

Financial Report

For the Year Ended June 30, 2016



University of Louisiana at Lafayette



UNIVERSITY OF LOUISIANA AT LAFAYETTE

A MEMBER OF THE UNIVERSITY OF LOUISIANA SYSTEM

FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016

**E. JOSEPH SAVOIE
PRESIDENT**

**JERRY LUKE LEBLANC
VICE PRESIDENT, ADMINISTRATION AND FINANCE**

**DEBRA L. CALAIS
ASSISTANT VICE PRESIDENT, FINANCIAL SERVICES**

**LYNN B. LEBLANC
ASSOCIATE COMPTROLLER**

**ARLENE V. HOAG
ASSISTANT COMPTROLLER**

**SUE BROUSSARD
GENERAL RESTRICTED ACCOUNTANT**

**ANGELA M. SMITH
FUNDS HANDLING COMPLIANCE ACCOUNTANT**

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
COMPONENT UNIT FINANCIAL STATEMENTS
AS OF AND FOR YEAR ENDED JUNE 30, 2016

CONTENTS

Affidavits

Basic Financial Statements:

Statement of Net Position

Statement of Revenues, Expenses, and Changes in Net Position

Simplified Statement of Activities

Statement of Cash Flows

Notes to the Financial Statement

1. Summary of Significant Accounting Policies
 - A. Basis of Presentation
 - B. Reporting Entity
 - C. Basis of Accounting
 - D. Budget Practices
 - E. Cash Equivalent and Investments
 - F. Inventories
 - G. Noncurrent Restricted Assets
 - H. Capital Assets
 - I. Unearned Revenues
 - J. Compensated Absences
 - K. Noncurrent Liabilities
 - L. Net Position
 - M. Classifications of Revenues and Expenses
 - N. Scholarship Discounts and Allowances
 - O. Use of Estimates
 - P. Adoption of New Accounting Principles
 - Q. Eliminating Interfund Activity
 - R. Component Units
2. Cash and Cash Equivalents
3. Investments
4. Accounts Receivable
5. Changes in Capital Assets
6. Payables
7. Compensated Absences
8. Pension Liability
9. Optional Retirement System
10. Postemployment Health Care and Life Insurance Benefits
11. Lease Obligations
12. Long-Term Liabilities
13. Refunding of Bonds
14. Interest Rate Swap Agreements
15. Revenue Used as Security for Revenue Bonds
16. Restatement of Beginning Net Position/Net Assets
17. Restricted Net Position
18. Condensed Financial Information
19. Functional Versus Natural Classification of Expenses

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
COMPONENT UNIT FINANCIAL STATEMENTS
AS OF AND FOR YEAR ENDED JUNE 30, 2016

CONTENTS

- 20. Contingent Liabilities and Risk Management
- 21. On-Behalf Payments for Salaries and Fringe Benefits
- 22. Donor Restricted Endowments
- 23. Foundation
- 24. Deferred Compensation Plan
- 25. Alternative Financing Agreements
- 26. Cooperative Endeavor Agreements
- 27. Subsequent Events

STATE OF LOUISIANA
Annual Financial Statement
Fiscal Year Ending June 30, 2016

University of Louisiana at Lafayette

University of Louisiana System
1201 North Third Street
Suite 7-300
Baton Rouge, Louisiana 70802

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Dr. E. Joseph Savoie, President of the University of Louisiana at Lafayette, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the University of Louisiana at Lafayette at June 30, 2016 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 27th day of September, 2016.



Signature of Agency Official



NOTARY PUBLIC

Prepared by: Debra L. Calais

Title: Assistant Vice President for Financial Services

Telephone No.: 337-482-6199

Email address: dcalais@louisiana.edu

Date: September 27, 2016



STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	University	Component Units	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 43,980,146	\$ 1,179,906	\$	\$ 45,160,052
Receivables, net	22,025,465	654,748	\$ (640,000)	22,040,213
Pledges receivable		1,836,379		1,836,379
Due from State Treasury	948,572			948,572
Due from Federal Government	2,224,194			2,224,194
Inventories	2,041,308			2,041,308
Prepaid expenses and advances	2,358,188			2,358,188
Notes receivable	1,134,261			1,134,261
Other current assets	582			582
Total current assets	<u>74,712,716</u>	<u>3,671,033</u>	<u>(640,000)</u>	<u>77,743,749</u>
Noncurrent Assets				
Restricted assets:				
Cash and cash equivalents	44,932,560	2,420,328		47,352,888
Investments	87,496,882	150,819,716	(87,496,882)	150,819,716
Accounts receivable, net				-
Notes receivable, net	7,642,244			7,642,244
Other		3,356,838		3,356,838
Pledges receivable		5,484,336		5,484,336
Capital assets, net	404,768,585	11,846,435		416,615,020
Other noncurrent assets	5,381,403	745,155		6,126,558
Total noncurrent assets	<u>550,221,674</u>	<u>174,672,808</u>	<u>(87,496,882)</u>	<u>637,397,600</u>
Total assets	<u>624,934,390</u>	<u>178,343,841</u>	<u>(88,136,882)</u>	<u>715,141,349</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	38,617,170			38,617,170
Total deferred outflows of resources	<u>38,617,170</u>	NONE	NONE	<u>38,617,170</u>
Total assets and deferred outflow of resources	<u>\$ 663,551,560</u>	<u>\$ 178,343,841</u>	<u>\$ (88,136,882)</u>	<u>\$ 753,758,519</u>
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 13,806,651	\$ 1,943,871	\$ (910,819)	\$ 14,839,703
Deferred revenues	16,297,269			16,297,269
Amounts held in custody for others	1,431,101			1,431,101
Other liabilities	2,705,755			2,705,755
Current Portion of Noncurrent Liabilities:				
Compensated absences payable (Note I)	775,282			775,282
Notes payable (Note I)	108,921	20,310		129,231
Contracts payable (Note I)	36,882			36,882
Bonds payable (Note I)	4,670,000	800,000		5,470,000
Other current liabilities		203,281		203,281
Total current liabilities	<u>39,831,861</u>	<u>2,967,462</u>	<u>(910,819)</u>	<u>41,888,504</u>
Long-term Portion of Noncurrent Liabilities				
Compensated absences payable	10,424,717			10,424,717
Amounts held in custody for others		34,364,234	(34,364,234)	-
Notes Payable	1,112,901	397,225		1,510,126
Net pension liability	250,146,615			250,146,615
OPEB payable	109,108,202			109,108,202
Bonds payable	211,238,586	-		211,238,586
Other noncurrent liabilities				-
Total noncurrent liabilities	<u>582,031,021</u>	<u>34,761,459</u>	<u>(34,364,234)</u>	<u>582,428,246</u>
Total liabilities	<u>621,862,882</u>	<u>37,728,921</u>	<u>(35,275,053)</u>	<u>624,316,750</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	9,661,313			9,661,313
Total deferred inflows of resources	<u>9,661,313</u>	NONE	NONE	<u>9,661,313</u>
Total liabilities and deferred inflows or resources	<u>\$ 631,524,195</u>	<u>\$ 37,728,921</u>	<u>\$ (35,275,053)</u>	<u>\$ 633,978,063</u>
Net Position				
Invested in capital assets, net of related debt	\$ 216,307,565	\$ 11,046,435	\$	\$ 227,354,000
Restricted for: Nonexpendable	51,515,000	92,637,096	\$ (46,631,222)	97,520,874
Expendable	63,083,454	43,811,715	(6,230,607)	100,664,562
Unrestricted	(298,878,654)	(6,880,326)		(305,758,980)
Total net position	<u>32,027,365</u>	<u>140,614,920</u>	<u>(52,861,829)</u>	<u>119,780,456</u>
Total liabilities and net position	<u>\$ 663,551,560</u>	<u>\$ 178,343,841</u>	<u>\$ (88,136,882)</u>	<u>\$ 753,758,519</u>

**STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	System	Component Units	Eliminations	Total
Operating Revenues:				
Student tuition and fees	\$ 161,089,914	\$	\$ (967,604)	\$ 160,122,310
Less scholarship allowances	(35,079,677)			(35,079,677)
Net student tuition and fees	<u>126,010,237</u>	NONE	<u>(967,604)</u>	<u>125,042,633</u>
Gifts received by foundation (<i>comp. units only</i>)		10,620,045	(1,600,000)	9,020,045
Endowment income (<i>comp. units only</i>)		(1,713,843)	(1,195,526)	(2,909,369)
Federal grants and contracts	16,600,717			16,600,717
State and local grants and contracts	4,333,063	1,500		4,334,563
Nongovernmental grants and contracts	15,618,483			15,618,483
Sales and services of education departments	570,322			570,322
Auxiliary enterprise revenues (see Note HH for revenue amounts pledged as security for bonds)	47,477,019			47,477,019
Less scholarship allowances	(6,923,370)			(6,923,370)
Net auxiliary revenues	<u>40,553,649</u>	NONE	NONE	<u>40,553,649</u>
Other operating revenues	<u>4,923,250</u>	<u>754,186</u>		<u>5,677,436</u>
Total operating revenues	<u>208,609,721</u>	<u>9,661,888</u>	<u>(3,763,130)</u>	<u>214,508,479</u>
Operating Expenses				
Education and general:				
Instruction	89,496,080			89,496,080
Research	45,146,494			45,146,494
Public service	5,404,450			5,404,450
Academic support	17,293,498			17,293,498
Student services	14,050,604			14,050,604
Institutional support	29,127,279			29,127,279
Operations and maintenance of plant	16,525,381			16,525,381
Depreciation	18,857,099	339,399		19,196,498
Scholarships and fellowships	4,223,334			4,223,334
Auxiliary enterprises	45,983,675			45,983,675
Other operating expenses	561,594	17,071,629	(6,612,591)	11,020,632
Total operating expenses	<u>286,669,488</u>	<u>17,411,028</u>	<u>(6,612,591)</u>	<u>297,467,925</u>
Operating income(loss)	<u>(78,059,767)</u>	<u>(7,749,140)</u>	<u>2,849,461</u>	<u>(82,959,446)</u>
Nonoperating Revenues (Expenses)				
State appropriations	46,329,707			46,329,707
Gifts	3,781,528		(1,002,624)	2,778,904
Federal nonoperating revenues(expenses)	22,723,431			22,723,431
Net investment income(loss)	902,171	2,014		904,185
Interest expense	(9,635,134)			(9,635,134)
Other nonoperating revenues(expenses)	2,705,643	(127,387)		2,578,256
Net nonoperating revenues(expenses)	<u>66,807,346</u>	<u>(125,373)</u>	<u>(1,002,624)</u>	<u>65,679,349</u>
Income(loss) before other revenues, expenses, gains, losses	<u>(11,252,421)</u>	<u>(7,874,513)</u>	<u>1,846,837</u>	<u>(17,280,097)</u>
Capital appropriations	355,275			355,275
Capital grants and gifts	14,224,661		(3,272,515)	10,952,146
Additions to permanent endowments	1,600,000	790,137		2,390,137
Increase(decrease) in Net Assets	<u>4,927,515</u>	<u>(7,084,376)</u>	<u>(1,425,678)</u>	<u>(3,582,539)</u>
Net position at beginning of the year, as restated	<u>27,099,850</u>	<u>147,699,296</u>	<u>(51,436,151)</u>	<u>123,362,995</u>
Net Asset at end of the year	<u>\$ 32,027,365</u>	<u>\$ 140,614,920</u>	<u>\$ (52,861,829)</u>	<u>\$ 119,780,456</u>

**STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

Cash flow from operating activities

Tuition and fees	\$	128,261,676
Grants and contracts		33,006,777
Sales and services of educational departments		568,357
Auxiliary enterprise receipts		39,544,702
Payments for employee compensation		(140,355,948)
Payments for benefits		(46,205,922)
Payments for utilities		(7,072,564)
Payments for supplies and services		(66,134,726)
Payments for scholarships and fellowships		(5,211,362)
Loans to students		(2,620,891)
Collection of loans to students		3,950,766
Other receipts (payments) (provide explanation)		<u>4,302,321</u>
Net cash provided (used) by operating activities		<u>(57,966,814)</u>

Cash flows from non-capital financing activities

State appropriations	\$	45,698,949
Gifts and grants for other than capital purposes		3,990,773
Pell Grant receipts (do not report in gifts and grants)		21,518,286
Private gifts for endowment purposes		1,680,000
TOPS receipts		33,179,725
TOPS disbursements		(33,278,714)
Direct lending receipts		59,830,770
Direct lending disbursements		(60,459,763)
Other receipts (payments)(provide explanation)		<u>3,697,531</u>
Net cash provided by noncapital financing sources		<u>75,857,557</u>

