,969,185	38,413,664	22,031,200	25,763,129	48,912,544	47,180,041
Direct lending disbursements	(63,969,185)	(38,775,862)	(22,031,200)	(25,950,588)	(48,912,544)	(47,143,445)
Other receipts (payments)	1	1,471,373		972,911		(1,993,726)
Net cash provided by noncapital financing sources	<u>32,749,660</u>	<u>47,704,921</u>	<u>33,076,463</u>	<u>27,053,867</u>	<u>42,057,042</u>	<u>52,545,672</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:						
Proceeds from capital debt	2,238,391					12,932,951
Capital gifts and grants received						
Purchases of capital assets	(5,057,205)	(9,020,690)	(2,869,230)	(782,357)	(2,392,235)	(5,920,861)
Principal paid on capital debt and leases	(3,538,409)	(3,609,502)	(1,215,073)	(2,090,000)	(355,000)	(24,916,971)
Interest paid on capital debt and leases	(2,327,792)	(4,355,403)	(1,460,733)	(2,913,268)	(89,300)	(3,925,333)
Other payments		(2,652,307)		108,152		(434,981)
Net cash provided (used) by capital financing activities	<u>(8,685,015)</u>	<u>(19,637,902)</u>	<u>(5,545,036)</u>	<u>(5,677,473)</u>	<u>(2,836,535)</u>	<u>(22,265,195)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	546,660		1,247,535	6,913	(203,850)	14,126,645
Interest received on investments	825,903	959,473	1,463,253	1,108,849	147,748	1,984,304
Purchases of investments	(429,915)		(1,590,053)	(1,077,568)	(500,000)	(2,015,807)
Net cash provided (used) by investing activities	<u>942,648</u>	<u>959,473</u>	<u>1,120,735</u>	<u>38,194</u>	<u>(556,102)</u>	<u>14,095,142</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,286,285)	(15,168,793)	4,530,929	739,738	112,849	(787,912)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	27,805,890	52,933,302	53,047,613	23,735,956	38,057,422	57,344,210
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$26,519,605</u>	<u>\$37,764,509</u>	<u>\$57,578,542</u>	<u>\$24,475,694</u>	<u>\$38,170,271</u>	<u>\$56,556,298</u>

(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	\$145,465,392	\$59,204,884	\$54,172,393		\$560,271,084
Grants and contracts	50,662,001	12,207,705	40,757,858		147,810,752
Sales and services of educational departments	175,345	400,571	(117,574)		7,543,838
Auxiliary enterprise receipts	45,007,284	17,898,748	12,298,913		186,757,717
Payments for employee compensation	(160,223,661)	(57,420,041)	(74,614,858)	(\$1,931,715)	(601,860,371)
Payments for benefits	(57,594,099)	(27,425,927)	(28,779,022)	(766,407)	(245,833,429)
Payments for utilities	(8,214,525)	(4,039,272)	(7,022,598)		(40,668,490)
Payments for supplies and services	(79,061,904)	(29,168,750)	(39,705,379)	(1,419,440)	(309,783,908)
Payments for scholarships and fellowships	(14,808,482)	(11,199,587)	(7,535,368)		(87,009,500)
Loans to students	(543,654)				(543,654)
Collection of loans to students	1,072,352	1,217,259	336,780		3,513,074
Other receipts (payments)	7,585,891	747,714	12,267,165	2,713,646	33,402,492
Net cash used by operating activities	<u>(70,478,060)</u>	<u>(37,576,696)</u>	<u>(37,941,690)</u>	<u>(1,403,916)</u>	<u>(346,400,395)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	48,205,559	26,146,427	28,130,449	1,025,487	232,236,709
Gifts and grants for other than capital purposes	6,275,336	310,730	2,632,090		24,472,879
Pell grant receipts	24,622,156	13,291,003	12,704,739		145,933,315
Private gifts for endowment purposes	1,200,000		240,000		240,000
Taylor Opportunity Program for Students receipts	37,581,805	16,603,227	10,793,832		151,075,433
Taylor Opportunity Program for Students disbursements	(37,573,892)	(16,786,545)	(11,031,725)		(156,497,531)
Direct lending receipts	64,214,461	44,072,593	27,308,681		381,865,498
Direct lending disbursements	(64,260,291)	(44,072,593)	(27,372,257)		(382,487,965)
Other receipts (payments)	398,028	248,401	6,452		1,103,440
Net cash provided by noncapital financing sources	<u>80,663,162</u>	<u>39,813,243</u>	<u>43,412,261</u>	<u>1,025,487</u>	<u>400,101,778</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from capital debt		1,929,602			17,100,944
Capital gifts and grants received	1,003,425		114,603		1,118,028
Purchases of capital assets	(51,139,521)	(6,416,376)	(4,560,544)	(31,244)	(88,190,263)
Principal paid on capital debt and leases	(5,939,185)	(3,366,758)	(2,919,226)		(47,950,124)
Interest paid on capital debt and leases	(11,490,011)	(1,785,659)	(2,018,362)		(30,365,861)
Other receipts (payments)		(11,000)	552,976		(2,437,160)
Net cash provided (used) by capital financing activities	<u>(67,565,292)</u>	<u>(9,650,191)</u>	<u>(8,830,553)</u>	<u>(31,244)</u>	<u>(150,724,436)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments		3,993,753			19,717,656
Interest received on investments	920,999	1,313,367	1,172,943	460,349	10,357,188
Purchases of investments	(181,509)	(4,220,175)	(4,281,008)		(14,296,035)
Net cash provided (used) by investing activities	<u>739,490</u>	<u>1,086,945</u>	<u>(3,108,065)</u>	<u>460,349</u>	<u>15,778,809</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(56,640,700)</u>	<u>(6,326,699)</u>	<u>(6,468,047)</u>	<u>50,676</u>	<u>(81,244,244)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, RESTATED	<u>114,981,902</u>	<u>40,519,934</u>	<u>23,944,035</u>	<u>603,385</u>	<u>432,973,649</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$58,341,202</u>	<u>\$34,193,235</u>	<u>\$17,475,988</u>	<u>\$654,061</u>	<u>\$351,729,405</u>

