

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



FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2009
ISSUED MAY 26, 2010

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

March 24, 2010

Independent Auditor's Report

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the University of Louisiana System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management of the University of Louisiana System. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Black and Gold Facilities, Inc.; Innovative Student Facilities, Inc.; Cowboy Facilities, Inc.; Nicholls State University Facilities Corporation; University Facilities, Inc.; Ragin' Cajun Facilities, Inc.; and University of Louisiana at Monroe Facilities, Inc., which are nonprofit corporations included as blended component units in the basic financial statements representing approximately 27.5% of total assets, 58.5% of total liabilities, 0.6% of net assets, and 3.8% of total revenues. We also did not audit the financial statements of the University of Louisiana at Lafayette Foundation, Inc., a discretely presented component unit included in the basic financial statements of the University of Louisiana System. The financial statements of the blended and discretely presented component units were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts reported for these component units, are based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Black and Gold Facilities, Inc.; Nicholls State University Facilities Corporation; University Facilities, Inc.; and University of Louisiana at Monroe Facilities, Inc., which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University of Louisiana System as of June 30, 2009, and the respective changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1-B to the financial statements, the McNeese State University Foundation, Inc., a discretely presented component unit in the University of Louisiana System's financial statements for the year ended June 30, 2008, has been excluded from the financial statements for the year ended June 30, 2009, since the entity no longer met reporting requirements for inclusion. As discussed in note 15 to the financial statements, the effect of excluding McNeese State University Foundation, Inc., is a decrease of \$46,490,360 in beginning net assets for the discretely presented component units. This change affects the comparability of amounts reported for the year ended June 30, 2009, with amounts reported for the year ended June 30, 2008.

As discussed in note 1-P to the basic financial statements, in accordance with guidance from the Governmental Accounting Standards Board (GASB), the University of Louisiana System has reported federal revenues from the federal Pell Grant; Supplemental Educational Opportunity Grant; Academic Competitiveness Grant; and the National Science and Mathematics Access to Retain Talent Grant as nonoperating revenues on the Statement of Revenues, Expenses, and Changes in Net Assets. The effect of implementing this guidance is a decrease of \$83,111,280 in operating revenues for federal grants and contracts and a corresponding increase in federal nonoperating revenues on the Statement of Revenues, Expenses, and Changes in Net Assets. This change affects the comparability of amounts reported for the year ended June 30, 2009, with amounts reported for the year ended June 30, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2010, on our consideration of the University of Louisiana System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 7 through 13 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 73 are not required parts of the basic financial statements but are supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University of Louisiana System's basic financial statements. The accompanying supplemental information schedules, including the combining schedule of net assets; the combining schedule of revenues, expenses, and changes in net assets; and the combining schedule of cash flows, on pages 76 through 89, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

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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, 2009. Please read this section in conjunction with the System's financial statements, which follows this section. The System is comprised of the following entities:

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

FINANCIAL HIGHLIGHTS

The System's net assets overall changed from \$920,813,729 (restated) to \$856,004,696, a 7.1% decrease from June 30, 2008, to June 30, 2009. The overall reason for this change was due to the increase in the noncurrent liability for other postemployment benefits (OPEB). This is the second year that the System has recognized a significant liability for the unfunded cost of these employee benefits recognized in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement 45.

Enrollment changed from approximately 79,383 to approximately 80,845 from June 30, 2008, to June 30, 2009, an overall increase of 1.84%.

The System's operating revenues decreased by approximately 10.9% to \$514,150,681 from June 30, 2008, to June 30, 2009, because of a change in the reporting of Pell grants. Operating expenses increased by 2% to \$1,131,091,354 for the year ended June 30, 2009. The primary reasons for this change include the addition of OPEB payable and general increases in operations.

Nonoperating revenues (expenses) fluctuate depending upon levels of state operating appropriations, interest earnings/expense, and other nonoperating revenue. The change to \$511,049,031 in 2009 from \$434,904,848 in 2008 is primarily attributed to a change in the reporting of Pell grants. Pell grants are now reported as nonoperating revenue.

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 Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (pages 15-16) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets 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 Assets (pages 19-20) 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 assets 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 23-25) presents information showing how the System's cash changed as a result of current year operations. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 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 Assets. All assets and liabilities associated with the operation of the System are included in the Statement of Net Assets.

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 a Statement of Financial Position (page 17) and a Statement of Activities (page 21). Additional information about the foundation is contained in the notes to the financial statements.

FINANCIAL ANALYSIS

Net Assets

The System's total net assets at June 30, 2009, changed by approximately \$65 million, a 7.1% decrease over June 30, 2008 (see Table A-1). Total assets increased 2.3% to \$1.6 billion, and total liabilities increased 14.9% to \$777 million.

Table A-1
University of Louisiana System
Statement of Net Assets
(in millions of dollars)

	2009	2008 (Restated)	Variance	Percent Variance
Current and other assets	\$647	\$664	(\$17)	(2.6%)
Capital assets	986	933	53	5.7%
Total assets	<u>1,633</u>	<u>1,597</u>	<u>36</u>	2.3%
Current liabilities	90	91	(1)	(1.1%)
Noncurrent liabilities	687	585	102	17.4%
Total liabilities	<u>777</u>	<u>676</u>	<u>101</u>	14.9%
Net assets:				
Invested in capital assets, net of debt	584	546	38	7.0%
Restricted	345	356	(11)	(3.1%)
Unrestricted	<u>(73)</u>	<u>19</u>	<u>(92)</u>	(484.2%)
Total net assets	<u>\$856</u>	<u>\$921</u>	<u>(\$65)</u>	(7.1%)

This schedule is prepared from the System's statement of net assets as shown on pages 15-16, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Significant statement of net asset changes from 2008 include the following:

- Current assets decreased primarily from decreases in the fair market value of investments.
- Capital asset increases reflect current year additions and improvements.
- Noncurrent liabilities increased from the issuance of bonds for construction by one facility corporation and the increase in the OPEB payable.

- Invested in capital assets, net of related debt, increased from current year capital asset additions.
- Restricted net assets decreased from decreases in the fair value of endowment investments.
- Unrestricted net assets decreased from the addition to the OPEB payable.

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

Changes in Net Assets

The change in net assets at June 30, 2009, is approximately \$65 million or 7.1% less than at June 30, 2008. The changes in net assets are detailed in Table A-2; education and general expenses are detailed in Table A-3.

The System's total operating revenues decreased by 10.9% to approximately \$514 million, and total operating expenses increased 2% to approximately \$1.131 billion. Operating revenues decreased primarily as a result of the GASB requirement that Pell Grant revenues, previously reported as operating revenues and which GASB has determined are nonexchange revenues, be reported as nonoperating federal grants. Operating expenses increased from various changes in the operating expense categories and from increases in auxiliary enterprise and other expenses.

Nonoperating revenues, net, increased by 17.7% to \$511 million, which is primarily attributable to the change in reporting Pell grants. Capital appropriations, capital grants and gifts, additions to permanent endowments, and other revenues/expenses increased by 7.9% to \$41 million as a result of an increase in capital appropriations.

Total education and general expenses changed from \$963 million in 2008 to \$974 million in 2009. The change is primarily attributable to current year additions to the OPEB liability offset by decreases in operating expense categories.

Depreciation expense increased by 6.1% to \$52 million from depreciable capital assets placed in service during fiscal 2009.

Table A-2
University of Louisiana System
Statement of Changes in Net Assets
(in millions of dollars)

	2009	2008 (Restated)	Variance	Percent Variance
Operating revenues:				
Student tuition and fees, net	\$242	\$235	\$7	3.0%
Auxiliary	112	109	3	2.8%
Other	160	233	(73)	(31.3%)
Total operating revenues	<u>514</u>	<u>577</u>	<u>(63)</u>	<u>(10.9%)</u>
Operating expenses:				
Education and general	974	963	11	1.1%
Other	157	146	11	7.5%
Total operating expenses	<u>1,131</u>	<u>1,109</u>	<u>22</u>	<u>2.0%</u>
Operating loss	<u>(617)</u>	<u>(532)</u>	<u>(85)</u>	<u>16.0%</u>
Nonoperating revenues (expenses):				
State appropriations	453	442	11	2.5%
Gifts	9	7	2	28.6%
Other	49	(15)	64	426.7%
Total nonoperating revenues	<u>511</u>	<u>434</u>	<u>77</u>	<u>17.7%</u>
Capital appropriations	34	25	9	36.0%
Capital grants and gifts	9	10	(1)	(10.0%)
Additions to permanent endowments	1	5	(4)	(80.0%)
Other expenses, net	<u>(3)</u>	<u>(2)</u>	<u>(1)</u>	<u>(50.0%)</u>
Change in net assets	(65)	(60)	(5)	(8.3%)
Net assets, beginning of the year (restated)	<u>921</u>	<u>981</u>	<u>(60)</u>	<u>(6.1%)</u>
Total net assets	<u><u>\$856</u></u>	<u><u>\$921</u></u>	<u><u>(\$65)</u></u>	<u><u>(7.1%)</u></u>

Table A-3
University of Louisiana System
Education and General Expenses
(in millions of dollars)

	<u>2009</u>	<u>2008</u>	<u>Variance</u>	<u>Percent Variance</u>
Instruction	\$373	\$374	(\$1)	(0.3%)
Research	87	84	3	3.6%
Public service	27	26	1	3.8%
Academic support	91	91		
Student services	66	66		
Institutional support	127	114	13	11.4%
Operations and plant maintenance	88	103	(15)	(14.6%)
Depreciation	52	49	3	6.1%
Scholarships and fellowships	63	56	7	12.5%
Total	<u>\$974</u>	<u>\$963</u>	<u>\$11</u>	1.1%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2009 and 2008, the System's cost of capital assets totaled approximately \$1.8 billion and \$1.7 billion, respectively. Net of accumulated depreciation, the System's capital assets at June 30, 2009, total approximately \$986 million. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$53 million or 5.7% over June 30, 2008. The increases were primarily in buildings and equipment financed through long-term obligations.

Debt Administration

During fiscal year 2009, one facilities corporation, which is a blended component unit of the University of Louisiana at Lafayette, issued bonds totaling \$12,500,000 for the improvement and construction of parking facilities and infrastructure at the university. The System has \$458,323,443 in bonds and notes outstanding at June 30, 2009, compared to \$457,849,046 at June 30, 2008.

Under the terms of its capital leases, the System will make annual minimum lease payments in 2010 of approximately \$495,082, including principal and interest. All lease covenants have been met. See notes 11 and 12 to the financial statements for details relating to changes in and the composition of capital leases and long-term liabilities.

**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 federal grant programs
- Significant new or additional capital appropriations
- Recognition of the annual unfunded OPEB liability

**CONTACTING UNIVERSITY OF LOUISIANA
SYSTEM'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our legislature, state officials, the Louisiana Legislative Auditor's Office, patrons, and other interested parties with a general overview of the System's finances and to demonstrate the System's 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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**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Net Assets
June 30, 2009**

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$208,999,920
Investments (note 3)	16,252,848
Receivables, net (note 4)	54,228,465
Due from state treasury	906,237
Due from federal government (note 4)	7,108,920
Inventories	7,758,055
Deferred charges and prepaid expenses	6,304,773
Notes receivable, net	3,815,945
Other current assets	2,117,105
Total current assets	<u>307,492,268</u>

Noncurrent assets:

Restricted:

Cash and cash equivalents (notes 2 and 3)	123,980,198
Investments (note 3)	170,018,809
Receivables, net (note 4)	579,508
Notes receivable, net	26,927,142
Notes receivable, net	6,640
Capital assets (net) (note 5)	985,957,616
Other noncurrent assets	17,794,713
Total noncurrent assets	<u>1,325,264,626</u>
Total assets	<u>1,632,756,894</u>

LIABILITIES

Current liabilities:

Accounts payable and accruals (note 6)	40,433,974
Deferred revenues	26,169,120
Compensated absences payable (note 10)	3,151,525
Capital lease obligations (note 11)	450,897
Amounts held in custody for others (note 12)	4,543,189
Notes payable (note 12)	465,235
Reimbursement contracts payable (note 12)	235,000

(Continued)

The accompanying notes are an integral part of this statement.

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Net Assets, June 2009

LIABILITIES (CONT.)

Current liabilities: (Cont.)

Bonds payable (note 12)	\$6,440,000
Other current liabilities	7,513,119
Total current liabilities	<u>89,402,059</u>

Noncurrent liabilities:

Compensated absences payable (note 10)	33,883,364
Capital lease obligations (note 11)	667,925
Notes payable (note 12)	2,393,208
Reimbursement contracts payable (note 12)	570,000
Bonds payable (note 12)	449,025,000
Other postemployment benefits payable (note 9)	196,018,860
Other noncurrent liabilities	4,791,782
Total noncurrent liabilities	<u>687,350,139</u>
Total liabilities	<u>776,752,198</u>

NET ASSETS

Invested in capital assets, net of related debt	583,742,391
Restricted:	
Nonexpendable (note 16)	140,764,720
Expendable (note 16)	204,222,159
Unrestricted	<u>(72,724,574)</u>
Total net assets	<u><u>\$856,004,696</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**COMPONENT UNIT - UNIVERSITY OF LOUISIANA
AT LAFAYETTE FOUNDATION, INC.
Statement of Financial Position, June 30, 2009**

ASSETS

Cash and cash equivalents (note 2)	\$8,087,224
Investments (note 3)	91,278,388
State endowment matching receivable	240,000
Pledges receivable	2,388,125
Fixed assets, net (note 5)	11,484,248
Other assets	770,417
	<hr/>
Total assets	\$114,248,402
	<hr/> <hr/>

LIABILITIES

Endowment funds held in custody	\$21,610,777
Bonds payable (note 12)	1,500,000
Other liabilities	114,660
	<hr/>
Total liabilities	23,225,437
	<hr/> <hr/>

NET ASSETS

Unrestricted	5,011,538
Temporarily restricted	31,284,240
Permanently restricted	54,727,187
	<hr/>
Total net assets	91,022,965
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Total liabilities and net assets	\$114,248,402
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The accompanying notes are an integral part of this statement.