Cash flows from capital financing activities

Proceeds from capital debt	\$	19,611,703
Capital grants and gifts received		11,432,159
Purchases of capital assets		(40,137,065)
Principal paid on capital debt and leases		(4,003,178)
Interest paid on capital debt and leases		(9,764,625)
Other sources (provide explanation)		<u>(22,861,006)</u>
Net cash used by capital financing activities		<u>(22,861,006)</u>

Cash flows from investing activities

Proceeds from sales and maturities of investments	\$	4,083,961
Interest received on investments		859,421
Net cash provided (used) by investing activities		<u>4,943,382</u>

Net increase (decrease) in cash and cash equivalents		(26,881)
Cash and cash equivalents at beginning of the year		<u>88,939,587</u>
Cash and cash equivalents at the end of the year	\$	<u><u>88,912,706</u></u>

**STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

**Reconciliation of Net Operating Revenues (Expenses) to
Net Cash Provided (Used) by Operating Activities**

Operating income (loss)	\$ (78,059,767)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation expense	18,857,099
Pension expense	
Deferred outflows	
Cajundome rental income	(946,943)
Nonemployer Contributing Entity Revenue	613,723
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
(Increase) decrease in accounts receivables, net	(7,097,344)
(Increase) decrease in notes receivables	779,706
(Increase) decrease in inventories	514,102
(Increase) decrease in prepaid expenses and advances	(79,544)
(Increase) decrease in deferred outflows related to pensions	(1,411,356)
Increase (decrease) in accounts payable and accrued liabilities	2,612,932
Increase (decrease) in unearned revenue	4,938,329
Increase (decrease) in amounts held in custody for others	304,447
Increase (decrease) in compensated absences	551,584
Increase (decrease) in net pension liability	15,326,299
Increase (decrease) in OPEB payable	8,950,005
Increase (decrease) in other liabilities	(14,216)
Increase (decrease) in deferred inflows related to pensions	(23,805,870)
Net cash provided (used) by operating activities:	<u>\$ (57,966,814)</u>

Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets

Cash and cash equivalents classified as current assets	\$ 43,980,146
Cash and cash equivalents classified as noncurrent assets	<u>44,932,560</u>
Total Cash and Cash Equivalents	<u>\$ 88,912,706</u>

**Noncash Investing, Noncapital Financing, and Capital and
Related Financing Transactions**

Capital appropriations	\$ <u>355,275</u>
Increase in fair market value of assets	<u>2,935,622</u>
Capital gifts and grants	<u>2,759,649</u>
Other	<u>(660,743)</u>

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

* Other (operating cash payments)

Miscellaneous income; Tenant rentals; Arts admissions, concessions, and sales; Check fines

**Other (cash flows from non capital financing activities)

Insurance recoveries; Cajundome reserve; Changes in capital assets

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

INTRODUCTION

The University of Louisiana at Lafayette (University) is a publicly supported institution of higher education. The University is a component unit of the State of Louisiana, within the executive branch of government. The University is under the management and supervision of the University of Louisiana System Board of Supervisors; however, the annual budget of the University 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 a state university, operations of the University's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature. The chief executive officer of the University is the president.

The University had approximately 17,508 students enrolled during the fall semester of the 2015-2016 academic year and employed approximately 1,784 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.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In July of 1984, the GASB issued Statement No. 1, which provided that all statements and interpretations issued by the National Council on Governmental Accounting (NCGA) continue as generally accepted accounting principles until altered, amended, supplemented, revoked or superseded by subsequent GASB pronouncements.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. As a component unit of the State of Louisiana, the University of Louisiana at Lafayette (university) is required to report its financial statements in accordance with GASBs 34 and 35 as amended by GASBs 37, 38, and 61. The financial statement presentation required by GASBs 34 and 35 provides a comprehensive, entity-wide perspective of the university's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows, and replaces the fund-group perspective previously required.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The University is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the majority of the members of the governing board are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) the state issues bonds to finance certain construction; and (4) the universities within the University primarily serve state residents. The accompanying financial statements present information only as to the transactions of the programs of the University 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.

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

C. BASIS OF ACCOUNTING

For financial reporting purposes, the university is considered a special-purpose government engaged in only business-type activities. All activities of the University are accounted for within a single proprietary (enterprise) fund. Accordingly, the university'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-agency transactions have been eliminated.

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 certificate of deposit and all highly liquid investments with an original maturity of three months or less to be cash equivalents. Under state law, the university 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 university may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash equivalents reported on the Statement of Net Position include all negotiable certificates of deposit, regardless of maturity.

In accordance with Louisiana Revised Statute (R.S.) 49:327, the university 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, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in the carrying value of investments resulting in unrealized gains or losses are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. For purposes of the Statement of Cash Flows, the university 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 on the weighted average basis. Adjustments are made at fiscal year-end to account for its inventories using the consumption method.

G. NONCURRENT RESTRICTED ASSETS

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

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

H. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. The university's capitalization policy provides that movable property items with a unit cost of \$5,000 or more and an estimated useful life greater than one year and buildings and improvements with a cost of \$100,000 or more are capitalized. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. 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, 3 to 10 years for most movable property, 3 years for software with an acquisition cost of \$1,000,000 or more, and 3 to 10 years for internally generated software with development costs of \$1,000,000 or more. Library collections regardless of age, with a total acquisition value of \$5,000,000 or more will be capitalized and depreciated.

I. UNEARNED REVENUES

Unearned (formerly 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. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

J. COMPENSATED ABSENCES

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

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

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

K. NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; estimated amounts for accrued compensated absences, other postemployment benefits, net pension liabilities, and other liabilities that will not be paid within the next fiscal year; and other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the Louisiana State Employees Retirement System and the Teachers Retirement System of Louisiana, and additions to/deductions from the retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirements systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

L. NET POSITION

The university's net position is classified as follows:

(1) NET INVESTMENT IN CAPITAL ASSETS

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

(2) RESTRICTED NET POSITION – EXPENDABLE

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

(3) RESTRICTED NET POSITION – NONEXPENDABLE

Restricted nonexpendable net position consist of endowment and similar type funds for which 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.