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University, 2019

	<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>
RECONCILIATION OF OPERATING LOSS TO						
NET CASH USED BY OPERATING ACTIVITIES:						
Operating loss	(\$28,893,302)	(\$51,054,050)	(\$28,861,472)	(\$24,058,748)	(\$40,415,429)	(\$47,749,136)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation expense	6,990,726	12,607,392	6,916,238	6,882,808	3,975,078	10,175,433
Nonemployer contributing entity revenue	186,956	383,729	222,852	206,898	282,242	408,139
Amortization of bond issuance costs						
Loss on impairment		175,410				
Changes in assets, deferred outflows, liabilities and deferred inflows:						
(Increase) Decrease in accounts receivable, net	103,897	(2,769,287)	969,352	(708,332)	(933,654)	(3,813,747)
(Increase) Decrease in inventories	2,537	364	123,549	121,674	15,460	44,466
(Increase) Decrease in prepaid expenses and advances	1	(221,231)	63,656	37,897	(62,111)	(635,753)
Decrease in notes receivable, net		832,559	497,405		1,613	
(Increase) Decrease in other assets	822,915	(801)		(20)	29,176	234,637
(Increase) Decrease in deferred outflows related to pensions	(4,264,117)	(6,621,316)	(3,073,583)	(2,537,480)	(4,417,370)	(8,853,391)
(Increase) in deferred outflows related to OPEB	(216,287)	(1,099,005)	(5,760)	(29,731)	(1,696,832)	(3,053,301)
Increase (Decrease) in accounts payable and accrued liabilities	550,807	56,438	180,965	(13,693)	(44,700)	(186,763)
Increase (Decrease) in unearned revenue	326,218	505,264	(148,823)	67,108	49,568	1,216,880
Increase (Decrease) in amounts held in custody for others	(663,452)	(112,468)	124,720	(22,804)	1,043	796,089
Increase in compensated absences	75,674	229,844	58,309	297,315	(159,451)	387,035
Increase (Decrease) in net pension liability	(774,356)	(2,169,750)	(2,625,566)	(2,421,376)	(551,886)	(2,172,675)
(Decrease) in OPEB liability	(3,883,638)	(1,138,533)	(2,701,527)	(2,348,485)	377,280	1,159,008
Increase (Decrease) in other liabilities	(173,272)				22,017	
Increase (Decrease) in deferred inflows related to pensions	316,651	3,671,857	1,661,959	1,658,591	2,895,865	3,469,907
Increase (Decrease) in deferred inflows related to OPEB	3,198,464	2,528,299	2,476,493	2,193,528	2,080,535	3,409,641
Net cash used by operating activities	<u>(\$26,293,578)</u>	<u>(\$44,195,285)</u>	<u>(\$24,121,233)</u>	<u>(\$20,674,850)</u>	<u>(\$38,551,556)</u>	<u>(\$45,163,531)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:						
Cash and cash equivalents classified as current assets	\$9,211,437	\$22,696,769	\$48,259,620	\$20,253,171	\$36,164,544	\$40,673,981
Cash and cash equivalents classified as noncurrent assets	17,308,168	15,067,740	9,318,922	4,222,523	2,005,727	15,882,317
Cash and cash equivalents at the end of the year	<u>\$26,519,605</u>	<u>\$37,764,509</u>	<u>\$57,578,542</u>	<u>\$24,475,694</u>	<u>\$38,170,271</u>	<u>\$56,556,298</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Capital appropriations	\$568,006	\$22,657,538	\$8,264,298	\$88,282	\$53,143	\$465,688
Change in fair market value of investments	\$63,085	(\$887,602)	\$1,788,998	\$386,620	(\$148,026)	\$93,241
Private gifts for endowment purposes				\$60,000		
Capital gifts and grants		\$252,871	\$1,208,712	\$89,045	\$13,033	\$30,515
Capital assets acquired through capital leases and notes payable	\$117,810			\$782,357		\$891,113
Disposition of capital assets		(\$179,184)		(\$7,951)	(\$47,341)	
Retirement contributions paid by third parties	\$186,956	\$383,729	\$222,852	\$206,898	\$282,242	\$408,139
Loss on impairment of capital assets		(\$2,177,992)				
Other	\$7,720					