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**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues, Expenses, and
Changes in Net Assets
For the Fiscal Year Ended June 30, 2009**

OPERATING REVENUES

Student tuition and fees (net of scholarship allowances of \$76,471,457)	\$242,383,992
Federal grants and contracts	57,555,231
State and local grants and contracts	43,922,069
Nongovernmental grants and contracts	20,770,978
Sales and services of educational departments	5,013,406
Auxiliary enterprise revenues (net of scholarship allowances of \$9,732,943, including revenues used as security for revenue bonds)	112,316,293
Other operating revenues	32,188,712
Total operating revenues	<u>514,150,681</u>

OPERATING EXPENSES

Educational and general:	
Instruction	373,484,707
Research	87,492,828
Public service	26,978,802
Academic support	90,742,770
Student services	66,371,536
Institutional support	126,658,693
Operations and maintenance of plant	88,205,590
Depreciation	51,505,209
Scholarships and fellowships	63,029,606
Auxiliary enterprises	146,190,814
Other operating expenses	10,430,799
Total operating expenses	<u>1,131,091,354</u>

OPERATING LOSS (616,940,673)

(Continued)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Assets, June 2009**

NONOPERATING REVENUES (Expenses)	
State appropriations	\$453,100,045
Gifts	9,416,460
Federal grants	83,111,280
Investment income, net	(4,491,812)
Interest expense	(16,437,297)
Payments to or on behalf of the university	18,870
Other nonoperating expenses, net	(13,668,515)
Net nonoperating revenues	<u>511,049,031</u>
LOSS BEFORE OTHER REVENUES AND EXPENSES	(105,891,642)
Capital appropriations	33,790,738
Capital grants and gifts	8,894,095
Additions to permanent endowments	1,425,636
Other expenses, net	<u>(3,027,860)</u>
CHANGE IN NET ASSETS	(64,809,033)
NET ASSETS - BEGINNING OF YEAR, Restated (note 15)	<u>920,813,729</u>
NET ASSETS - END OF YEAR	<u><u>\$856,004,696</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**COMPONENT UNIT - UNIVERSITY OF LOUISIANA
AT LAFAYETTE FOUNDATION, INC.**

Statement of Activities

For the Year Ended June 30, 2009

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Changes in net assets:				
Contributions and contributed services	\$700,149	\$3,016,713	\$1,453,845	\$5,170,707
Interest and dividends	55,891	2,732,477		2,788,368
Losses on investments:				
Realized		(10,134,751)		(10,134,751)
Unrealized		(3,464,950)		(3,464,950)
Loss on sale of property		(151,000)		(151,000)
Other income	470,202	411,062	21,887	903,151
Net assets released from restrictions:				
Satisfaction of purpose restrictions	6,519,612	(6,519,612)		
Transfers among net asset classifications	(1,361,491)	1,388,477	(26,986)	
Total revenues, gains, losses, and other support	<u>6,384,363</u>	<u>(12,721,584)</u>	<u>1,448,746</u>	<u>(4,888,475)</u>
Expenses - amounts paid to benefit				
University of Louisiana System for:				
Projects specified by donors	4,811,832			4,811,832
Fund raising	374,630			374,630
Supporting services:				
Management and general	120,570			120,570
Insurance	70,579			70,579
Office operations	44,480			44,480
Travel	7,545			7,545
Professional services	144,084			144,084
Dues and subscriptions	1,733			1,733
Meetings and development	3,153			3,153
Investment management fee	266,621			266,621
Interest	72,663			72,663
Depreciation and amortization	310,236			310,236
Bad debt recoveries	733,044			733,044
Total expenses	<u>6,961,170</u>	<u>NONE</u>	<u>NONE</u>	<u>6,961,170</u>
Change in net assets	(576,807)	(12,721,584)	1,448,746	(11,849,645)
Net assets at beginning of year	<u>5,588,345</u>	<u>44,005,824</u>	<u>53,278,441</u>	<u>102,872,610</u>
Net assets at end of year	<u><u>\$5,011,538</u></u>	<u><u>\$31,284,240</u></u>	<u><u>\$54,727,187</u></u>	<u><u>\$91,022,965</u></u>

The accompanying notes are an integral part of this statement.

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**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$251,810,454
Grants and contracts	120,602,102
Sales and services of educational departments	4,963,968
Auxiliary enterprise receipts	109,124,145
Payments for employee compensation	(494,942,398)
Payments for benefits	(112,752,869)
Payments for utilities	(38,059,233)
Payments for supplies and services	(251,955,957)
Payments for scholarships and fellowships	(76,809,078)
Loans issued to students and employees	(6,677,598)
Collection of loans to students and employees	4,150,897
Other receipts	17,185,661
Net cash used by operating activities	<u>(473,359,906)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State appropriations	453,502,657
Gifts and grants for other than capital purposes	77,974,164
Private gifts for endowment purposes	1,425,636
TOPS receipts	53,254,846
TOPS disbursements	(55,751,313)
Federal Family Education Loan program receipts	228,208,699
Federal Family Education Loan program disbursements	(228,213,725)
Other receipts (disbursements)	5,813,522
Net cash provided by noncapital financing sources	<u>536,214,486</u>

(Continued)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows, 2009**

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Proceeds from capital debt	\$13,743,842
Capital appropriations received	16,057,267
Capital grants and gifts received	3,485,676
Purchases of capital assets	(81,887,522)
Principal paid on capital debt and leases	(12,739,486)
Interest paid on capital debt and leases	(16,160,212)
Other uses	(1,448,767)
Net cash used by capital financing activities	<u>(78,949,202)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	193,496,179
Interest received on investments	5,686,200
Purchase of investments	(139,657,661)
Net cash provided by investing activities	<u>59,524,718</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 43,430,096

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 289,550,022

CASH AND CASH EQUIVALENTS AT END OF YEAR \$332,980,118

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

Operating loss	(\$616,940,673)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	51,505,209

(Continued)

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows, 2009**

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES: (CONT.)**

Adjustments to reconcile operating loss to net cash used by operating activities: (Cont.)	
Changes in assets and liabilities:	
(Increase) in accounts receivable, net	(\$2,785,159)
(Increase) in inventories	(689,659)
Decrease in deferred charges and prepaid expenses	195,514
(Increase) in notes receivable, net	(1,205,682)
Decrease in other assets	874,120
(Decrease) in accounts payable and accrued liabilities	(7,154,476)
Increase in deferred revenue	745,362
Increase in amounts held in custody for others	221,143
Increase in compensated absences	2,327,759
Increase in other postemployment benefits payable	97,466,853
Increase in other liabilities	2,079,783
	<hr/>
Net cash used by operating activities	<u><u>(\$473,359,906)</u></u>

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

Cash and cash equivalents classified as current assets	\$208,999,920
Cash and cash equivalents classified as noncurrent assets	123,980,198
	<hr/>
Total cash and cash equivalents	<u><u>\$332,980,118</u></u>

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

Capital assets appropriated	\$35,231,747
Disposition of capital assets	(1,745,103)
Other	452,930

(Concluded)

The accompanying notes are an integral part of this statement.

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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 eight universities in eight cities, which include Grambling State University at Grambling, Louisiana Tech University at Ruston, McNeese State University at Lake Charles, Nicholls State University at Thibodaux, Northwestern State University at Natchitoches, Southeastern Louisiana University at Hammond, University of Louisiana at Lafayette, and University of Louisiana at Monroe. The universities had approximately 80,845 students enrolled during the fall semester of the 2008/2009 academic year and employed approximately 11,653 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The System is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the majority of the members of the governing board are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) state appropriations provide the largest percentage of total revenues; (4) the state issues bonds to finance certain construction; and (5) 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 seven 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

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

- Black and Gold Facilities, Inc., c/o Mr. Leon Sanders, Grambling State University, P.O. Box 605, Grambling, Louisiana 71245
- Innovative Student Facilities, Inc., c/o Mr. Joseph Thomas, Louisiana Tech University, P.O. Box 3151, Ruston, Louisiana 71209
- Cowboy Facilities, Inc., c/o Mr. Eddie Meche, McNeese State University, 4205 Ryan Street, Lake Charles, Louisiana 70609
- NSU Facilities Corporation, c/o Mr. Lionel Naquin, Nicholls State University, P.O. Box 2003, Thibodaux, Louisiana 70310

- University Facilities, Inc., c/o Mr. Stephen Smith, Southeastern Louisiana University, SLU Box 10709, Hammond, Louisiana 70402
- Ragin' Cajun Facilities, Inc., c/o Mr. Ronald P. Lajaunie, University of Louisiana at Lafayette, P.O. Box 42651, Lafayette, Louisiana 70504
- University of Louisiana at Monroe Facilities, Inc., c/o Mr. Dave Nicklas, University of Louisiana at Monroe, 700 University Avenue, Monroe, Louisiana 71209

Discretely Presented Component Unit

The University of Louisiana at Lafayette Foundation, Inc., a legally separate, tax-exempt organization is reported within the System as a discrete component unit. This foundation acts primarily as a fund-raising organization to supplement the resources that are available to the university in support of its programs. Although the university does not control the timing or amount of receipts from the foundation, the majority of resources or income that the foundation holds and invests is restricted to the activities of the university by the donors. Because these restricted resources held by the foundation can only be used by or for the benefit of the university, the foundation is considered a component unit of the university and is discretely presented in the financial statements.

During the year ended June 30, 2009, the foundation made distributions of \$4,811,832 to or on behalf of the university for both restricted and unrestricted purposes.

To obtain the foundation's latest audit report, write to:

- University of Louisiana at Lafayette Foundation, Inc., c/o Mr. Ronald P. Lajaunie, University of Louisiana at Lafayette, P.O. Box 42651, Lafayette, Louisiana 70504

These blended and discretely presented component units are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. 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 (OSRAP) guidelines requiring their presentation in the System's financial statements. For the year ended June 30, 2009, the McNeese State University Foundation, which was included in the System's financial statements for the year ended June 30, 2008, did not meet these guidelines; therefore, it has been excluded from the System's financial statements.

C. BASIS OF ACCOUNTING

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

Discrete Component Unit

The component unit follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, which establishes external financial reporting for not-for-profit organizations, and includes the financial statements and the classifications of resources into three separate classes of net assets as follows:

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

The System has the option to apply all FASB pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The System has elected to not apply FASB pronouncements issued after the applicable date. However, in the current fiscal year, the

System has included seven nongovernmental, blended component units that follow SFAS 117.

D. BUDGET PRACTICES

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

**E. CASH AND CASH EQUIVALENTS
AND INVESTMENTS**

Cash includes cash on hand (petty cash), demand deposits, and interest-bearing demand deposits. Cash equivalents include certificates of deposit and all highly liquid investments with a maturity of three months or less when purchased. Under state law, the System may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the System may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash equivalents reported on the Statement of Net Assets include all negotiable certificates of deposit, regardless of maturity.

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

F. INVENTORIES

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

G. NONCURRENT RESTRICTED ASSETS

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

H. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the 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, and three to 10 years for most movable property.

I. DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but are related to the subsequent accounting period. Deferred 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, 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, reimbursement contracts payable, notes payable, and capital lease obligations with contractual maturities greater than one year and estimated amounts for accrued compensated absences, other postemployment benefits, and other liabilities that will not be paid within the next fiscal year.

L. NET ASSETS

The System's net assets are classified as follows:

- (1) Invested in Capital Assets, Net of Related Debt
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 Assets - Expendable
Restricted expendable net assets include resources that the System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- (3) Restricted Net Assets - Nonexpendable
Restricted nonexpendable net assets consist of endowment and similar type funds that donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- (4) Unrestricted Net Assets
Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the

System and may be used at the discretion of the governing board to meet current expenses and for any purpose.

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

M. CLASSIFICATION OF REVENUES AND EXPENSES

The System has classified its revenues 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 Assets. 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. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2009, the System implemented the following accounting standards:

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Statement No. 49 requires all governments to account for pollution remediation obligations in the same manner and requires the reporting of pollution remediation obligations that

previously may not have been reported. There was no pollution remediation expenses reported for fiscal year 2009.

- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. Statement No. 52 requires that permanent and term endowments report their land and other real estate investments at fair value as opposed to historical cost. There were no such investments held by the System that were reported in fiscal year 2009.
- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The implementation of Statement No. 55 had no significant impact on the financial statements or notes.
- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The implementation of Statement No. 56 had no significant impact on the financial statements or notes.

P. CHANGE IN CLASSIFICATION OF FEDERAL REVENUES

GASB has issued guidance on reporting federal revenues received from certain federal programs and has determined that revenues received from these programs are non-exchange revenue transactions. The System has implemented the guidance for the federal Pell Grant; Supplemental Opportunity Educational Grant; Academic Competitiveness Grant; and the National Science and Mathematics Access to Retain Talent Grant and has classified revenues received from these federal grant programs as nonoperating revenues on the Statement of Revenues, Expenses, and Changes in Net Assets. The effect of implementing this guidance is a decrease of \$83,111,280 in operating revenues for federal grants and contracts and a corresponding increase in federal nonoperating revenues on the Statement of Revenues, Expenses, and Changes in Net Assets. This change affects the comparability of amounts reported for the year ended June 30, 2009, with amounts reported for the year ended June 30, 2008.

2. CASH AND CASH EQUIVALENTS

At June 30, 2009, the System has cash and cash equivalents (book balances) of \$332,980,118 as follows:

Petty cash	\$442,891
Demand deposits	226,949,106
Certificates of deposit	57,415,417
Cash with state treasurer	245,204
Money market funds	46,584,552
Cash in trustee accounts	1,237,192
Cash with Facility Planning and Control	<u>105,756</u>
Total	<u><u>\$332,980,118</u></u>

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

As of June 30, 2009, \$49,742,384 of the System's bank balance of \$345,496,218 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$2,590,041
Uninsured and collateralized with securities held by the pledging institution	25,159,971
Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the System's name	<u>21,992,372</u>
Total	<u><u>\$49,742,384</u></u>

Cash and cash equivalents of the component unit totaling \$8,087,224, as shown on the Statement of Net Assets, are reported under FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*, which does not require the disclosures of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

3. INVESTMENTS

At June 30, 2009, the System has investments totaling \$187,508,849, which includes \$1,237,192 of short-term investments reported on the Statement of Net Assets as restricted cash equivalents. Each university within the System follows state law (R.S. 49:327) as applicable to institutions of higher education in establishing investment policy. State law authorizes the System universities to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds. A summary of the System's investments follows:

NOTES TO THE FINANCIAL STATEMENTS

<u>Type of Investment</u>	<u>Percentage of Investments</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
U.S. government securities:			
U.S. Treasury Notes ¹	0.00%	AAA	\$3,923
Federal Home Loan Mortgage Corporation ²	0.21%	AAA	395,909
Federal National Mortgage Association ²	0.22%		419,557
Federal Home Loan Bank ²	0.12%		228,450
Federal Farm Credit Bank ³	0.33%		614,305
Mutual funds:			
Vanguard Federal Money Market Fund ²	1.15%	Aaa	2,158,705
Vanguard Inflation - Protected Securities Fund ²	0.37%	AAA	684,925
Vanguard Mid-Cap Index Fund ⁵	0.07%	Aaa	126,292
Vanguard REIT Index Fund ⁵	0.05%	Aaa	91,433
Vanguard Small-Cap Index Fund ⁵	0.07%	Aaa	133,515
Vanguard Total Bond Market Index Fund ⁵	0.93%	AAA1 AAA2	1,738,407
Vanguard Total International Stock Index Fund ⁵	0.07%	Aaa	135,244
Vanguard Wellington Fund ²	1.11%	A1	2,077,801
Putnam High Yield Trust ⁶	0.01%	3 Stars	9,607
Money market mutual funds	3.50%	Aaa	6,555,636
Common and preferred stock ⁴	1.69%		3,172,702
Certificates of deposit ⁴	0.28%		530,644
Corporate bonds and bond funds	1.63%	various	3,050,178
Louisiana Asset Management Pool ³	0.66%	AAAm	1,237,192
Investments held by foundations ⁴	51.51%		96,582,173
Held by blended component units:			
Black and Gold Facilities, Inc. ⁵	11.08%		20,777,994
NSU Facilities Corporation (Nicholls) ⁵	3.45%		6,471,921
University Facilities, Inc. ⁵	6.76%	Aa2	12,677,108
Innovative Student Facilities (La Tech)	14.73%		27,626,989
Other ⁴	0.00%		8,239
	<u>100.00%</u>		<u>\$187,508,849</u>

¹Credit quality ratings not required - U.S. Treasury Notes are explicitly guaranteed by the U.S. government and have no credit risk.