(d) UNRESTRICTED NET POSITION

Unrestricted net position 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 university, 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 university's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

M. CLASSIFICATIONS OF REVENUES AND EXPENSES

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

(a) Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and (3) most federal, state, and local grants and contracts and federal appropriations.

(b) Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, and investment income.

(c) Operating expenses generally include transactions resulting from providing goods or services, such as (1) payment to vendors for goods or services; (2) payments to employees for services; and (3) payments for employee benefits.

(d) Nonoperating expenses include transactions resulting from financing activities, capital acquisitions, and investing activities.

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

university, and the amount that is paid by students and/or third parties making payments on the student's behalf.

O. USE OF ESTIMATES

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

P. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2016, the university implemented the following accounting standards:

- GASB Statement No. 72, *Fair Value Measurement and Application*, is effective for the fiscal year ended June 30, 2016. The objective of this pronouncement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The statement will impact the university's financial statements.

Q. ELIMINATING INTERFUND ACTIVITY

Activities between the university and the university's service units are eliminated for purposes of preparing the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Net Position.

R. COMPONENT UNITS

Blended Component Unit

Ragin' Cajun Facilities, Inc. is considered a blended component unit and is included in the reporting entity because it is fiscally dependent on the university. The purpose of this organization is to promote, assist, and benefit the mission of the university 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 the facilities corporation is legally separate, it is reported as a part of the university because the majority of their revenue comes from the leasing of facilities to the university. To obtain the corporations' latest audit reports, write to: Ragin' Cajun Facilities, Inc., c/o Ms. Debra L. Calais, University of Louisiana at Lafayette, P.O. Box 40400, Lafayette, Louisiana 70504.

Discretely Presented Component Unit

The University of Louisiana at Lafayette Foundation, Inc. is a legally separate, tax-exempt organization and is reported within the university as a discrete component unit.

The foundation acts primarily as a fundraising 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, 2016, the foundation made distributions of \$14,707,426 to or on behalf of the university for both restricted and unrestricted purposes. To obtain the foundation's latest audit reports, write to: University of Louisiana at Lafayette Foundation, Inc., c/o Ms. Debra L. Calais, University of Louisiana at Lafayette, P.O. Box 40400, Lafayette, Louisiana 70504.

The blended and discretely presented component units are private nonprofit organizations that report under

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2016, the university has cash and cash equivalents (book balances) of \$88,912,706 as follows:

Petty cash	\$ 178,903
Demand deposits	42,124,812
Certificates of deposit	15,254,605
Money market funds	
Short-term investments	
Time deposits	
Blended component unit cash	<u>31,354,386</u>
 Total	 <u><u>\$ 88,912,706</u></u>

Custodial credit risk is the risk that in the event of a bank failure, the university's deposits may not be returned to it. Under state law, the university'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 university or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

As of June 30, 2016, none of the university's bank balance of \$64,742,961 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Cash and cash equivalents of the component units totaling \$3,600,234, as shown on the Statement of Financial Position, are reported under FASB ASC §958, which does not require the disclosures of GASB Statement No. 40, Deposit and Investment Risk Disclosures.

3. INVESTMENTS

At June 30, 2016, the university has investments totaling \$87,496,882, none of which includes short-term investments reported on the Statement of Net Position as restricted cash equivalents. The university follows state law (R.S. 49:327) as applicable to institutions of higher education in establishing investment policy. State law authorizes the university 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 university's investments follows:

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

<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 ⁴	0.00%		
Federal Home Loan Mortgage Corporation ¹	0.00%		
Federal National Mortgage Association ¹	0.00%		
Federal Home Loan Bank ¹	0.00%		
Federal Farm Credit Bank ²	0.00%		
Money market mutual funds ⁴	0.00%		
Certificates of deposit	0.00%		
Common and preferred stock ³	0.00%		
Corporate bonds and bond funds	0.00%		
Mutual funds ⁴	0.00%		
Louisiana Asset Management Pool ²	0.00%		
Investments held by foundations (component units)			
U.S. Treasury Notes	0.00%		
Federal Home Loan Mortgage Corporation	0.00%		
Federal National Mortgage Association	0.00%		
Federal Home Loan Bank	0.00%		
Federal Farm Credit Bank	0.00%		
Other fixed income securities	0.00%		
Mutual funds ⁴	75.87%		\$ 66,382,186
Corporate bonds/obligations	0.00%		
Certificates of deposit	0.00%		
Common and preferred stock ³	10.17%		8,895,711
Other ⁴	13.97%		12,218,985
Other ⁵	0.00%		
Held by blended component units: ³			
Ragin' Cajun Facilities, Inc	0.00%		
Not rated	0.00%		
	<u>100.0%</u>		<u>\$ 87,496,882</u>

¹Credit quality ratings obtained from Moody's Investor Service.

²Credit quality ratings obtained from Standard and Poor's.

³Credit quality ratings not required for these investments.

⁴Credit quality ratings not available.

⁵Not rated

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

Type of Investment	Investment Maturities in Years				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	11-20 Years
Investments held by component unit foundations					
Common and preferred stock					
U.S. Treasury Notes					
Federal Home Loan Mortgage Corporation					
Federal National Mortgage Association					
Government National Mortgage Association					
Federal Home Loan Bank					
Federal Farm Credit Bank					
Other fixed income securities					
Mutual funds					
Hedge Funds and Alternative Investments					
Equity funds					
Corporate bonds/obligations					
Certificates of deposit					
Other					
Sub-total investments held by foundation	-				
Held by blended component units:					
Ragin' Cajun Facilities Inc.					
Total	\$ -	\$0	\$0	\$0	\$0

Investments held by the private foundation in external investment pools are managed in accordance with the terms outlined in management agreements executed between the university and its discretely presented component unit, the University of Louisiana at Lafayette Foundation, Inc. The university is a voluntary participant. This investment totaling \$87,496,882 has no credit quality rating. The foundation holds and manages funds received by the university as state matching funds for the Endowed Chairs and Endowed Professorship programs. Of the \$87,496,882 reported as investments held by foundation, the entire amount is held by its discretely presented component units.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the university'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. The university does 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 university 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 university's investment policies generally require that issuers must provide the universities with safekeeping receipts, collateral agreements, and custodial agreements.