(Concluded)

	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	UNIVERSITY OF NEW ORLEANS	BOARD	TOTAL SYSTEM
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating loss	(\$96,979,150)	(\$39,138,042)	(\$43,032,393)	(\$1,545,152)	(\$401,726,874)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation expense	25,830,485	6,980,734	10,548,772	6,251	90,913,917
Nonemployer contributing entity revenue	785,355	327,894	426,670	10,148	3,240,883
Amortization of bond issuance costs			37,450		37,450
Loss on impairment					175,410
Changes in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) Decrease in accounts receivable, net	(6,924)	(1,441,282)	(765,021)	43,130	(9,321,868)
(Increase) Decrease in inventories	(149,793)	31,458	48,925		238,640
(Increase) Decrease in prepaid expenses and advances	(1,183,787)	133,936	(488,830)		(2,356,222)
Decrease in notes receivable, net	548,639	826,827	336,782		3,043,825
(Increase) Decrease in other assets			83,722		1,169,629
(Increase) in deferred outflows related to pensions	(17,310,086)	(3,475,055)	(6,897,159)	149,245	(57,300,312)
(Increase) in deferred outflows related to OPEB	(3,487,039)	(477,820)	(1,426,283)	(272,446)	(11,764,504)
Increase (Decrease) in accounts payable and accrued liabilities	2,622,603	(478,564)	3,611,835	228,012	6,526,940
Increase (Decrease) in unearned revenue	1,627,231	621,435	(601,983)		3,662,898
Increase (Decrease) in amounts held in custody for others	(116,214)	4,662	261,930		273,506
Increase (Decrease) in compensated absences	136,833	(427,959)	(51,976)	29,685	575,309
Increase (Decrease) in net pension liability	3,712,571	(4,247,763)	(2,221,666)	(194,111)	(13,666,578)
Increase (Decrease) in OPEB liability	683,675	(3,541,714)	(779,870)	269,979	(11,903,825)
Increase (Decrease) in other liabilities		294,402	(133,434)		9,713
Increase (Decrease) in deferred inflows related to pensions	8,177,810	2,982,943	916,404	(220,675)	25,531,312
Increase (Decrease) in deferred inflows related to OPEB	4,629,731	3,447,212	2,184,435	92,018	26,240,356
Net cash used by operating activities	<u>(\$70,478,060)</u>	<u>(\$37,576,696)</u>	<u>(\$37,941,690)</u>	<u>(\$1,403,916)</u>	<u>(\$346,400,395)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:					
Cash and cash equivalents classified as current assets	\$30,336,487	\$24,041,241	\$15,063,520	\$654,061	\$247,354,831
Cash and cash equivalents classified as noncurrent assets	28,004,715	10,151,994	2,412,468		104,374,574
Cash and cash equivalents at the end of the year	<u>\$58,341,202</u>	<u>\$34,193,235</u>	<u>\$17,475,988</u>	<u>\$654,061</u>	<u>\$351,729,405</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital appropriations	\$182,036	\$12,163	\$68,729		\$32,359,883
Change in fair market value of investments	(\$1,087,574)	\$1,046,033	(\$231,887)		\$1,022,888
Private gifts for endowment purposes					\$60,000
Capital gifts and grants	\$921,194	\$36,771	\$92,203		\$2,644,344
Capital assets acquired through capital leases and notes payable			\$21,637		\$1,812,917
Disposition of capital assets	(\$70,248)	(\$17,745)	(\$3,127)		(\$325,596)
Retirement contributions paid by third parties	\$785,355	\$327,894	\$426,670	\$10,148	\$3,240,883
Loss on impairment of capital assets					(\$2,177,992)
Other	\$210,939				\$218,659