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

³Credit quality ratings obtained from Standard and Poor's.

⁴Credit quality ratings are not required for these investments.

⁵Credit quality ratings are not available.

⁶Credit quality ratings obtained from Morning Star.

UNIVERSITY OF LOUISIANA SYSTEM

Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	11-20 Years	21-30 Years
U.S. government securities:						
U.S. Treasury Notes	\$3,923				\$3,923	
Federal Home Loan Mortgage Corporation	395,909	\$30,837	\$183,745	\$181,327		
Federal National Mortgage Association	419,557		155,568	158,497	105,492	
Federal Home Loan Bank	228,450		41,343	57,708	129,399	
Federal Farm Credit Bank	614,305		131,052	206,639	276,614	
Mutual funds:						
Vanguard Federal Money Market Fund	2,158,705	2,158,705				
Vanguard Inflation - Protected Securities Fund	684,925			684,925		
Vanguard Mid-Cap Index Fund	126,292	126,292				
Vanguard REIT Index Fund	91,433	91,433				
Vanguard Small Cap-Index Fund	133,515	133,515				
Vanguard Total Bond Market Index Fund	1,738,407			1,738,407		
Vanguard Total International Stock Fund	135,244	135,244				
Vanguard Wellington Fund	2,077,801			2,077,801		
Putnum High Yield Trust	9,607	9,607				
Money market mutual funds	6,555,636	6,555,636				
Investments held by foundations:						
Common and preferred stock	28,695,872					
U.S. Treasury Notes	7,615,082	189,335	2,271,111	4,525,270	477,452	\$151,914
Federal Home Loan Mortgage Corporation	5,479,583	255,577	611,401	1,445,215	521,463	2,645,927
Federal National Mortgage Association	6,137,518	241,250	1,440,509	2,364,043	591,329	1,500,386
Government National Mortgage Association	584,075		981		19,914	563,200
Federal Home Loan Bank	421,311	103,499	317,812			
Federal Farm Credit Bank	1,215,966	99,373	733,382	383,211		
Mutual funds	16,924,004	5,399,987				
Money market accounts	2,234,762					
Equity funds						
Corporate bonds/obligations	16,258,836	468,863	6,683,342	6,248,443	1,309,664	1,548,523
Certificates of deposit	3,153,511	3,153,511				
Other	7,861,653	1,101,707	2,109,565			
Common and preferred stock	3,172,702					
Certificates of deposit	530,644	431,068	99,576			
Corporate bonds	3,050,178	246,710	39,918	2,725,295	14,782	23,473
Louisiana Asset Management Pool	1,245,431					
Held by blended component units:						
Black and Gold Facilities, Inc.	20,777,994	20,777,994				
Innovative Student Facilities, Inc. (Southeastern)	27,626,989					
NSU Facilities Corporation (Nicholls)	6,471,921					
University Facilities, Inc.	12,677,108	12,677,108				
Total	\$187,508,849	\$54,387,251	\$14,819,305	\$22,796,781	\$3,450,032	\$6,433,423

Investments held by private foundations in external investment pools are managed in accordance with the terms outlined in management agreements executed between the System universities and their respective foundations. The System universities are voluntary participants. This investment totaling \$96,582,173 has no credit quality rating. The foundations hold and manage funds received by the university as state matching funds for the Endowed Chairs and Endowed Professorship programs. Of the \$96,582,173 reported as investments held by foundations, the amounts held by its discretely presented component units total \$54,213,335.

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

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For U.S. Treasury obligations and U.S. government agency obligations, the System universities’ investment policies generally require that issuers must provide the universities with safekeeping receipts, collateral agreements, and custodial agreements. At June 30, 2009, investments held by blended component units totaling \$67,554,012 were uninsured and unregistered and held by the counterparty and were, therefore, exposed to custodial 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.

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

INVESTMENTS - COMPONENT UNITS

The component unit’s investments totaling \$91,278,388, as shown on the Statement of Financial Position, are reported under FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*, which does not require the disclosures of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. The fair value of investments held by the component units at June 30, 2009, follows:

<u>Type of Investment</u>	<u>University of Louisiana at Lafayette Foundation</u>
Certificates of deposit	\$4,238,356
Stocks and mutual funds	45,516,849
Bonds	41,523,183
Total	\$91,278,388

4. RECEIVABLES

Receivables are shown on the Statement of Net Assets, net of an allowance for doubtful accounts, at June 30, 2009. These receivables are composed of the following:

<u>Type</u>	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Accounts Receivable</u>	<u>Noncurrent Portion</u>
Student tuition and fees	\$26,064,934	(\$12,109,157)	\$13,955,777	\$474,557
Auxiliary enterprises	7,210,783	(798,829)	6,411,954	93,686
Contributions and gifts	2,194,344		2,194,344	
Federal, state, and private grants and contracts	26,778,581	(30,340)	26,748,241	
Insurance recoveries	6,424,855		6,424,855	
Other	6,198,047	(16,325)	6,181,722	11,265
Total	<u>\$74,871,544</u>	<u>(\$12,954,651)</u>	<u>\$61,916,893</u>	<u>\$579,508</u>

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2009, follows:

University of Louisiana System

	Balance July 1, 2008	Prior Period Adjustment	Restated Balance July 1, 2008	Additions	Transfers	Retirements	Balance June 30, 2009
Capital assets not being depreciated:							
Land	\$40,070,549		\$40,070,549	\$3,953,188			\$44,023,737
Non-depreciable land improvements	5,773,849	\$54,988	5,828,837				5,828,837
Capitalized collections	205,002		205,002				205,002
Livestock	32,565		32,565	24,500		(\$7,600)	49,465
Construction-in-progress	98,621,365	807,847	99,429,212	75,842,524	(\$92,258,510)	(87,933)	82,925,293
Total capital assets not being depreciated	\$144,703,330	\$862,835	\$145,566,165	\$79,820,212	(\$92,258,510)	(\$95,533)	\$133,032,334
Other capital assets:							
Infrastructure	\$4,643,069	\$1,185,739	\$5,828,808		\$31,634		\$5,860,442
Less accumulated depreciation	(2,785,842)	(65,874)	(2,851,716)	(\$182,743)			(3,034,459)
Total infrastructure	1,857,227	1,119,865	2,977,092	(182,743)	31,634	NONE	2,825,983
Land improvements	29,245,395	157,664	29,403,059	1,322,635	116,884	(395,085)	30,447,493
Less accumulated depreciation	(11,280,741)	(5,818)	(11,286,559)	(1,454,066)		395,085	(12,345,540)
Total land improvements	17,964,654	151,846	18,116,500	(131,431)	116,884	NONE	18,101,953
Buildings	1,227,555,837		1,227,555,837	5,805,278	91,460,657	(12,636,572)	1,312,185,200
Less accumulated depreciation	(525,478,108)	97,707	(525,380,401)	(30,633,271)		9,386,259	(546,627,413)
Total buildings	702,077,729	97,707	702,175,436	(24,827,993)	91,460,657	(3,250,313)	765,557,787
Equipment	153,470,100	23,931	153,494,031	14,586,340	415,978	(9,092,433)	159,403,916
Less accumulated depreciation	(101,226,404)	(6,479)	(101,232,883)	(12,883,789)		8,173,840	(105,942,832)
Total equipment	52,243,696	17,452	52,261,148	1,702,551	415,978	(918,593)	53,461,084
Library books	137,394,732		137,394,732	6,363,445		(1,559,881)	142,198,296
Less accumulated depreciation	(124,061,277)	(117,047)	(124,178,324)	(6,351,339)		1,309,842	(129,219,821)
Total library books	13,333,455	(117,047)	13,216,408	12,106	NONE	(250,039)	12,978,475
Total other capital assets	\$787,476,761	\$1,269,823	\$788,746,584	(\$23,427,510)	\$92,025,153	(\$4,418,945)	\$852,925,282
Capital Asset Summary:							
Capital assets not being depreciated	\$144,703,330	\$862,835	\$145,566,165	\$79,820,212	(\$92,258,510)	(\$95,533)	\$133,032,334
Other capital assets, at cost	1,552,309,133	1,367,334	1,553,676,467	28,077,698	92,025,153	(23,683,971)	1,650,095,347
Total cost of capital assets	1,697,012,463	2,230,169	1,699,242,632	107,897,910	(233,357)	(23,779,504)	1,783,127,681
Less accumulated depreciation	(764,832,372)	(97,511)	(764,929,883)	(51,505,208)		19,265,026	(797,170,065)
Capital assets, net	\$932,180,091	\$2,132,658	\$934,312,749	\$56,392,702	(\$233,357)	(\$4,514,478)	\$985,957,616

The prior period adjustments represent corrections of errors in recorded capital assets from prior years as shown in note 15 and adjustments to classifications of capital assets by category.

Component Unit

	Balance July 1, 2008	Prior Period Adjustment	Restated Balance July 1, 2008	Additions	Transfers	Retirements	Balance June 30, 2009
Capital assets not being depreciated:							
Real estate	\$1,976,952	(\$1,252,711)	\$724,241			(\$304,000)	\$420,241
Art and collectibles	1,777,303		1,777,303	\$588,500			2,365,803
Total capital assets not being depreciated	\$3,754,255	(\$1,252,711)	\$2,501,544	\$588,500	NONE	(\$304,000)	\$2,786,044
Depreciable capital assets:							
Buildings	\$10,057,924		\$10,057,924		(\$34,658)		\$10,023,266
Vehicles, furniture, and equipment	573,191		573,191	\$5,145	34,658	(\$78,000)	534,994
Total depreciable capital assets	10,631,115	NONE	10,631,115	5,145	NONE	(78,000)	10,558,260
Less accumulated depreciation	(1,735,359)		(1,735,359)	(202,697)		78,000	(1,860,056)
Total depreciable capital assets, net	8,895,756	NONE	8,895,756	(197,552)	NONE	NONE	8,698,204
Total capital assets, net	\$12,650,011	(\$1,252,711)	\$11,397,300	\$390,948	NONE	(\$304,000)	\$11,484,248

The prior period adjustments for discretely presented component units represent the elimination of the McNeese State University Foundation as a discretely presented component unit of the System during the fiscal year ended June 30, 2009.

The capital asset disclosure for the discretely presented component unit has been adjusted to reflect the classifications of the assets as presented in the audited financial statements of the discretely presented component units. Its financial statements have been prepared in accordance with FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. The disclosure requirements of FASB 117 differ from those required for financial statements prepared in accordance with GASB requirements.

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

Although not capitalized, the University of Louisiana at Lafayette maintains the Louisiana Room, the Rare Book Room, and the Southwestern Archives and Manuscripts Collection. 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 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, 2009:

<u>Account Name</u>	
Vendor payables	\$10,088,141
Accrued salaries and payroll deductions	25,323,068
Accrued interest	2,111,843
Other	<u>2,910,922</u>
Total payables	<u><u>\$40,433,974</u></u>

7. PENSION PLANS

Plan Description. Substantially all employees of the System are members of three statewide, public employee retirement systems. Academic employees are generally members of the Louisiana Teachers Retirement System (TRSL), classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS), and the Louisiana School Employees Retirement System (LSERS) includes noninstructional personnel of the Louisiana Public School System. TRSL and LSERS are cost-sharing, multiple-employer defined benefit pension plans, and LASERS is considered a single-employer defined benefit pension plan because the material portion of its activity is with one employer--the State of Louisiana. All three plans are administered by separate boards of trustees. These plans provide retirement, disability, and survivors' benefits to plan members and beneficiaries. The State of Louisiana guarantees benefits granted by the retirement systems by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the retirement systems; employee benefits vest with TRSL after five years of service and with LASERS and LSERS after 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The retirement systems issue annual publicly available financial reports that include financial statements and required supplementary information for the retirement systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446; the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600; and/or the Louisiana School Employees Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804-4516.

Funding Policy. The contribution requirements of plan members and the System are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8.0% (TRSL) and 7.5% (LASERS and LSERS) of covered salaries. Act 75 of the 2005 Regular Legislative Session now requires that employees hired on or after July 1, 2006, contribute 8.0% to LASERS. The state is required to contribute 15.5% of covered salaries to TRSL, 18.5% of covered salaries to LASERS, and 17.8% of covered salaries to LSERS for fiscal year 2009. The State of Louisiana, through the annual appropriation to the System, funds the System's employer contribution. The System's employer contributions to TRSL for the years ended June 30, 2009, 2008, and 2007 were \$24,929,584; \$24,572,565; and \$20,426,117, respectively, to LASERS for the years ended June 30, 2009, 2008, and 2007 were \$18,189,203; \$19,281,491; and \$16,483,712, respectively, and to LSERS for the years ended June 30, 2009, 2008, and 2007 were \$30,155; \$29,781; and \$15,059, respectively, equal to the required contributions for each year.

8. OPTIONAL RETIREMENT SYSTEM

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid universities in recruiting employees who may not be expected to remain in the TRSL for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRSL and purchase retirement and death benefits through contracts provided by designated companies.