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

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

INVESTMENTS – FAIR VALUE MEASUREMENT

The university implemented GASB Statement No. 72, Fair Value Measurement and Application, which is effective for the year ended June 30, 2016. GASB 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

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

Fair values of assets and liabilities measured on a recurring basis at June 30, 2016 are as follows:

Investments:	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
U.S. government securities:				
U.S. Treasury Notes/U.S. Government Obligations				
Federal Home Loan Mortgage Corporation				
Federal National Mortgage Association				
Federal Home Loan Bank				
Federal Farm Credit Bank				
Mutual Funds				
Other:				
Corporate bonds				
Louisiana Asset Management Pool				
Taxable bonds				
Investments held by foundations in external investment pools (UNO only)				
Investments held by foundations				
U.S. Treasury Notes				
Federal Home Loan Mortgage Corporation				
Federal National Mortgage Association				
Government National Mortgage Association				
Federal Home Loan Bank				
Federal Farm Credit Bank				
Other fixed income securities				
Mutual funds	\$ 66,382,186	\$ 66,382,186		
Money market accounts				
Equity funds				
Corporate bonds/obligations				
Certificates of deposit				
Common and preferred stock	8,895,711	8,895,711		
Other	12,218,985			12,218,985
Held by Blended component unit				
Total	<u>\$87,496,882</u>	<u>\$75,277,897</u>	<u>\$ -</u>	<u>\$12,218,985</u>

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

INVESTMENTS - COMPONENT UNITS

The component units' investments totaling \$150,819,716 as shown on the Statement of Financial Position, are reported under FASB ASC §958, which does not require the disclosures of GASB Statement No. 40, Deposit and Investment Risk Disclosures. The fair values of investments held by the component units at June 30, 2016, follow:

<u>Type of Investment</u>	<u>University of Louisiana at Lafayette Foundation</u>
Certificates of deposit	\$ 2,035,349
U.S. Treasury and agency bonds	203,899
Municipal and other government agency bonds	302,056
Fixed income bonds	
Asset-backed securities	
Commerical bonds	677,828
Stocks and equities	7,195,544
International stocks	
Mutual and exchange traded funds	89,890,879
Real estate investment trusts	
Hedge funds and alternative investments	50,488,649
Unit investment funds	<u>25,512</u>
Total	<u>\$ 150,819,716</u>

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2016. 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>Restricted Noncurrent Portion</u>
Student tuition and fees	\$ 3,715,714	\$ 1,724,086	\$ 1,991,628	
Auxiliary enterprises	4,377,010	744,254	3,632,756	
Contributions and gifts	2,280,164		2,280,164	
Federal, state, and private grants and contracts	15,062,670		15,062,670	
Insurance recoveries	97,210		97,210	
Other	1,185,231		1,185,231	
Total	<u>\$ 26,717,999</u>	<u>\$ 2,468,340</u>	<u>\$ 24,249,659</u>	<u>\$ -</u>

State of Net Position

Accounts Receivable, net	\$ 22,025,465
Due from Federal Government	2,224,194
Noncurrent receivable	
Total	<u>\$ 24,249,659</u>

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2016, follows:

University

	Balance July 1, 2015	Prior Period Adjustment	Restated Balance July 1, 2015	Additions	Transfers	Retirements	Balance June 30, 2016
Capital assets not being depreciated:							
Land	\$ 9,298,681		\$ 9,298,681				\$ 9,298,681
Non-depreciable land improvements			-				-
Capitalized collections			-				-
Livestock			-				-
Software development in progress	4,436,284		4,436,284	4,689,784			9,126,068
Construction-in-progress	27,197,387		27,197,387	28,010,211	(44,563,178)		10,644,420
Total assets not being depreciated	40,932,352	-	40,932,352	32,699,995	(44,563,178)	-	29,069,169
Capital assets being depreciated:							
Infrastructure			-				-
Depreciable land improvements	11,690,706		11,690,706		1,219,083		12,909,789
Buildings	476,299,478		476,299,478	2,532,697	43,344,095	(1,713,080)	520,463,190
Equipment (including library books)	95,502,926		95,502,926	4,459,588		(1,311,068)	98,651,446
Software (internally generated and purchased)			-				-
Total capital assets being depreciated	583,493,110	-	583,493,110	6,992,285	44,563,178	(3,024,148)	632,024,425
Less accumulated depreciation:							
Infrastructure			-				-
Depreciable land improvements	(4,492,606)		(4,492,606)	(501,551)			(4,994,157)
Buildings	(153,642,086)		(153,642,086)	(14,429,178)		1,314,871	(166,756,393)
Equipment	(81,959,157)		(81,959,157)	(3,926,370)		1,311,068	(84,574,459)
Software (internally generated and purchased)			-				-
Total accumulated depreciation	(240,093,849)	-	(240,093,849)	(18,857,099)	-	2,625,939	(256,325,009)
Total capital assets, net	\$ 384,331,613	\$ -	\$ 384,331,613	\$ 20,835,181	\$ -	\$ (398,209)	\$ 404,768,585

Component Units

Capital assets not being depreciated:							
Land	\$ 1,110,010		\$ 1,110,010				\$ 1,110,010
Art and collectibles	2,943,071		2,943,071	68,945			3,012,016
Construction-in-progress	91,209		91,209	112,265			203,474
Total assets not being depreciated	4,144,290	-	4,144,290	181,210	-	-	4,325,500
Capital assets being depreciated:							
Buildings	10,319,627	1,739	10,321,366	425,053		(158,371)	10,588,048
Vehicles, furniture, and equipment	674,451		674,451	106,360			780,811
Software (internally generated/purchased)	102,093		102,093	9,175			111,268
Total assets being depreciated	11,096,171	1,739	11,097,910	540,588	-	(158,371)	11,480,127
Less accumulated depreciation							
Buildings	(3,015,918)		(3,015,918)	(252,816)			(3,268,734)
Vehicles, furniture, and equipment	(554,838)		(554,838)	(50,116)			(604,954)
Software (internally generated/purchased)	(49,037)		(49,037)	(36,467)			(85,504)
Total accumulated depreciation	(3,619,793)	-	(3,619,793)	(339,399)	-	-	(3,959,192)
Total capital assets, net	\$ 11,620,668	\$ 1,739	\$ 11,622,407	\$ 382,399	\$ -	\$ (158,371)	\$ 11,846,435

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

The capital asset disclosure for the discretely presented component units has been adjusted to reflect the classifications of the assets as presented in the audited financial statements of the discretely presented component units. Their financial statements have been prepared in accordance with FASB ASC §958. The disclosure requirements of FASB ASC §958 differ from those required for financial statements prepared in accordance with GASB requirements.