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Net Position, by University
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>
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	<u>15,094,151</u>	<u>42,815,330</u>	<u>51,240,192</u>	<u>24,209,016</u>	<u>43,452,387</u>	<u>67,247,057</u>
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	<u>148,623,001</u>	<u>318,759,921</u>	<u>175,197,189</u>	<u>137,950,249</u>	<u>76,015,325</u>	<u>286,960,278</u>
Total assets	<u>163,717,152</u>	<u>361,575,251</u>	<u>226,437,381</u>	<u>162,159,265</u>	<u>119,467,712</u>	<u>354,207,335</u>
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	<u>14,066,196</u>	<u>26,591,263</u>	<u>14,076,266</u>	<u>15,456,496</u>	<u>21,186,234</u>	<u>24,494,164</u>
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
Amounts held in custody for others	3,236,300	1,256,324	426,948	428,347	33,067	1,604,106
Compensated absences payable	286,407	448,055	253,816	341,777	289,472	576,777
Capital lease obligations	31,809	369,502				510,000
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	<u>15,191,202</u>	<u>20,018,287</u>	<u>9,751,780</u>	<u>9,609,782</u>	<u>11,614,661</u>	<u>23,168,747</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	\$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
Amounts held in custody for others	1,765,062	214,608	884,048		9,848,810
Compensated absences payable	834,793	672,804	662,684	42,784	4,409,369
Capital lease obligations		106,759	571,057		1,589,127
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	247,917,324	91,039,589	119,352,303	2,177,186	930,891,795
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	330,873,854	136,729,356	157,775,215	3,362,990	1,320,377,435
OPERATING LOSS	(82,956,530)	(45,689,767)	(38,422,912)	(1,185,804)	(389,485,640)
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	82,989,226	40,853,132	41,999,916	1,262,588	400,675,977

**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)	<u>(63,463,353)</u>	<u>(33,948,151)</u>	<u>15,364,256</u>	<u>(71,372,807)</u>	<u>(69,360,682)</u>	<u>(102,840,291)</u>
NET POSITION - END OF YEAR	<u><u>(\$58,927,423)</u></u>	<u><u>(\$15,947,417)</u></u>	<u><u>\$34,774,646</u></u>	<u><u>(\$68,545,442)</u></u>	<u><u>(\$67,551,781)</u></u>	<u><u>(\$66,575,839)</u></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)		(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
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**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
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

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Exhibit A

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



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 16, 2019

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 unit of the University of Louisiana System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2019, 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 16, 2019. 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.; NSU 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., which is a discretely presented component unit 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.; NSU 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.; NSU 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, 2019. In addition, other external auditors audited the University of Louisiana at Lafayette Foundation, Inc. which is a

discretely presented component unit 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, 2019, 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 4, 2019	None
Louisiana Tech University	Management Letter	November 27, 2019	None
Nicholls State University	Management Letter	December 4, 2019	None
Northwestern State University	Management Letter	December 23, 2019	Noncompliance with Timekeeping Rules and Policies
Southeastern Louisiana University	Management Letter	Pending	Pending
University of Louisiana at Lafayette	Management Letter	December 23, 2019	Failure to Report Misappropriations; Inappropriate System Access
University of New Orleans	Management Letter	November 20, 2019	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.la.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,



Thomas H. Cole, CPA
First Assistant Legislative Auditor

AM:CR:BH:EFS:ch

ULS 2019