Total contributions by the System are 15.5% of the covered payroll for fiscal year 2009. The participant's contribution (8.0%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRSL pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by the actuarial committee. The TRSL retains the balance of the employer contribution for application to the unfunded accrued liability of the System. Benefits payable to participants are not the obligations of the State of Louisiana or the TRSL. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled \$26,409,143 and \$13,612,708, respectively, for the year ended June 30, 2009.

9. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (OPEB)

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

Funding Policy--The contribution requirements of plan members and the System are established and may be amended by R.S. 42:801-883. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what health care provider is selected from the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees; the Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan, and the Health Maintenance Organization (HMO) plan. In addition, all plan members are offered the Medical Home HMO plan. Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare Advantage plans - three HMO plans and two private fee-for-service (PFFS) plans. The three HMO plans are Humana Regional HMO Plan, Peoples Health Regional HMO-POS Plan, and Vantage HMO-POS Plan. The two PFFS plans are Humana PFFS Plan and Secure Horizons Medicare Direct PFFS Plan.

Depending upon the plan selected, during fiscal year 2009, employee premiums for a single member receiving benefits range from \$34 to \$218 per month for retiree-only coverage with Medicare or from \$130 to \$176 per month for retiree-only coverage without Medicare. The fiscal year 2009 employee premiums for a retiree with spouse, children, or family range from \$69 to \$468 per month for those with Medicare and from \$187 to \$514 per month for those without Medicare.

The plan is currently financed on a pay-as-you-go basis, with the System contributing from \$26 to \$246 per month for retiree-only coverage with Medicare or from \$838 to \$873 per month for retiree-only coverage without Medicare during fiscal year 2009. Also, the System's contributions range from \$52 to \$1,212 per month for retiree with spouse, children, or family coverage with Medicare or from \$891 to \$1,341 for retiree with spouse, children, or family coverage without Medicare.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life, and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays fifty cents for retirees and twelve cents for spouses. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

Annual Other Postemployment Benefit Cost and Liability--The System's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year, open amortization period has been used. The total ARC for fiscal year 2009 is \$117,671,700 as set forth below:

Normal cost	\$61,153,900
30-year UAAL amortization amount	51,992,000
Interest	<u>4,525,800</u>
 Annual required contribution (ARC)	 <u><u>\$117,671,700</u></u>

The following schedule presents the system's OPEB obligation for fiscal year 2009:

Beginning net OPEB obligations at July 1, 2008	<u>\$98,552,007</u>
Annual required contribution	117,671,700
Interest on net OPEB obligation	3,912,070
ARC adjustment	<u>(3,765,792)</u>
OPEB cost	117,817,978
Contributions made - current year retiree premiums	<u>(20,351,125)</u>
Increase in net OPEB obligation	<u>97,466,853</u>
Ending net OPEB obligation at June 30, 2009	<u><u>\$196,018,860</u></u>

Using the pay-as-you-go method, the System contributed 17.3% of the annual postemployment benefits cost during 2009. In 2008, the initial year of implementation of GASB 45, the annual OPEB cost was \$118,614,400, and the System contributed 16.91% of the annual OPEB cost.

Funded Status and Funding Progress--During fiscal year 2009, neither the System nor the State of Louisiana made contributions to its postemployment benefits plan trust. A trust was established during fiscal year 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the System's entire actuarial accrued liability of \$1,360,601,300 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2008, was as follows:

Actuarial accrued liability (AAL)	\$1,360,601,300
Actuarial value of plan assets	<u>NONE</u>
Unfunded actuarial accrued liability	<u><u>\$1,360,601,300</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	\$302,710,300
UAAL as percentage of covered payroll	449%

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

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

In the July 1, 2008, OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included at 4% investment rate of return and an initial annual health care cost trend rate of 9.0% and 10.1% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's UAAL is being amortized as a level percentage of projected payroll over an open amortization period of 30 years. The remaining amortization period at June 30, 2009, is 28 years. Annual per capita medical claims costs were updated to reflect an additional year of actual experience. There were no other changes in assumptions.

10. COMPENSATED ABSENCES

At June 30, 2009, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$21,969,173; \$14,138,924; and \$926,792, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2009, the total rental expense for all operating leases is \$2,481,710. The following is a schedule by years of future minimum annual rental payments required under operating leases:

<u>Fiscal Year Ending June 30</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Land</u>	<u>Other</u>	<u>Total Minimum Payments Required</u>
2010	\$667,722	\$961,980	\$18,767	\$627,686	\$2,276,155
2011	455,318	573,449	10,605	627,797	1,667,169
2012	373,692	574,669	9,304	627,375	1,585,040
2013	283,559	107,395	5,051	625,125	1,021,130
2014	248,421	14,502	5,243	620,300	888,466
2015-2019	1,242,105	72,510	29,359	3,103,488	4,447,462
2020-2024	1,242,105	72,510	35,376	2,172,117	3,522,108
2025-2029	10		155,858		155,868
2030-2034	10		10		20
2035-2039	10		10		20
Total	<u>\$4,512,952</u>	<u>\$2,377,015</u>	<u>\$269,583</u>	<u>\$8,403,888</u>	<u>\$15,563,438</u>

Capital Leases

The System records items under capital leases as assets and obligations in the accompanying financial statements. The System's capital leases at June 30, 2009, consist of various leases as follows:

<u>Nature of Lease</u>	<u>Gross Amount of Leased Assets (Historical Cost)</u>	<u>Remaining Interest to End of Lease</u>	<u>Remaining Principal to End of Lease</u>
Office space	\$380,271	\$45,612	\$207,847
Equipment	2,637,990	46,793	910,975
	<u>\$3,018,261</u>	<u>\$92,405</u>	<u>\$1,118,822</u>

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, 2009:

Fiscal Year Ending June 30:	
2010	\$495,082
2011	357,303
2012	170,853
2013	137,297
2014	<u>50,692</u>
Total minimum lease payments	1,211,227
Less - amount representing executory costs	<u>NONE</u>
Net minimum lease payments	1,211,227
Less - amount representing interest	<u>(92,405)</u>
 Present value of net minimum lease payments	 <u><u>\$1,118,822</u></u>

The System's component unit foundation did not have any capital leases at June 30, 2009.

Lessor - Operating Lease

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, 2009:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Office space	\$30,901,334	(\$12,646,739)	\$18,254,595
Equipment	262,593	(87,721)	174,872
Land	<u>190,096</u>		<u>190,096</u>
 Total	 <u><u>\$31,354,023</u></u>	 <u><u>(\$12,734,460)</u></u>	 <u><u>\$18,619,563</u></u>

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2009:

Fiscal Year Ending June 30:	Office Space	Other	Total
2010	\$2,663,993	\$210,000	\$2,873,993
2011	2,276,839	420,000	2,696,839
2012	2,039,583	420,000	2,459,583
2013	1,520,000	420,000	1,940,000
2014	1,245,000	420,000	1,665,000
2015-2019	5,350,000	1,472,000	6,822,000
2020-2024	1,850,000		1,850,000
Total minimum future rentals	<u>\$16,945,415</u>	<u>\$3,362,000</u>	<u>\$20,307,415</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 for the year ended June 30, 2009, were \$853,766.

12. LONG-TERM LIABILITIES

The following is a summary of bond and other long-term debt transactions of the System for the year ended June 30, 2009:

University of Louisiana System

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Amounts Due Within One Year
Bonds and notes payable:					
Bonds payable	\$454,355,000	\$12,500,000	(\$11,390,000)	\$455,465,000	\$6,440,000
Notes payable	3,494,046		(635,603)	2,858,443	465,235
Total bonds and notes payable	<u>457,849,046</u>	<u>12,500,000</u>	<u>(12,025,603)</u>	<u>458,323,443</u>	<u>6,905,235</u>
Other liabilities:					
Accrued compensated absences payable (note 10)	34,707,130	11,257,158	(8,929,399)	37,034,889	3,151,525
Capital lease obligations (note 11)	1,555,264	62,440	(498,882)	1,118,822	450,897
Reimbursement contracts payable	1,020,000		(215,000)	805,000	235,000
OPEB payable (note 9)	98,552,007	108,760,192	(11,293,339)	196,018,860	
Total other liabilities	<u>135,834,401</u>	<u>120,079,790</u>	<u>(20,936,620)</u>	<u>234,977,571</u>	<u>3,837,422</u>
Total	<u>\$593,683,447</u>	<u>\$132,579,790</u>	<u>(\$32,962,223)</u>	<u>\$693,301,014</u>	<u>\$10,742,657</u>

Component Units

	Balance June 30, 2008	Adjustments	Adjusted Balance June 30, 2008	Reductions	Balance June 30, 2009	Amounts Due Within One Year
Bonds, notes, and capital leases payable:						
Bonds payable	\$2,200,000		\$2,200,000	(\$700,000)	\$1,500,000	
Notes payable						
Subtotal	<u>2,200,000</u>	NONE	<u>2,200,000</u>	<u>(700,000)</u>	<u>1,500,000</u>	NONE
Other liabilities - amounts held in custody for others	<u>29,365,322</u>	<u>(\$4,588,096)</u>	<u>24,777,226</u>	<u>(3,166,449)</u>	<u>21,610,777</u>	NONE
Total	<u><u>\$31,565,322</u></u>	<u><u>(\$4,588,096)</u></u>	<u><u>\$26,977,226</u></u>	<u><u>(\$3,866,449)</u></u>	<u><u>\$23,110,777</u></u>	NONE

Details of all debt outstanding at June 30, 2009, follow.

Bonds Payable - University of Louisiana System

Issue	Date of Issue	Original Issue	Outstanding June 30, 2008	Issued (Redeemed)	Outstanding June 30, 2009	Maturities	Interest Rates	Interest Outstanding June 30, 2009
Grambling State University								
Black & Gold Facilities, Inc. (blended component unit):								
Louisiana Public Facilities Authority - Student Housing Revenue Bonds:								
Series 2006 A	October 24, 2006	\$55,705,000	\$55,705,000		\$55,705,000	2039	4%-5%	\$51,165,150
Series 2006 B	October 24, 2006	3,595,000	3,595,000		3,595,000	2032	5.35%	394,016
Series 2006 C	December 28, 2006	5,700,000	5,700,000	(\$115,000)	5,585,000	2038	5.8%	6,000,440
Series 2007 A	December 5, 2007	39,330,000	39,330,000		39,330,000	2040	4%-4.25%	41,333,363
Series 2007 B	December 5, 2007	2,595,000	2,595,000		2,595,000	2016	5.72%	629,343
Louisiana Tech University								
Academic Facilities Extension Use Fee Revenue Bonds - Series 1972 B								
	July 1, 1972	4,750,000	1,610,000	(285,000)	1,325,000	2013	5.9%-6.25%	172,344
Revenue Bonds - Power Plant 2002 Series								
	July 1, 2002	5,920,000	4,945,000	(265,000)	4,680,000	2022	3.5%-4.9%	1,699,431
Revenue Refunding Bonds: Revenue Bonds - 2004 Series								
	September 30, 2004	7,225,000	4,295,000	(4,295,000)				
Innovative Student Facilities, Inc. (blended component unit):								
Louisiana Local Government Environmental Facilities and Community Development Authority - Revenue Bonds - 2003 Series								
	July 1, 2003	21,840,000	21,325,000	(300,000)	21,025,000	2034	2.25%-4.5%	14,324,037
Student Housing and Recreational Facilities - 2007 Series								
	September 26, 2007	51,670,000	51,670,000		51,670,000	2034	2.25%-4.5%	43,878,950
McNeese State University								
Student Housing System Revenue Bonds - Refunding Bonds - Series 2001								
	May 30, 2001	2,110,000	480,000	(480,000)		2009	4.95%	
Parking Lot - Series 1997								
	February 12, 1997	1,500,000	545,000	(125,000)	420,000	2012	6.25%	40,625
Cowboy Facilities, Inc. (blended component unit):								
Calcasieu Parish Trust Authority: University Student Lease Revenue Bonds - Series 2001								
	May 31, 2001	21,120,000	19,335,000	(405,000)	18,930,000	2033	5.4%	14,780,829
University Stadium Parking Revenue Bonds - Series 2004								
	February 20, 2004	820,000	530,000	(80,000)	450,000	2014	4.73%	65,274
University Scoreboard Project Bonds - Series 2005								
	April 1, 2005	1,900,000	1,450,000	(170,000)	1,280,000	2015	6.5%	306,475
Nicholls State University								
NSU Facilities Corporation (blended component unit):								
Louisiana Community Development Authority: Streets and Parking Revenue Bonds - Series 2006 A								
	May 1, 2006	3,320,000	3,085,000	(115,000)	2,970,000	2026	4.8%	1,434,150
Cafeteria & Student Union Revenue Bonds - Series 2006 B								
	May 11, 2006	5,000,000	4,790,000	(100,000)	4,690,000	2031	6.69%	4,407,347
Student Revenue Housing - Series 2007A								
	August 23, 2007	17,680,000	17,680,000	(185,000)	17,495,000	2024	4.4%	7,175,925
Student Revenue Housing - Series 2007B								
	August 23, 2007	32,380,000	32,380,000		32,380,000	2039	4.5%	35,711,980
Northwestern State University								
Wellness, Recreation, and Activity Center Bonds - Series 1999								
	April 1, 1999	6,850,000	5,205,000	(225,000)	4,980,000	2024	4.45%-5.1%	2,243,260
Southeastern Louisiana University								
Student Recreation and Activity Center Revenue Bonds - Series 1998								
	June 30, 1998	7,690,000	5,120,000	(325,000)	4,795,000	2035	3.75%-5%	1,551,450
University Facilities, Inc. (blended component unit):								
Louisiana Local Government Environmental Facilities and Community Development Authority: Student Housing, Intermodal Parking and Stadium - Series 2004:								
	August 13, 2004	76,910,000	75,805,000	(1,015,000)	74,790,000	2037	3%-5%	55,678,848
Intermodal parking - Series 2007(A)								
	March 14, 2007	5,545,000	5,380,000	(145,000)	5,235,000	2031	4.2%-4.25%	2,889,698
Intermodal parking - Series 2007(B)								
	March 14, 2007	2,490,000	2,490,000		2,490,000	2037	4.375%	2,791,469

Bonds Payable - University of Louisiana System (Concluded)

Issue	Date of Issue	Original Issue	Outstanding June 30, 2008	Issued (Redeemed)	Outstanding June 30, 2009	Maturities	Interest Rates	Interest Outstanding June 30, 2009
University of Louisiana at Lafayette								
Ragin' Cajun Facilities, Inc. (blended component unit):								
Lafayette Public Trust Financing Authority - Student Housing and Child Care Facilities - Series 2002								
	October 1, 2002	\$19,065,000	\$17,985,000	(\$380,000)	\$17,605,000	2033	3.75%-5.0%	\$12,578,235
Lafayette Public Trust Financing Authority - Student Housing Series 2009								
	April 14, 2009	12,500,000		12,500,000	12,500,000	2039	3.5%-6.0%	14,625,528
University of Louisiana at Monroe								
ULM Facilities, Inc. (blended component unit):								
Louisiana Local Government Environmental Facilities and Community Development Authority:								
Student Housing, Infirmary, and Student Center:								
	June 30, 2004	35,210,000	34,760,000	(1,395,000)	33,365,000	2034	Variable	17,891,082
	December 8, 2004	33,680,000	33,135,000	(805,000)	32,330,000	2035	Variable	17,095,157
	November 7, 2006	1,500,000	1,385,000	(125,000)	1,260,000	2016	5.06%	271,216
	October 25, 2007	2,045,000	2,045,000	(55,000)	1,990,000	2027	5.40%	1,185,300
Total		<u>\$487,645,000</u>	<u>\$454,355,000</u>	<u>\$1,110,000</u>	<u>\$455,465,000</u>			<u>\$352,320,922</u>

Pursuant to a loan agreement dated April 14, 2009, between Ragin' Cajun Facilities, Inc., and the Lafayette Public Trust Financing Authority (Authority), the Authority issued Series 2009 revenue bonds totaling \$12,500,000 and loaned the proceeds to Ragin' Cajun Facilities, Inc. The proceeds of the bonds will be used for demolishing certain facilities and the development, design, construction, and equipping of a student parking complex, including parking and other infrastructure at the University of Louisiana at Lafayette.