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

The university does not capitalize collections of works of art or historical treasures because these items meet the following criteria for exclusion from capitalization in accordance with the requirements of GASB 34; they are considered inexhaustible and are held for public exhibition, educational purposes, or research in enhancement of primarily student and public service instead of financial gain. They have never been capitalized.

6. PAYABLES

The following is a summary of payables and accrued expenses at June 30, 2016:

<u>Account Name</u>	
Vendor payables	\$ 5,184,875
Accrued salaries and payroll deductions	8,083,769
Accrued interest	
Other	<u>538,007</u>
Total payables	<u><u>\$ 13,806,651</u></u>

7. COMPENSATED ABSENCES

At June 30, 2016, employees of the university have accumulated and vested annual, sick, and compensatory leave of \$5,528,537; \$5,470,446; and \$201,016, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

8. PENSION LIABILITY

The University of Louisiana System financial report for the fiscal year ended June 30, 2016 will disclose pension liability for all nine universities and the board office in that report. No disclosure is being made on the university level.

9. OPTIONAL RETIREMENT SYSTEM

R.S. 11:921-931 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 five or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

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

R.S. 11:927 sets the contribution requirements of the ORP plan members and the employer equal to the contribution rates established for the regular retirement plan of TRSL. However, effective July 1, 2015, the employer contribution rate for amounts credited to the ORP participants who are not employed in higher education must be greater of: (1) the employer normal cost contribution for the TRSL Regular Plan; or (2) 6.2%.

Employer ORP contributions to TRSL for fiscal year 2016 totaled \$10,984,315, which represents pension expense for the university. Employee contributions totaled \$3,218,853. The active member and employer contribution rates were 8% and 6.2%, respectively, with an additional employer contribution of 22.7% made to the TRSL defined benefit plan described in Note 8 above.

10. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The University of Louisiana System financial report for the fiscal year ended June 30, 2016 will disclose postemployment health care and life insurance benefits payable for all nine universities and the board office. No disclosure is being made at the university level.

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2016, the total rental expense for all operating leases is \$250,364. 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>
2017	\$ 180,000	\$ 94,866	\$ 98,282		\$ 373,148
2018	180,000	106,116	74,540		360,656
2019	180,000	138,516	10		318,526
2020	180,000	138,516	10		318,526
2021	180,000	14,316	10		194,326
2022-2026	765,000	8,351	50		773,401
2027-2031			50		50
2032-2036			50		50
2037-2041			50		50
2042-2046			50		50
Thereafter			580		580
Total	<u>\$ 1,665,000</u>	<u>\$ 500,681</u>	<u>\$ 173,682</u>	<u>\$ -</u>	<u>\$ 2,339,363</u>

Capital Leases

The university did not have any capital leases.

The university's component unit did not have any capital leases at June 30, 2016.

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

Lessor - Operating Leases

The university's leasing operations consist primarily of leasing property for providing food services to students, vending operations, and promoting economic development and research activities.

The following schedule provides an analysis of the university's investment in property on operating leases and property held for lease by major classes as of June 30, 2016:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Office space	\$ 1,619,756	\$ (776,382)	\$ 843,374
Buildings	29,111,307	(6,545,163)	22,566,144
Equipment			-
Land	555,839		555,839
Other			-
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 31,286,902</u>	<u>\$ (7,321,545)</u>	<u>\$ 23,965,357</u>

The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of June 30, 2016:

<u>Fiscal Year Ending June 30</u>	<u>Office Space</u>	<u>Buildings</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
2017	\$ 2,147,905		\$ 95,010	\$ 420,000	\$ 2,662,915
2018	2,132,228		95,010	420,000	2,647,238
2019	2,106,135		95,010	210,000	2,411,145
2020	2,100,990		95,010		2,196,000
2021	2,104,119		95,010		2,199,129
2022-2026	8,474,619		260,383		8,735,002
2027-2031	3,606,288		66,050		3,672,338
2032-2036			50		50
2037-2041			50		50
2042-2046			50		50
Thereafter			530		530
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total minimum future rentals	<u>\$ 22,672,284</u>	<u>\$ -</u>	<u>\$ 802,163</u>	<u>\$ 1,050,000</u>	<u>\$ 24,524,447</u>

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume or customer usage of services provided. Contingent rentals received from operating leases of office space and buildings for the year ended June 30, 2016, were \$964,591 and \$441,221 respectively.

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

12. LONG-TERM LIABILITIES

The following is a summary of bond and other long-term debt transactions of the university for the year ended June 30, 2016:

University

	Balance June 30, 2015	Adjustments	Balance June 30, 2015 Restated	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Bonds and notes payable:							
Bonds payable	\$ 201,961,345		\$ 201,961,345	\$ 18,500,000	\$ (4,552,759)	\$ 215,908,586	\$ 4,670,000
Notes payable			-	1,300,000	(78,178)	1,221,822	108,921
Total bonds and notes payable	<u>201,961,345</u>	<u>-</u>	<u>201,961,345</u>	<u>19,800,000</u>	<u>(4,630,937)</u>	<u>217,130,408</u>	<u>4,778,921</u>
Other liabilities:							
Accrued compensated absences payable	10,648,415		10,648,415	1,315,383	(763,799)	11,199,999	775,282
Capital lease obligations			-			-	
Pension liability	234,820,316		234,820,316	15,326,299		250,146,615	
OPEB payable	100,158,197		100,158,197	13,893,900	(4,943,895)	109,108,202	
Total other liabilities	<u>345,626,928</u>	<u>-</u>	<u>345,626,928</u>	<u>30,535,582</u>	<u>(5,707,694)</u>	<u>370,454,816</u>	<u>775,282</u>
Total	<u>\$ 547,588,273</u>	<u>\$ -</u>	<u>\$ 547,588,273</u>	<u>\$ 50,335,582</u>	<u>\$ (10,338,631)</u>	<u>\$ 587,585,224</u>	<u>\$ 5,554,203</u>