Component Units

Issue	Date of Issue	Original Issue	Outstanding June 30, 2008	Issued (Redeemed)	Outstanding June 30, 2009	Maturities	Interest Rates	Interest Outstanding June 30, 2009
University of Louisiana at Lafayette Foundation, Inc.								
Lafayette Economic Development Authority								
	February 1, 2002	\$8,500,000	\$2,200,000	(\$700,000)	\$1,500,000	2017	4.50%	\$445,500
Total		<u>\$8,500,000</u>	<u>\$2,200,000</u>	<u>(\$700,000)</u>	<u>\$1,500,000</u>			<u>\$445,500</u>

Reimbursement Contracts Payable - University of Louisiana System

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2008</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2009</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2009</u>
Northwestern State University								
General Obligation Bonds - Series 1993-B	February 1, 1993	\$460,000	\$180,000	(\$25,000)	\$155,000	2014	5.6%-5.625%	\$22,539
University of Louisiana at Monroe								
Physical Education Complex - Series 1992-A	March 1, 1992	2,650,000	840,000	(190,000)	650,000	2012	6.50%	86,125
		<u>\$3,110,000</u>	<u>\$1,020,000</u>	<u>(\$215,000)</u>	<u>\$805,000</u>			<u>\$108,664</u>

The annual requirements to amortize all System bonds and reimbursement contracts outstanding at June 30, 2009, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$6,675,000	\$20,621,156	\$27,296,156
2011	7,585,000	20,336,503	27,921,503
2012	8,710,000	19,969,177	28,679,177
2013	9,335,000	19,563,437	28,898,437
2014	10,210,000	19,137,846	29,347,846
2015-2019	61,710,000	88,197,435	149,907,435
2020-2024	75,940,000	72,767,895	148,707,895
2025-2029	91,065,000	53,452,726	144,517,726
2030-2034	110,900,000	30,085,369	140,985,369
2035-2039	71,460,000	8,230,862	79,690,862
2040	2,680,000	67,000	2,747,000
Total	<u>\$456,270,000</u>	<u>\$352,429,406</u>	<u>\$808,699,406</u>

The annual requirements to amortize all component unit bonds outstanding at June 30, 2009, are as follows:

NOTES TO THE FINANCIAL STATEMENTS

	Principal	Interest	Total
2010		\$67,500	\$67,500
2011		67,500	67,500
2012		67,500	67,500
2013		67,500	67,500
2014		67,500	67,500
2015-2019	\$1,500,000	108,000	1,608,000
Total	\$1,500,000	\$445,500	\$1,945,500

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2009:

Bond Issue	Reserves Available	Reserve Requirement	Excess
Grambling State University			
U.S. Department of Education Note	\$528,000	\$528,000	None
Black and Gold Facilities, Inc., Revenue Bonds Series 2006 and 2007:			
Debt Service	7,605,716	7,500,890	\$104,826
Maintenance	6,000,255	5,370,766	629,489
Louisiana Tech University			
Academic Facilities Bonds	387,813	387,813	None
Innovative Student Facilities, Inc. Revenue Bonds 2003	1,491,992	1,485,475	6,517
Innovative Student Facilities, Inc. Revenue Bonds 2007	3,416,725	3,416,725	None
McNeese State University			
Cowboy Facilities, Inc. Student Lease Revenue Bonds 2001	1,410,813	1,410,813	None
Nicholls State University			
NSU Facilities Corporation Revenue Bonds 2006, Series A and B	677,402	677,402	None
NSU Facilities Corporation Revenue Bonds 2007, Series A and B	3,275,947	3,275,945	2
Northwestern State University			
Reimbursement Contracts Payable - General Obligation Bonds, 1993-B	38,250	38,250	None
Southeastern Louisiana University			
Student Recreation and Activity Center Revenue Bonds	627,232	578,750	48,482
University Facilities, Inc. (UFI) Revenue Bonds 2004	5,277,443	5,265,837	11,606
University Facilities, Inc. (UFI) Revenue Bonds 2007	483,327	482,969	358
University of Louisiana at Lafayette			
Ragin' Cajun Facilities, Inc. Student Housing and Child Care Facilities Revenue Bonds 2002	1,474,474	1,242,745	231,729
Ragin' Cajun Facilities, Inc. Project Series 2009	975,300	975,300	None
University of Louisiana at Monroe			
Physical Education Complex Bonds 1992-A	245,204	245,204	None
ULM Facilities, Inc. Student Housing and Student Center Revenue Bonds 2004 A & B	2,617,457	2,616,279	1,178
ULM Facilities, Inc. Student Housing and Student Center Revenue Bonds 2004 C & D	2,045,683	2,044,761	922
ULM Facilities, Inc. Intermodal Transit Facility and Parking Project Revenue Bonds 2006	150,263	150,000	263
Total	\$38,729,296	\$37,693,924	\$1,035,372

As permitted by the Bond Resolution for the Revenue Refunding Bonds, Series 2004, Louisiana Tech University obtained a surety bond of \$722,500 issued by an insurance company as a substitute for the reserve requirement for the bonds. The surety bond meets the definition as a “Reserve Fund Investment” and guarantees payment of principal and interest on the bonds when they are due in the event of nonpayment.

Notes Payable - University of Louisiana System

Note	Date of Issue	Original Issue	Outstanding June 30, 2008	Issued (Redeemed)	Outstanding June 30, 2009	Maturities	Interest Rates	Interest Outstanding June 30, 2009
Grambling State University								
U.S. Department of Education	May 1, 1993	\$3,500,000	\$2,190,475	(\$112,880)	\$2,077,595	2023	3.0%	\$499,837
Ford Motor Credit Company	August 30, 2001	1,165,931	31,833	(31,833)				
Louisiana Tech University								
Canon Color Copier #1	May 31, 2006	65,167	21,063	(21,063)				
Canon Color Copier #2	May 31, 2006	51,274	16,587	(16,587)				
Nicholls State University								
Bus	September 11, 2007	219,016	188,388	(42,016)	146,372	2012	3.25%	8,072
Banner Conversion Equipment	February 20, 2008	430,812	384,415	(141,813)	242,602	2011	2.00%	4,188
Southeastern Louisiana University								
Copiers	September 20, 2004	641,861	171,159	(136,324)	34,835	2010	3.51%	204
University of Louisiana at Lafayette								
Sigma Nu Fraternity House	June 6, 1984	66,485	28,377	(17,688)	10,689	2010	7.5%	264
University of Louisiana at Monroe								
Regions Bank	April 17, 2007	577,150	461,750	(115,400)	346,350	2012	6.0%	36,907
Total		<u>\$6,717,696</u>	<u>\$3,494,047</u>	<u>(\$635,604)</u>	<u>\$2,858,443</u>			<u>\$549,472</u>

The System’s component unit foundations did not have any outstanding notes payable at June 30, 2009.

The annual requirements to amortize all notes outstanding for the System at June 30, 2009, including interest of \$549,472 are as follows:

	Principal	Interest	Total
2010	\$465,236	\$88,830	\$554,066
2011	378,028	73,656	451,684
2012	285,295	60,820	346,115
2013	138,975	50,659	189,634
2014	131,002	46,752	177,754
2015-2019	716,850	171,919	888,769
2020-2024	743,057	56,836	799,893
Total	<u>\$2,858,443</u>	<u>\$549,472</u>	<u>\$3,407,915</u>

13. INTEREST RATE SWAP AGREEMENTS

The NSU Facilities Corporation (Nicholls) and University of Louisiana Monroe Facilities, Inc. are reported under FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*, the requirements of which differ from the requirements of GASB Technical Bulletin No. 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*.

NSU Facilities Corporation (Nicholls)

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.

Objective of the interest rate swap: To hedge interest rate exposure on the Bonds at the request of the Corporation, the Authority entered into an interest rate swap (2007 Swap) with Morgan Keegan Financial Products, Inc. (Provider) as more fully described in the Master Agreement, Schedule of the Master Agreement, Replacement Transaction Agreement, and Confirmation dated August 15, 2007 (Swap Documents). The Corporation is liable to the Authority to make swap payments and bond payments pursuant to the terms of the bond documents. Capitalized terms used herein but not defined shall have the meaning set forth in the Swap Documents.

Terms: Under the terms of the 2007 Swap, the Authority pays a fixed rate of 4.49%, and the Provider pays a variable rate equal to The Securities Industry and Financial Markets Association Swap Index (SIFMA), as more fully described in the Swap Documents.

The Authority, at the request of the Corporation, elected to amend the 2007 Swap on June 20, 2008. Under the amended terms of the 2007 Swap, the Authority will pay a fixed rate of 4.12%, and the Provider pays (a) a variable rate equal to SIFMA through and excluding July 1, 2010, and (b) a variable rate equal to 70% of the one month London Interbank Offered Rate (LIBOR) beginning July 1, 2010 through June 1, 2039, all as more fully described in the Swap Documents (2008 Amended Swap). The Provider also paid an upfront payment of \$226,000 to the Authority.

Fair Value: The fair value of the swap agreement as of June 30, 2009, which is not reported in the financial statements, was \$5,833,000 in favor of the Provider. The fair value was provided by Sisung Securities Corporation.

Credit Risk: Credit risk is the risk that the counterparty will not fulfill its obligations. At June 30, 2009, the Authority is not exposed to credit risk because the swap has a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Authority would be exposed to credit risk in the amount of the swap's fair value.

Basis Risk: Basis risk is the risk that arises when variable rates on a swap and the associated debt are based on different indexes. The interest rates for both the swap and the bonds are based on SIFMA; therefore, the Authority is not subject to basis risk.

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

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

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

University of Louisiana Monroe Facilities, Inc. (ULM Facilities)

The Louisiana Local Government Environmental Facilities and Community Development Authority (Authority) for ULM Facilities, and Regions Bank have entered into two interest rate swap contracts (Swap Contracts) on its Series 2004A and Series 2004C bonds.

Objective of the Interest Rate Swaps: The Swap Contracts are fixed rate swaps that are used to mitigate or eliminate the interest rate exposure of the variable rate bonds. In essence, the Swap Contracts effectively have converted the existing variable rate bonds into fixed rate bonds. In accordance with the Swap Contracts, ULM Facilities pays interest computed on a notional amount using a fixed rate to Regions Bank and receives interest computed on the notional amount using a standard variable rate index.

Terms: The significant terms of these Swap Contracts are summarized as follows:

	Series 2004A Bonds	Series 2004C Bonds
Notional Amount	\$31,065,000	\$32,415,000
Fixed Rate Payer	ULM Facilities, Inc.	ULM Facilities, Inc.
Fixed Rate	3.55%	3.50%
Fixed Rate Payer Payment Dates	1st Business Day of February, May, August, and November	1st Business Day of February, May, August, and November
Floating Rate Payer	Regions Bank	Regions Bank
Floating Rate	USD-SIFMA Municipal Swap Index	USD-SIFMA Municipal Swap Index
Floating Rate Payer Payment Dates	1st Business Day of February, May, August, and November	1st Business Day of February, May, August, and November
Effective Date	November 1, 2007	November 1, 2007
Termination Date	November 1, 2012	November 1, 2012

Fair Values: The fair values of the Swap Contracts are reported in other assets and long-term liabilities, as applicable. At June 30, 2009, the fair values of the Swap Contracts are in Regions Bank's favor. The gain or loss from changes in the fair values of the Swap Contracts is reported in ULM Facilities' change in net assets. During the year ended June 30, 2009, ULM Facilities recorded a total loss of \$2,299,198 on the Swap Contracts. Also, amounts for the accrual of the net interest on the notionals due to Regions Bank under the Swap Contracts at June 30, 2009, is recorded in current liabilities and current assets, respectively.

Credit Risk: Credit risk is the exposure that a counterparty will not fulfill its obligations. At June 30, 2009, ULM Facilities is not exposed to credit risk since the fair values of the Swap Contracts are in Regions Bank's favor. However, should interest rates change and the fair values of the Swap Contracts become in ULM Facilities' favor, then ULM Facilities would be exposed to credit risk in the amount of the derivative's fair value.

Interest Rate Risk: Interest rate risk is the risk that an adverse change in variable interest rates will increase the overall cost of borrowing for ULM Facilities. Interest rate swap agreements used to hedge variable rate bonds that extend through maturity of the related debt are intended to eliminate the interest rate risk, unless the swap agreement is terminated before maturity.

Basis Risk: Basis risk arises when the variable interest rates on an interest rate swap and an associated bond are based on different indices. The swap exposes ULM Facilities to basis risk should the relationship between the LIBOR weekly interest rate, as applicable, and U.S. Dollar-SIFMA Municipal Swap Index converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2009. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized.

Termination Risk: Termination risk is the risk that an unscheduled early termination of the Swap Contracts will result in a significant payment to Regions Bank. ULM Facilities or Regions Bank may terminate the Swap Contracts if the other party fails to perform under the terms of the contracts. If the Swap Contracts are terminated, the variable-rate bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination a swap has a fair value in favor of

Regions Bank, ULM Facilities would be liable to Regions Bank for a payment equal to the swap's fair value.

Rollover Risk: Rollover risk is the risk that a derivative associated with an entity's debt does not extend to the maturity of that debt. When the derivative terminates, the associated debt will no longer have the benefit of the derivative. ULM Facilities is exposed to rollover risk with respect to its Swap Contracts. The Swap Contracts terminate on November 1, 2012, and the Series 2004A and Series 2004C bonds mature on November 1, 2034 and November 1, 2035, respectively. As a result, ULM Facilities will lose the benefit of the Swap Contracts upon the termination of the Swap Contracts.

14. REVENUE USED AS SECURITY FOR REVENUE BONDS

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

Louisiana Tech University

Revenue Bonds Series 2002

Revenue pledged for this bond includes all auxiliary fund revenues. The original issue of the bonds was \$5,920,000 and these bonds were issued for the installation of a turbine generation system. The debt secured by the pledge is \$4,680,000. The approximate remaining amount of the pledge is \$6,379,431. The term of commitment is July 1, 2002, through April 1, 2022. For the year ended June 30, 2009, the requirements for principal and interest were \$265,000 and \$225,239, respectively. The amount of pledged revenues recognized for fiscal year 2009 was \$5,763,978.

Academic Facilities Extension Use Fee Revenue Bonds

The revenue pledged for this bond includes student building use fees. The original issue of the bonds was \$4,750,000 and these bonds were issued for the construction and maintenance of facilities on campus. The debt secured by the pledge is \$1,325,000. The approximate remaining amount of the pledge is \$1,497,344. The term of commitment is July 1, 1972, through July 1, 2012. For the year ended June 30, 2009, the requirements for principal and interest were \$285,000 and \$91,719, respectively. The amount of pledged revenues recognized for fiscal year 2009 was \$462,558.

Northwestern State University

Specific pledged revenue is student self-assessed fees approved for the project by the students of the Northwestern State University in the amount of \$75 per semester. The debt secured by the pledged revenue was \$6,850,000, the original bond issue. The approximate remaining amount of

the pledge is \$7,223,260 at June 30, 2009, representing \$4,980,000 in principal and \$2,243,260 in interest. The term of commitment was 25 years beginning in October 1999 and ending in April 2024. The general purpose for the debt secured by the pledge was the planning, acquisition, construction, and equipping of the university's Student Wellness, Recreation, and Activity Center. The dedicated revenues are pledged 100% annually up to the current amount due for principal and interest. For the year ended June 30, 2009, the requirements for principal and interest were \$225,000 and \$258,043, respectively. The amount of pledged revenues recognized for fiscal year 2009 was \$945,302.

Southeastern Louisiana University

Board of Trustees for State Colleges and Universities State of Louisiana Revenue Bonds (Southeastern Louisiana University Student Recreation and Activity Center Project) Series 1998 Bonds

Revenue pledged for this bond includes all revenue related to the Student Recreation and Activity Center, including student fees, membership fees, and other miscellaneous revenue related to the Recreation Center. The bond was originally issued for \$7,690,000. As of June 30, 2009, principal and interest outstanding was \$4,795,000 and \$1,551,450, respectively. The revenue was pledged for the purpose of this bond for the period July 1995 through June 2020.

The debt secured by the revenue pledged was for the planning and construction of the recreation center, the funding of a reserve fund, and the funding of certain expenses related to the issuance of the bond. Pledged revenue related to this bond includes (1) all revenue from the pledged student fee; (2) any other student fees collected to pay for the recreation center; (3) membership fees imposed on users of the recreation center other than Southeastern students; and (4) all funds and accounts held pursuant to the bond resolution, except the rebate fund and the costs of issuance account of the bond proceeds fund created for the payment of costs associated with the issuance of the bonds. A self-assessed student fee consisting of a \$30 per student per regular semester (\$15 for summer) fee composed of, collectively, (a) the pledged student fee and (b) a \$5 per student per regular semester (\$2.50 for summer) fee to be placed in the intramural/recreational sports department budget to increase the scope and range of the intramural program. The pledged student fee is equal to \$25 per student per regular semester (\$12.50 for summer) dedicated to the planning, construction, staffing, equipment and operation of the recreation center.

For the year ending June 30, 2009, principal and interest requirements were \$325,000 and \$252,600, respectively. Pledged revenues recognized for the period were \$1,019,882.

15. RESTATEMENT OF BEGINNING NET ASSETS

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

	<u>University</u>	<u>Component Units</u>
Net assets at June 30, 2008	\$919,473,399	\$149,362,970
Capital asset adjustments to correct beginning balances at:		
Nicholls State University	1,119,865	
McNeese State University	39,412	
Southeastern Louisiana University	165,534	
Adjustment for understatement of revenues from leases at Nicholls State University	15,519	
Removal of the McNeese State University Foundation, which fell below the Division of Administration, Office of Statewide Reporting and Accounting Policy threshold for inclusion per GASB 39		(46,490,360)
Net assets at June 30, 2008, restated	<u>\$920,813,729</u>	<u>\$102,872,610</u>

16. RESTRICTED NET ASSETS

The System has the following restricted expendable net assets at June 30, 2009:

<u>Account Title</u>	<u>Amount</u>
Student fees	\$28,230,617
Grants and contracts	14,271,294
Gifts-restricted by donors	2,269,720
Endowment earnings	2,220,488
Auxiliary enterprises	25,420,988
Student loan fund	36,803,388
Capital construction	10,405,358
Retirement of indebtedness/debt service	13,693,950
Instructional department use	7,309,427
WRAC Fund	1,778,426
Building use fund	2,485,635
Vehicle registration fund	473,419
Endowments for scholarships	590,761
Plant projects	41,134,687
Chairs and professorships	3,559,585
Student technology fee	772,061
Scholarships	60,738
Renewal and replacement	928,240
Other	11,813,377
Total expendable	<u>\$204,222,159</u>

The System's restricted nonexpendable net assets of \$140,764,720 as of June 30, 2009, are comprised entirely of endowment funds.

Of the total net assets reported on Statement A for the year ended June 30, 2009, \$30,510,476 is restricted by enabling legislation.

RESTRICTED NET ASSETS - COMPONENT UNIT

Restricted net assets for the University of Louisiana at Lafayette Foundation, Inc., are as follows:

Temporarily restricted:	
Donor-restricted endowment funds	\$27,591,862
Chair and professorship endowment funds	<u>3,692,378</u>
Total temporarily restricted net assets	<u><u>\$31,284,240</u></u>
Permanently restricted:	
Donor-restricted endowment funds	\$24,519,516
Chair and professorship endowment funds	<u>30,207,671</u>
Total permanently restricted net assets	<u><u>\$54,727,187</u></u>

17. CONTINGENT LIABILITIES AND RISK MANAGEMENT

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

18. 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 fund-raising 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, 2009, is \$938,566.

19. 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, 2009, net appreciation of donor restricted endowments is equal to \$6,009,039, 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 assets - nonexpendable in the Statement of Net Assets; the endowment income is reported in restricted net assets - expendable.

20. FOUNDATIONS

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

- Grambling University Athletic Foundation
- Grambling Black & Gold Foundation
- Louisiana Tech University Foundation
- Louisiana Tech University Alumni Association
- McNeese State University Foundation
- McNeese State University Alumni Association
- Nicholls State University Foundation
- Nicholls Alumni Federation
- PRO NSU
- Northwestern State University Foundation
- Southeastern Athletic Association
- Southeastern Development Foundation
- Southeastern Louisiana University Alumni Association
- The University of Louisiana at Lafayette Alumni Association
- The University of Louisiana at Monroe Foundation
- The University of Louisiana at Monroe Athletic Scholarship Foundation
- The University of Louisiana at Monroe Alumni Association

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

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

Professorship Program endowment funds are established for \$100,000 each, with \$60,000 of private contributions and \$40,000 of state matching portion allocated by the Board of Regents for Higher Education. At June 30, 2009, the foundations hold in custody \$96,582,173 of Endowed Chair and Endowed Professorship Program funds. Amounts invested by private foundations for the System are included as investments held by private foundations in external investment pools in the disclosures in note 3.

21. 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.

22. ALTERNATIVE FINANCING AGREEMENTS

Grambling State University (Grambling)

On October 1, 2006, Black and Gold Facilities, Inc., entered into a loan agreement with the Louisiana Public Facilities Authority (LPFA) to obtain financing for the demolition of existing residential facilities; the acquisition of existing apartments and related parking facilities; and the planning, designing, constructing, furnishing, and equipping of residence facilities for use by Grambling State University. The project also includes the conversion of an existing bookstore to a student food-service and conference facility. Financing for the project is through the issuance of \$65,000,000 of LPFA Revenue Bonds, Series 2006 A, B, and C.

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

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

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

Louisiana Tech University (Tech)

On July 1, 2003, the Louisiana Local Government Environmental Facilities and Community Development Authority agreed to issue revenue bonds totaling \$21,840,000 for the Innovative Student Facilities Inc., a nonprofit corporation, for constructing student housing and related facilities for the Board of Supervisors of the University of Louisiana System.

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

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

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

McNeese State University (McNeese)

On May 31, 2001, Cowboy Facilities, Inc., entered into a loan agreement with the Calcasieu Parish Public Trust Authority to obtain financing for constructing student housing facilities on the McNeese campus. Financing for the project is through the issuance of \$21,120,000 of University Student Lease Revenue Bonds, Series 2001.

Pursuant to the terms of a ground lease agreement, the corporation is leasing land from the Board of Supervisors of the University of Louisiana System that is now occupied by three new residential facilities on the main campus. McNeese will lease the dormitories from Cowboy Facilities, Inc., for 33 years at which time the facilities will become McNeese's property. McNeese has also contracted with Ambling, Inc., to manage the new facilities. All rental income will be used first to pay the bonds, then maintain the building, and then the management fee.

On February 1, 2004, Cowboy Facilities, Inc., entered into a loan agreement with the Calcasieu Parish Public Trust Authority to obtain financing for developing additional public parking on the McNeese campus. Financing for the project is through the issuance of \$820,000 of Revenue Bonds, Series 2004.

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

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

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

Nicholls State University

On May 11, 2006, NSU Facilities Corporation entered into a loan agreement with the Louisiana Community Development Authority to obtain financing for street and parking lot improvements along with renovations to the cafeteria on the Nicholls campus. Financing for the project is through the issuance of \$8,320,000 of Series 2006 A tax exempt bonds and Series B taxable bonds.

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

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

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

Southeastern Louisiana University (SLU)

On August 13, 2004, University Facilities, Inc. (UFI), entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Authority to obtain financing for the acquisition, construction, renovation, and furnishing of student housing and demolishing existing housing; to provide working capital; to fund interest on the Series 2004 bonds; and to repay certain indebtedness of the corporation. Financing for the project is through the issuance of \$76,910,000 of Revenue Bonds, Series 2004(A), Series 2004(B), and Series 2004(C).

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

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

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

University of Louisiana at Lafayette (ULL)

On October 1, 2002, the Lafayette Public Trust Financing Authority agreed to issue revenue bonds totaling \$19,065,000 for the Ragin' Cajun Facilities, Inc., for constructing a student apartment complex, food service facility, and child care facility including parking and other infrastructure on land owned by the Board of Supervisors of the University of Louisiana System on behalf of ULL.

Pursuant to the terms of the ground lease agreements, the corporation leases the land from the board. The new facilities are leased by the corporation to the board in accordance with the provisions of an agreement to lease (facilities lease). In accordance with the facilities lease, the corporation has constructed and equipped student housing facilities and leased the facilities back

to the board for use by students, faculty, and staff of ULL. The rental income derived from the facilities lease will be used to pay the bonds.

On August 15, 2009, the Lafayette Public Trust Financing Authority agreed to issue revenue bonds totaling \$12,500,000 for the Ragin' Cajun Facilities, Inc., for demolishing certain facilities and the development, design, construction, and equipping of a student parking complex, including parking and other infrastructure at the ULL.

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

University of Louisiana at Monroe (ULM)

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

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

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

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

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

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

On October 25, 2007, the Louisiana Local Government Environmental Facilities and Community Development Authority agreed to issue revenue bonds totaling \$2,045,000 for the University of Louisiana Monroe Facilities, Inc. for demolishing and renovating certain existing buildings and developing, constructing, and equipping a student learning enhancement facility and related facilities.

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

23. INSURANCE RECOVERIES

The total amount of insurance recoveries received during fiscal year 2009 included \$608,796 for wind damage and \$6,956 for collision damage, for a total of \$615,752. This amount was recorded as a nonoperating revenue.

24. SUBSEQUENT EVENTS

On August 6, 2009, the University of Louisiana System, on behalf of MSU, issued revenue bonds totaling \$6,000,000 for the MSU Field House Project. The bonds carry a 3.93% fixed rate of interest and a term of 20 years.

On August 1, 2009, University Facilities, Inc. (SLU), made an additional principal payment of \$1,415,000 on the Series 2007 B Revenue Bonds to call the bonds using money funded from the Federal Transit Administration grant per the bond covenant.

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

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

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Schedule of Funding Progress for the
Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 2009**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2007	NONE	\$1,330,462,600	\$1,330,462,600	0.0%	\$354,023,555	376%
July 1, 2008	NONE	1,360,601,300	1,360,601,300	0.0%	302,710,300	449%

Note to the Schedule:

GASB Statement 45 was implemented prospectively during the fiscal year ended June 30, 2008; therefore, only two years of information are available.

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Combining Schedule of Net Assets, by University

Schedule 1 presents the current and long-term portions of assets and liabilities and net assets for each university.

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

Schedule 2 presents information showing how the assets of each university changed as a result of current year operations.