Component Units

	Balance June 30, 2015	Adjustments	Balance June 30, 2015 Restated	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Bonds and notes payable:							
Bonds payable	\$ 800,000		\$ 800,000			\$ 800,000	\$ 800,000
Notes payable	432,888		432,888		(15,353)	417,535	20,310
Total bonds and notes payable	<u>1,232,888</u>	<u>-</u>	<u>1,232,888</u>	<u>-</u>	<u>(15,353)</u>	<u>1,217,535</u>	<u>820,310</u>
Other liabilities:							
Accrued compensated absences payable (note 10)			-			-	-
Capital lease obligations (note 11)			-			-	-
Amounts held in custody of others	35,241,653		35,241,653		(877,419)	34,364,234	
Total other liabilities	<u>35,241,653</u>	<u>-</u>	<u>35,241,653</u>	<u>-</u>	<u>(877,419)</u>	<u>34,364,234</u>	<u>-</u>
Total	<u>\$ 36,474,541</u>	<u>\$ -</u>	<u>\$ 36,474,541</u>	<u>\$ -</u>	<u>\$ (892,772)</u>	<u>\$ 35,581,769</u>	<u>\$ 820,310</u>

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

Details of all debt outstanding at June 30, 2016, are as follows:

Bonds Payable - University

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding June 30, 2015</u>	<u>Issued (Redeemed)</u>	<u>Principal Outstanding June 30, 2016</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2016</u>
Lease Revenue Refunding Cajundome Series 2006	April 26, 2007	\$ 13,370,000	\$ 10,295,000	\$ (505,000)	\$ 9,790,000	2030	4.1%-4.5%	\$ 3,197,562
Ragin' Cajun Facilities, Inc. (blended component unit) - Lafayette Public Trust Financing Authority:								
Student Housing - Series 2009	April 15, 2009	12,500,000	12,090,000	(210,000)	11,880,000	2039	4.0%-6.0%	9,660,218
Student Union and University Facilities Project - Series 2010	November 15, 2010	22,200,000	20,530,000	(460,000)	20,070,000	2040	2.5%-5.0%	14,124,285
Housing and Parking Project - Series 2010	December 1, 2010	100,050,000	97,330,000	(1,700,000)	95,630,000	2042	3.1%-5.5%	81,035,491
Refunding Bonds Series 2012	October 30, 2012	14,740,000	14,740,000	(595,000)	14,145,000	2033	3.0%-5.0%	5,180,042
Lewis Street Parking Garage Series 2	November 21, 2013	25,205,000	25,205,000	(495,000)	24,710,000	2044	2.0%-5.0%	19,472,962
Athletic Facilities Project Series 2013	November 26, 2013	23,605,000	23,605,000	(465,000)	23,140,000	2044	2.0%-5.0%	18,211,940
Cajundome Project Series 2015	August 18, 2015	18,500,000		18,500,000	18,500,000	2044	3.5%-4.1%	16,334,674
Total		230,170,000	203,795,000	14,070,000	217,865,000			167,217,174
Premiums/discounts, net		(2,413,101)	(1,833,655)	(122,759)	(1,956,414)			
Total		\$ 227,756,899	\$ 201,961,345	\$ 13,947,241	\$ 215,908,586			\$ 167,217,174

Component Units

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2015</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2016</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2016</u>
University of Louisiana at Lafayette Foundation, Inc.								
Lafayette Economic Development Authority	February 1, 2002	\$ 8,500,000	\$ 800,000		\$ 800,000	2017	4.50%	\$ 36,000
Total		\$ 8,500,000	\$ 800,000	\$ -	\$ 800,000			\$ 36,000

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

The annual requirements to amortize all university bonds outstanding at June 30, 2016, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,670,000	\$ 10,338,675	\$ 15,008,675
2018	4,830,000	10,188,665	15,018,665
2019	5,010,000	9,999,293	15,009,293
2020	5,215,000	9,790,213	15,005,213
2021	5,440,000	9,559,194	14,999,194
2022-2026	31,035,000	43,925,882	74,960,882
2027-2031	39,150,000	35,611,399	74,761,399
2032-2036	46,190,000	24,962,768	71,152,768
2037-2041	55,075,000	11,772,794	66,847,794
2042-2046	21,250,000	1,068,291	22,318,291
Sub-total	<u>217,865,000</u>	<u>167,217,174</u>	<u>385,082,174</u>
Unamortized Discount/ Premium	<u>1,956,395</u>	<u>NONE</u>	<u>1,956,395</u>
Total	<u>\$ 215,908,605</u>	<u>\$ 167,217,174</u>	<u>\$ 383,125,779</u>

The annual requirements to amortize all component unit bonds outstanding at June 30, 2016, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 800,000	\$ 36,000	\$ 836,000
Total	<u>\$ 800,000</u>	<u>\$ 36,000</u>	<u>\$ 836,000</u>

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2016:

<u>Bond Issue</u>	<u>Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
University of Louisiana at Lafayette			
Ragin' Cajun Facilities, Inc., Project Series 2009	\$ 975,317	\$ 975,300	\$ 17
Ragin' Cajun Facilities, Inc., Student Union/University Facilities Project Series 2010	1,379,912	1,379,681	231
Ragin' Cajun Facilities, Inc., Housing and Parking Project Series 2010	6,846,770	6,845,625	1,145
Ragin' Cajun Facilities, Inc., Project Series 2013 Lewis Street Parking Garage	1,590,546	1,590,463	83
Ragin' Cajun Facilities, Inc., Project Series 2013 Athletic Facilities Project	1,488,326	1,488,250	76
Total	<u>\$ 12,280,871</u>	<u>\$ 12,279,319</u>	<u>\$ 1,552</u>

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

The university has a bond liability totaling \$9,790,000 at June 30, 2016 in its long-term liabilities for Lease Revenue Refunding Bonds. Series 2006-Cajundome Convention Center Project (Convention Center Bonds) based on a lease agreement between the Cajundome Commission and the Cajundome (note 15). At June 30, 2016, the Cajundome reported a debt service reserve requirement of \$485,525 and deposits totaling \$971,060 for the Convention Center Bonds. The reserves are held at BNY Mellon, Baton Rouge, Louisiana, the trustee bank. The debt reserve is not included in the university's financial statements because the reserves are held by the Cajundome Commission, which is not a component unit of the university.