Combining Schedule of Cash Flows, by University

Schedule 3 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 Assets, by University
June 30, 2009**

	GRAMBLING STATE UNIVERSITY	LOUISIANA TECH UNIVERSITY	MCNEESE STATE UNIVERSITY	NICHOLLS STATE UNIVERSITY
ASSETS				
Current assets:				
Cash and cash equivalents	\$5,372,626	\$10,539,045	\$23,216,932	\$19,039,986
Investments	7,172,023			2,164,487
Receivables (net)	5,190,216	7,300,736	11,964,710	2,869,485
Due from state treasury		168,057	634,304	
Due from federal government	1,579,367	3,753,231	359,279	
Inventories	246,855	2,224,768	1,866,060	140,424
Deferred charges and prepaid expenses	213,901	1,394,060	177,610	1,325,185
Notes receivable (net)		1,185,184	323,650	
Other current assets		127,428		
Total current assets	<u>19,774,988</u>	<u>26,692,509</u>	<u>38,542,545</u>	<u>25,539,567</u>
Noncurrent assets:				
Restricted:				
Cash and cash equivalents	4,744,318	30,582,412	4,138,825	5,582,654
Investments	23,379,224	27,663,708	10,528,217	13,654,326
Receivables (net)				
Notes receivable (net)		6,005,368	2,465,278	
Notes receivable (net)				6,640
Capital assets (net)	164,982,787	147,142,102	64,333,239	90,432,491
Other noncurrent assets	5,247,892	2,395,097	1,329,678	2,523,147
Total noncurrent assets	<u>198,354,221</u>	<u>213,788,687</u>	<u>82,795,237</u>	<u>112,199,258</u>
Total assets	<u>218,129,209</u>	<u>240,481,196</u>	<u>121,337,782</u>	<u>137,738,825</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accruals	3,859,789	5,266,647	4,199,005	4,177,675
Deferred revenues	1,766,888	5,122,772	2,414,586	2,930,660
Compensated absences payable	425,726	423,461	100,413	264,439
Capital lease obligations		439,013		
Amounts held in custody for others	595,593	764,231	256,728	252,934
Notes payable	116,292			188,020
Reimbursement contracts payable				
Bonds payable	930,000	1,390,000	815,000	730,000
Other current liabilities	2,622,933	1,940,193	187,940	315,296
Total current liabilities	<u>10,317,221</u>	<u>15,346,317</u>	<u>7,973,672</u>	<u>8,859,024</u>
Noncurrent liabilities:				
Compensated absences payable	2,948,164	3,607,065	3,230,546	2,956,504
Capital lease obligations		662,682		
Notes payable	1,961,303			200,955
Reimbursement contracts payable				
Bonds payable	105,880,000	77,310,000	20,265,000	56,805,000
Other postemployment benefits payable	14,765,481	23,113,373	17,112,148	18,409,374
Other noncurrent liabilities	505,556			213,113
Total noncurrent liabilities	<u>126,060,504</u>	<u>104,693,120</u>	<u>40,607,694</u>	<u>78,584,946</u>
Total liabilities	<u>136,377,725</u>	<u>120,039,437</u>	<u>48,581,366</u>	<u>87,443,970</u>

(Continued)

Schedule 2

NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	BOARD	TOTAL SYSTEM
\$30,810,605	\$28,908,516	\$67,805,450	\$23,279,955	\$26,805	\$208,999,920
	6,916,338				16,252,848
3,768,530	5,567,426	11,033,570	6,533,792		54,228,465
103,876					906,237
345,791			1,071,252		7,108,920
578,280	798,547	1,720,547	182,574		7,758,055
254,446	31,531	2,602,511	305,529		6,304,773
51,628	372,175	986,903	896,405		3,815,945
64,622	1,904,831			20,224	2,117,105
<u>35,977,778</u>	<u>44,499,364</u>	<u>84,148,981</u>	<u>32,269,507</u>	<u>47,029</u>	<u>307,492,268</u>
2,726,667	15,797,346	46,937,961	13,470,015		123,980,198
7,419,807	14,277,911	54,213,335	18,882,281		170,018,809
33,094			546,414		579,508
1,868,238	2,341,772	9,166,858	5,079,628		26,927,142
					6,640
56,985,327	154,129,005	172,115,190	135,812,698	24,777	985,957,616
	3,345,719	1,460,076	1,493,104		17,794,713
<u>69,033,133</u>	<u>189,891,753</u>	<u>283,893,420</u>	<u>175,284,140</u>	<u>24,777</u>	<u>1,325,264,626</u>
<u>105,010,911</u>	<u>234,391,117</u>	<u>368,042,401</u>	<u>207,553,647</u>	<u>71,806</u>	<u>1,632,756,894</u>
3,846,221	5,412,406	6,347,743	7,148,265	176,223	40,433,974
2,618,561	4,715,688	3,096,395	3,503,570		26,169,120
196,778	556,122	492,980	458,819	232,787	3,151,525
			11,884		450,897
29,115	551,416	1,530,776	560,409	1,987	4,543,189
	34,834	10,689	115,400		465,235
30,000			205,000		235,000
235,000	1,660,000	395,000	285,000		6,440,000
	3,788		2,418,151	24,818	7,513,119
<u>6,955,675</u>	<u>12,934,254</u>	<u>11,873,583</u>	<u>14,706,498</u>	<u>435,815</u>	<u>89,402,059</u>
2,389,491	5,324,231	8,916,186	4,233,334	277,843	33,883,364
			5,243		667,925
			230,950		2,393,208
125,000			445,000		570,000
4,745,000	85,650,000	29,710,000	68,660,000		449,025,000
20,515,500	34,557,659	42,649,598	24,432,891	462,836	196,018,860
96,965	258,835		3,717,313		4,791,782
<u>27,871,956</u>	<u>125,790,725</u>	<u>81,275,784</u>	<u>101,724,731</u>	<u>740,679</u>	<u>687,350,139</u>
<u>34,827,631</u>	<u>138,724,979</u>	<u>93,149,367</u>	<u>116,431,229</u>	<u>1,176,494</u>	<u>776,752,198</u>

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Assets, by University
June 30, 2009**

	<u>GRAMBLING STATE UNIVERSITY</u>	<u>LOUISIANA TECH UNIVERSITY</u>	<u>MCNEESE STATE UNIVERSITY</u>	<u>NICHOLLS STATE UNIVERSITY</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$79,451,722	\$91,013,523	\$44,582,917	\$32,891,817
Restricted for:				
Nonexpendable	5,408,225	29,197,532	11,017,102	10,937,301
Expendable	8,335,470	15,306,517	17,281,793	20,174,640
Unrestricted	<u>(11,443,933)</u>	<u>(15,075,813)</u>	<u>(125,396)</u>	<u>(13,708,903)</u>
Total net assets	<u><u>\$81,751,484</u></u>	<u><u>\$120,441,759</u></u>	<u><u>\$72,756,416</u></u>	<u><u>\$50,294,855</u></u>

(Concluded)

Schedule 2

<u>NORTHWESTERN STATE UNIVERSITY</u>	<u>SOUTHEASTERN LOUISIANA UNIVERSITY</u>	<u>UNIVERSITY OF LOUISIANA AT LAFAYETTE</u>	<u>UNIVERSITY OF LOUISIANA AT MONROE</u>	<u>BOARD</u>	<u>TOTAL SYSTEM</u>
\$51,850,327	\$64,483,849	\$154,833,080	\$64,610,379	\$24,777	\$583,742,391
7,962,206	8,202,204	50,668,750	17,371,400		140,764,720
11,637,967	54,890,507	60,499,007	16,096,258		204,222,159
<u>(1,267,220)</u>	<u>(31,910,422)</u>	<u>8,892,197</u>	<u>(6,955,619)</u>	<u>(1,129,465)</u>	<u>(72,724,574)</u>
<u>\$70,183,280</u>	<u>\$95,666,138</u>	<u>\$274,893,034</u>	<u>\$91,122,418</u>	<u>(\$1,104,688)</u>	<u>\$856,004,696</u>

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Revenues, Expenses,
and Changes in Net Assets, by University
For the Fiscal Year Ended June 30, 2009**

	GRAMBLING STATE UNIVERSITY	LOUISIANA TECH UNIVERSITY	MCNEESE STATE UNIVERSITY	NICHOLLS STATE UNIVERSITY
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowances of \$76,471,457)	\$17,056,488	\$37,446,504	\$21,759,412	\$19,000,879
Federal grants and contracts	8,163,396	11,097,903	2,546,601	1,077,203
State and local grants and contracts	3,123,171	3,585,682	3,199,260	6,105,019
Nongovernmental grants and contracts	158,305	586,436	966,329	990,634
Sales and services of educational departments	358,395	720,620	64,225	769,165
Auxiliary enterprise revenues (net of scholarship allowances of \$9,732,943; including revenues used as security for revenue bonds)	13,017,239	23,722,207	11,401,555	10,199,086
Other operating revenues	9,638,747	1,352,830	2,089,493	1,545,567
Total operating revenues	<u>51,515,741</u>	<u>78,512,182</u>	<u>42,026,875</u>	<u>39,687,553</u>
OPERATING EXPENSES				
Educational and general:				
Instruction	28,251,444	47,403,606	37,629,331	32,762,642
Research	230,904	20,634,178	1,548,879	1,681,976
Public service	76,865	756,513	1,317,329	2,979,418
Academic services	9,024,684	12,774,911	10,972,219	8,481,396
Student services	6,711,656	5,979,307	5,782,416	5,196,941
Institutional support	16,727,639	10,421,824	9,476,751	9,298,931
Operations and maintenance of plant	5,936,160	11,218,418	8,904,469	4,918,964
Depreciation	6,158,566	7,373,589	4,312,375	4,942,971
Scholarships and fellowships	8,236,015	5,503,810	7,364,946	4,217,684
Auxiliary enterprises	17,328,728	36,199,253	13,148,269	12,589,219
Other operating expenses	3,386,770	583,984	503,540	601,052
Total operating expenses	<u>102,069,431</u>	<u>158,849,393</u>	<u>100,960,524</u>	<u>87,671,194</u>
OPERATING LOSS	<u>(50,553,690)</u>	<u>(80,337,211)</u>	<u>(58,933,649)</u>	<u>(47,983,641)</u>
NONOPERATING REVENUES (Expenses)				
State appropriations	30,460,453	60,131,777	43,479,359	34,450,137
Gifts	894,305	5,382,669	1,266,025	641,230
Federal grants	12,706,495	6,586,773	8,098,612	6,871,542
Investment income	(102,838)	404,725	(1,571,061)	545,239
Interest expense	(4,269,507)	(1,443,326)	(1,211,157)	(1,991,479)
Payments to or on behalf of the university				18,870
Other nonoperating revenues (expenses)	(2,587,558)	1,134,188	(385,710)	(5,906,130)
Net nonoperating revenues	<u>37,101,350</u>	<u>72,196,806</u>	<u>49,676,068</u>	<u>34,629,409</u>

(Continued)

Schedule 3

NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	BOARD	TOTAL SYSTEM
\$29,427,864	\$41,328,365	\$49,412,793	\$26,951,687		\$242,383,992
2,631,723	7,006,749	19,345,312	5,686,344		57,555,231
3,967,472	5,269,448	5,564,011	13,108,006		43,922,069
663,066	295,269	16,098,230	1,012,709		20,770,978
1,225,402	1,123,642	601,052	150,905		5,013,406
2,689,074	17,006,489	17,150,849	17,129,794		112,316,293
6,552,238	2,603,352	5,019,827	3,386,658		32,188,712
<u>47,156,839</u>	<u>74,633,314</u>	<u>113,192,074</u>	<u>67,426,103</u>	NONE	<u>514,150,681</u>
43,249,507	70,786,275	67,809,920	45,591,982		373,484,707
1,727,221	2,215,470	50,522,118	8,932,082		87,492,828
2,214,495	4,588,999	3,141,394	11,903,789		26,978,802
12,021,633	15,198,427	14,696,052	7,573,448		90,742,770
6,851,891	11,611,088	15,347,697	8,890,540		66,371,536
11,603,432	16,676,364	27,997,573	15,240,611	\$9,215,568	126,658,693
10,798,455	17,526,889	17,352,821	11,549,414		88,205,590
4,741,663	7,078,544	9,930,133	6,954,941	12,427	51,505,209
11,650,213	14,609,666	3,575,367	7,871,905		63,029,606
7,989,826	14,285,741	25,993,043	18,656,735		146,190,814
283,597	1,226,073	854,628	2,324,526	666,629	10,430,799
<u>113,131,933</u>	<u>175,803,536</u>	<u>237,220,746</u>	<u>145,489,973</u>	<u>9,894,624</u>	<u>1,131,091,354</u>
<u>(65,975,094)</u>	<u>(101,170,222)</u>	<u>(124,028,672)</u>	<u>(78,063,870)</u>	<u>(9,894,624)</u>	<u>(616,940,673)</u>
47,481,371	75,839,584	96,724,188	55,477,916	9,055,260	453,100,045
	486,614	745,617			9,416,460
10,128,847	14,875,525	13,970,188	9,873,298		83,111,280
1,817,200	691,678	(4,965,378)	(1,801,177)	489,800	(4,491,812)
(267,461)	(3,436,234)	(901,356)	(2,916,777)		(16,437,297)
					18,870
<u>(1,458,078)</u>	<u>(739,432)</u>	<u>1,812,368</u>	<u>(5,545,127)</u>	<u>6,964</u>	<u>(13,668,515)</u>
<u>57,701,879</u>	<u>87,717,735</u>	<u>107,385,627</u>	<u>55,088,133</u>	<u>9,552,024</u>	<u>511,049,031</u>

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Revenues, Expenses,
and Changes in Net Assets, by University
For the Fiscal Year Ended June 30, 2009**

	<u>GRAMBLING STATE UNIVERSITY</u>	<u>LOUISIANA TECH UNIVERSITY</u>	<u>MCNEESE STATE UNIVERSITY</u>	<u>NICHOLLS STATE UNIVERSITY</u>
LOSS BEFORE OTHER REVENUES AND EXPENSES	(\$13,452,340)	(\$8,140,405)	(\$9,257,581)	(\$13,354,232)
Capital appropriations	5,551,284	8,176,381	7,442,406	4,808,616
Capital grants and gifts		1,154,271	34,020	282,250
Additions to permanent endowments	184,581	(2,458,945)	400,000	
Other		(3,027,860)		
CHANGE IN NET ASSETS	(7,716,475)	(4,296,558)	(1,381,155)	(8,263,366)
NET ASSETS - BEGINNING OF YEAR (Restated)	<u>89,467,959</u>	<u>124,738,317</u>	<u>74,137,571</u>	<u>58,558,221</u>
NET ASSETS - END OF YEAR	<u><u>\$81,751,484</u></u>	<u><u>\$120,441,759</u></u>	<u><u>\$72,756,416</u></u>	<u><u>\$50,294,855</u></u>

(Concluded)

Schedule 3

NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	BOARD	TOTAL SYSTEM
(\$8,273,215)	(\$13,452,487)	(\$16,643,045)	(\$22,975,737)	(\$342,600)	(\$105,891,642)
	627,078	4,585,875	2,561,894	37,204	33,790,738
5,255,583		136,660	2,031,311		8,894,095
400,000	700,000	2,200,000			1,425,636
					(3,027,860)
(2,617,632)	(12,125,409)	(9,720,510)	(18,382,532)	(305,396)	(64,809,033)
72,800,912	107,791,547	284,613,544	109,504,950	(799,292)	920,813,729
<u>\$70,183,280</u>	<u>\$95,666,138</u>	<u>\$274,893,034</u>	<u>\$91,122,418</u>	<u>(\$1,104,688)</u>	<u>\$856,004,696</u>

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2009**

	GRAMBLING STATE UNIVERSITY	LOUISIANA TECH UNIVERSITY	MCNEESE STATE UNIVERSITY	NICHOLLS STATE UNIVERSITY
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees	\$27,185,035	\$37,464,033	\$21,913,117	\$19,157,387
Grants and contracts	11,040,851	14,179,025	8,560,966	7,266,228
Sales and services of educational departments	589,709	725,756	(122,041)	672,467
Auxiliary enterprise receipts	14,637,251	24,113,572	11,308,958	10,402,039
Payments for employee compensation	(40,859,500)	(70,336,976)	(43,818,913)	(38,851,831)
Payments for benefits	(11,172,539)	(18,768,523)	(12,424,712)	(11,995,089)
Payments for utilities	(2,757,844)	(9,483,224)	(2,933,923)	(3,131,698)
Payments for supplies and services	(23,386,908)	(34,118,296)	(19,168,108)	(14,255,985)
Payments for scholarships and fellowships	(19,845,458)	(6,914,346)	(9,403,672)	(5,503,618)
Loans issued to students and employees		(633,445)		
Collection of loans to students and employees		721,166	32,752	
Other receipts (payments)	2,491,859	1,340,993	247,589	117,082
Net cash used by operating activities	<u>(42,077,544)</u>	<u>(61,710,265)</u>	<u>(45,807,987)</u>	<u>(36,123,018)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	31,500,837	59,974,520	43,479,359	34,450,137
Gifts and grants for other than capital purposes	894,305	11,194,763	9,364,637	7,512,772
Private gifts for endowment purposes	184,581	(2,458,945)	400,000	
TOPS receipts	425,276	7,036,641	5,181,657	6,467,959
TOPS disbursements	(425,276)	(9,534,615)	(5,181,657)	(6,467,959)
Federal Family Education Loan program receipts	36,070,500	25,616,369	20,975,663	16,849,903
Federal Family Education Loan program disbursements	(36,070,500)	(25,604,869)	(20,975,663)	(16,849,903)
Other receipts (disbursements)	12,706,493	1,339,181	(326,481)	(5,894,125)
Net cash provided by noncapital financing sources	<u>45,286,216</u>	<u>67,563,045</u>	<u>52,917,515</u>	<u>36,068,784</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Proceeds from capital debt				
Capital appropriations received		580,069	7,442,406	4,808,616
Capital grants and gifts received		1,040,922	34,020	282,250
Purchases of capital assets	(12,145,911)	(20,803,537)	(8,998,463)	(17,777,278)
Principal paid on capital debt and leases	(259,712)	(5,670,572)	(1,260,000)	(583,829)
Interest paid on capital debt and leases	(4,269,508)	(1,355,915)	(1,211,157)	(1,940,764)
Other sources (uses)	(60,852)	(3,027,860)		1,564,835
Net cash provided (used) by capital financing activities	<u>(16,735,983)</u>	<u>(29,236,893)</u>	<u>(3,993,194)</u>	<u>(13,646,170)</u>

(Continued)

Schedule 4

NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	BOARD	TOTAL SYSTEM
\$29,580,225	\$41,401,247	\$49,271,022	\$25,838,388		\$251,810,454
6,916,470	12,338,945	40,492,558	19,807,059		120,602,102
1,225,402	1,120,718	601,052	150,905		4,963,968
(5,069,313)	17,959,304	18,591,538	17,180,796		109,124,145
(49,652,960)	(81,117,170)	(110,924,663)	(56,971,349)	(\$2,409,036)	(494,942,398)
(3,683,949)	(22,699,884)	(15,071,444)	(16,258,915)	(677,814)	(112,752,869)
(2,772,388)	(5,533,623)	(8,188,038)	(3,258,495)		(38,059,233)
(22,635,991)	(32,275,058)	(65,863,583)	(33,786,854)	(6,465,174)	(251,955,957)
(11,650,213)	(11,342,373)	(4,277,493)	(7,871,905)		(76,809,078)
(433,552)	(447,193)	(2,531,878)	(2,631,530)		(6,677,598)
299,541	235,163	2,149,843	712,432		4,150,897
6,432,969	1,691,720	5,101,649	(54,592)	(183,608)	17,185,661
<u>(51,443,759)</u>	<u>(78,668,204)</u>	<u>(90,649,437)</u>	<u>(57,144,060)</u>	<u>(9,735,632)</u>	<u>(473,359,906)</u>
47,377,495	75,674,980	96,512,153	55,477,916	9,055,260	453,502,657
10,128,847	15,074,390	13,970,188	9,834,262		77,974,164
400,000	700,000	2,200,000			1,425,636
4,653,841	10,623,906	13,072,169	5,793,397		53,254,846
(4,653,841)	(10,622,399)	(13,072,169)	(5,793,397)		(55,751,313)
29,191,175	42,369,307	29,079,359	28,056,423		228,208,699
(29,191,175)	(42,385,833)	(29,079,359)	(28,056,423)		(228,213,725)
(1,458,078)	(262,501)	1,185,668	(1,483,599)	6,964	5,813,522
<u>56,448,264</u>	<u>91,171,850</u>	<u>113,868,009</u>	<u>63,828,579</u>	<u>9,062,224</u>	<u>536,214,486</u>
		12,500,000	1,243,842		13,743,842
	627,078		2,561,894	37,204	16,057,267
97,173			2,031,311		3,485,676
(3,479,255)	(5,612,047)	(5,946,418)	(7,124,613)		(81,887,522)
(250,000)	(1,621,325)	(397,688)	(2,696,360)		(12,739,486)
(267,461)	(3,436,234)	(762,396)	(2,916,777)		(16,160,212)
	75,110				(1,448,767)
<u>(3,899,543)</u>	<u>(9,967,418)</u>	<u>5,393,498</u>	<u>(6,900,703)</u>	<u>37,204</u>	<u>(78,949,202)</u>

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University, 2009**

	GRAMBLING STATE UNIVERSITY	LOUISIANA TECH UNIVERSITY	MCNEESE STATE UNIVERSITY	NICHOLLS STATE UNIVERSITY
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments	\$53,171,787	\$2,458,944	\$939,190	\$10,680,506
Interest received on investments	1,414,603	411,404	316,563	544,952
Purchase of investments	(41,304,505)			2,077,090
Net cash provided by investing activities	<u>13,281,885</u>	<u>2,870,348</u>	<u>1,255,753</u>	<u>13,302,548</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(245,426)	(20,513,765)	4,372,087	(397,856)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR				
	<u>10,362,370</u>	<u>61,635,222</u>	<u>22,983,670</u>	<u>25,020,496</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR				
	<u>\$10,116,944</u>	<u>\$41,121,457</u>	<u>\$27,355,757</u>	<u>\$24,622,640</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	(\$50,553,690)	(\$80,337,211)	(\$58,933,649)	(\$47,983,641)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	6,158,566	7,373,589	4,312,375	4,942,971
Changes in assets and liabilities:				
(Increase) Decrease in accounts receivable, net	(848,648)	(759,485)	1,577,272	(1,063,015)
(Increase) Decrease in inventories	25,433	(218,432)	(353,815)	(4,453)
(Increase) Decrease in deferred charges and prepaid expenses	(77,614)	(79,952)	(18,972)	16,037
(Increase) Decrease in notes receivable	1,660	379,391	32,752	
(Increase) Decrease in other assets	188,251	143,787	(612,233)	122,075
Increase (Decrease) in accounts payable and accrued liabilities	(4,114,976)	(66,521)	(896,035)	500,145
Increase (Decrease) in deferred revenue	689,148	17,950	192,081	(1,884,530)
Increase (Decrease) in amounts held in custody for others	21,494	72,973	(45,735)	21,460
Increase (Decrease) in compensated absences	(415,314)	250,576	290,116	18,916
Increase in other postemployment benefits payable	6,961,869	11,469,023	8,647,856	9,190,730
Increase (Decrease) in other liabilities	(113,723)	44,047		287
Net cash used by operating activities	<u>(\$42,077,544)</u>	<u>(\$61,710,265)</u>	<u>(\$45,807,987)</u>	<u>(\$36,123,018)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:				
Cash and cash equivalents classified as current assets	\$5,372,626	\$10,539,045	\$23,216,932	\$19,039,986
Cash and cash equivalents classified as noncurrent assets	<u>4,744,318</u>	<u>30,582,412</u>	<u>4,138,825</u>	<u>5,582,654</u>
Cash and cash equivalents at the end of the year	<u>\$10,116,944</u>	<u>\$41,121,457</u>	<u>\$27,355,757</u>	<u>\$24,622,640</u>

(Continued)

Schedule 4

NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	BOARD	TOTAL SYSTEM
	\$1,233,560	\$119,020,716	\$5,991,476		\$193,496,179
\$1,817,200	691,678			\$489,800	5,686,200
757,504	(480,573)	(94,844,472)	(5,862,705)		(139,657,661)
<u>2,574,704</u>	<u>1,444,665</u>	<u>24,176,244</u>	<u>128,771</u>	<u>489,800</u>	<u>59,524,718</u>
3,679,666	3,980,893	52,788,314	(87,413)	(146,404)	43,430,096
<u>29,857,606</u>	<u>40,724,969</u>	<u>61,955,097</u>	<u>36,837,383</u>	<u>173,209</u>	<u>289,550,022</u>
<u>\$33,537,272</u>	<u>\$44,705,862</u>	<u>\$114,743,411</u>	<u>\$36,749,970</u>	<u>\$26,805</u>	<u>\$332,980,118</u>
(65,975,094)	(\$101,170,222)	(\$124,028,672)	(\$78,063,870)	(\$9,894,624)	(\$616,940,673)
4,741,663	7,078,544	9,930,133	6,954,941	12,427	51,505,209
(226,671)	612,414	(618,147)	(1,458,879)		(2,785,159)
52,916	(278,356)	82,847	4,201		(689,659)
(22,221)	3,497	9,596	365,143		195,514
(134,011)	(212,030)	(382,035)	(891,409)		(1,205,682)
(10,828)	527,430		(100,881)	616,519	874,120
(411,823)	(3,342,405)	618,434	1,143,546	(584,841)	(7,154,476)
264,680	(411,011)	1,480,462	396,582		745,362
	217,100	3,430	(71,566)	1,987	221,143
60,402	941,975	887,841	280,504	12,743	2,327,759
10,155,356	17,364,860	21,366,674	12,061,937	248,548	97,466,853
61,872			2,235,691	(148,391)	2,079,783
<u>(\$51,443,759)</u>	<u>(\$78,668,204)</u>	<u>(\$90,649,437)</u>	<u>(\$57,144,060)</u>	<u>(\$9,735,632)</u>	<u>(\$473,359,906)</u>
\$30,810,605	\$28,908,516	\$67,805,450	\$23,279,955	\$26,805	\$208,999,920
<u>2,726,667</u>	<u>15,797,346</u>	<u>46,937,961</u>	<u>13,470,015</u>		<u>123,980,198</u>
<u>\$33,537,272</u>	<u>\$44,705,862</u>	<u>\$114,743,411</u>	<u>\$36,749,970</u>	<u>\$26,805</u>	<u>\$332,980,118</u>

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University, 2009**

	<u>GRAMBLING STATE UNIVERSITY</u>	<u>LOUISIANA TECH UNIVERSITY</u>	<u>MCNEESE STATE UNIVERSITY</u>	<u>NICHOLLS STATE UNIVERSITY</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Capital assets appropriated	\$5,551,284	\$7,647,952	\$7,442,406	\$4,808,616
Disposition of capital assets	(2,587,558)	842,455		
Other			34,020	282,250

(Concluded)

Schedule 4

NORTHWESTERN STATE UNIVERSITY	SOUTHEASTERN LOUISIANA UNIVERSITY	UNIVERSITY OF LOUISIANA AT LAFAYETTE	UNIVERSITY OF LOUISIANA AT MONROE	BOARD	TOTAL SYSTEM
\$5,158,410		\$4,585,875		\$37,204	\$35,231,747
		136,660			(1,745,103)
					452,930

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OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

March 24, 2010

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*

UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the financial statements of the business-type activities and discretely presented component units of the University of Louisiana System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the System's basic financial statements and have issued our report thereon dated March 24, 2010. Our report was modified to include a reference to other auditors; an explanatory paragraph for the exclusion of McNeese State University Foundation as a discretely presented component unit; and an explanatory paragraph for the implementation of Governmental Accounting Standards Board guidance for reporting revenues from certain federal grants. 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. Other auditors audited the financial statements of the Black and Gold Facilities, Inc.; Innovative Student Facilities, Inc.; Cowboy Facilities, Inc.; Nicholls State University Facilities Corporation; University Facilities, Inc.; Ragin' Cajun Facilities, Inc.; and University of Louisiana at Monroe Facilities, Inc., which are nonprofit corporations included as blended component units in the basic financial statements of the University of Louisiana 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 University of Louisiana System as described in our report on the University of Louisiana System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Black and Gold Facilities, Inc.; Nicholls State University Facilities Corporation; University Facilities, Inc.; and University of Louisiana at Monroe Facilities, Inc., were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University of Louisiana System's internal control over financial reporting as a basis for designing our auditing procedures 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 University of Louisiana System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

Other Reports

Other external auditors audited the Black and Gold Facilities, Inc.; Innovative Student Facilities, Inc.; Cowboy Facilities, Inc.; Nicholls State University Facilities Corporation; University Facilities, Inc.; Ragin' Cajun Facilities, Inc.; and University of Louisiana at Monroe Facilities, Inc., which are blended component units included in the University of Louisiana System's basic financial statements for the year ended June 30, 2009. 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 University of Louisiana 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 University of Louisiana System's basic financial statements for the year ended June 30, 2009, we performed certain procedures on campuses within the University of Louisiana System. Our reports on those procedures for those campuses are listed as follows:

	<u>Issue Date</u>
Grambling State University	September 23, 2009
University of Louisiana at Lafayette	October 14, 2009
Southeastern Louisiana University	February 3, 2010
Nicholls State University	February 3, 2010
Louisiana Tech University	February 17, 2010
Northwestern State University	April 14, 2010

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

This report is intended solely for the information and use of the University of Louisiana System, its management, the Board of Supervisors of the University of Louisiana System, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

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