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

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

Notes Payable – University

The university had the following outstanding note payable at June 30, 2016.

Note	Date of Issue	Original Issue	Outstanding June 30, 2015	Issued (Redeemed)	Outstanding June 30, 2016	Maturities	Interest Rates	Interest Outstanding June 30, 2016
University of Louisiana at Lafayette MidSouth Bank	September 18, 2015	\$ 1,300,000			\$1,221,822	2026	4.45%	\$ 275,183

The annual requirements to amortize all notes outstanding at June 30, 2016, including interest of \$275,183, are as follows:

	Principal	Interest	Total
2017	\$ 108,921	\$ 52,906	\$ 161,827
2018	113,940	47,888	161,828
2019	119,186	42,641	161,827
2020	124,391	37,436	161,827
2021	130,520	31,306	161,826
2022	136,500	25,326	161,826
2023	142,706	19,121	161,827
2024	149,249	12,579	161,828
2025	156,156	5,671	161,827
2026	40,253	309	40,562
Total	\$ 1,221,822	\$ 275,183	\$ 1,497,005

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

Component Units

The university's component unit foundation had the following outstanding note payable at June 30, 2016.

Note	Date of Issue	Original Issue	Outstanding June 30, 2015	Issued (Redeemed)	Outstanding June 30, 2016	Maturities	Interest Rates	Interest Outstanding June 30, 2016
University of Louisiana at Lafayette Foundation, Inc.								
U.S. Department of Education	June 9, 2011	\$ 500,000	\$ 432,888	\$ (15,353)	\$ 417,535	2031	4.75%	\$ 169,276

The annual requirements to amortize all notes outstanding for the component unit foundations at June 30, 2016, including interest of \$ 169,276, are as follows:

	Principal	Interest	Total
2017	\$ 20,310	\$ 20,522	\$ 40,832
2018	20,552	18,682	39,234
2019	21,564	17,670	39,234
2020	22,580	16,654	39,234
2021	23,737	15,497	39,234
2022	24,906	14,328	39,234
2023	26,132	13,102	39,234
2024	27,387	11,847	39,234
2025	28,767	10,466	39,233
2026	30,184	9,050	39,234
2027	31,670	7,564	39,234
2028	33,213	6,020	39,233
2029	34,864	4,369	39,233
2030	36,581	2,653	39,234
2031	35,088	852	35,940
Total	\$ 417,535	\$ 169,276	\$ 586,811

13. REFUNDING OF BONDS

There was no debt refunding for the year ended June 30, 2016.

14. INTEREST RATE SWAP AGREEMENTS

The university did not participate in any interest rate swap agreements.

15. REVENUE USED AS SECURITY FOR REVENUE BONDS

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

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

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

The Convention Center adjacent to the Cajundome is owned by the Board of Supervisors for the University of Louisiana System and the University of Louisiana at Lafayette. The Convention Center is leased to and operated by the Cajundome Commission. In consideration for use and possession of the Convention Center and the issuance of bonds by the Board, the Commission has entered into a lease agreement dated June 10, 1997 with the Board. Under the terms of the agreement, the Commission pays rentals for the facility in the amount of debt service of the bonds issued by the Board, including any penalties or premiums, and any and all expenses related to the trustee for the bonds. Rental payments are payable only from pledged revenues, which consist of a hotel/motel tax, which is subject to annual appropriation by the legislature, and excess revenues after deduction of operating expenditures of the Convention Center for each fiscal year of operation. Rental payments under the lease agreement during the fiscal year ended 2016 totaled \$940,210, which consisted of the bond principal and interest payments.

16. RESTATEMENT OF BEGINNING NET POSITION/NET ASSETS

The beginning net position as reflected on the Statement of Revenues, Expenses, and Changes in Net Position and net assets on Statement of Net Position for the university and the component units, respectively, have not been restated.

17. RESTRICTED NET POSITION

The university has the following restricted expendable net position at June 30, 2016:

<u>Account Title</u>	<u>Amount</u>
Student fees	\$ 11,840,828
Grants and contracts	
Gifts - restricted by donors	
Endowment	35,198,027
Auxiliary enterprises	
Student loan fund	10,485,860
Capital construction/plant projects	
Debt service/retirement of indebtedness	171
WRAC Fund	
Scholarships	457,043
Other - maintenance reserve	<u>5,101,525</u>
Total expendable	<u>\$ 63,083,454</u>

The university's restricted nonexpendable net position totaling \$51,515,000 as of June 30, 2016, was comprised entirely of endowment funds.

Of the total net position reported on Statement Net Position for the year ended June 30, 2016, \$4,208,073 was restricted by enabling legislation.

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

RESTRICTED NET ASSETS - COMPONENT UNITS

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

	University of Louisiana at Lafayette Foundation, Inc.
Temporarily restricted:	
Donor-restricted endowment funds	\$ 34,898,514
Chair and professorship endowment funds	8,913,201
Other programs	
	<hr/>
Total temporarily restricted net assets	<u>\$ 43,811,715</u>
Permanently restricted:	
Donor-restricted endowment funds	\$ 46,005,874
Chair and professorship endowment funds	46,631,222
	<hr/>
Total permanently restricted net assets	<u>\$ 92,637,096</u>

18. CONDENSED FINANCIAL INFORMATION

Condensed financial information for the blended component unit follows:

Statement of Net Position

	Ragin' Cajun Facilities, Inc.
Assets	
Current assets	\$ 33,435
Capital assets	217,513,335
Other assets	36,735,789
	<hr/>
Total assets	<u>\$ 254,282,559</u>
Liabilities	
Current liabilities	\$ 9,504,809
Long-term liabilities	203,164,258
	<hr/>
Total liabilities	<u>\$ 212,669,067</u>
Net Position	
Net investment in capital assets	\$ 38,816,109
Restricted net position - expendable	5,101,696
Unrestricted net position	(2,304,313)
	<hr/>
Total net position	<u>\$ 41,613,492</u>

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

Statement of Revenues, Expenses, and Changes in Net Position

	<u>Ragin' Cajun Facilities, Inc.</u>
Operating revenues	\$ 13,816,553
Operating expenses	(38,384)
Depreciation expense	<u>(7,986,971)</u>
Net operating income (loss)	5,791,198
Nonoperating revenues (expenses):	
Investment income	12,746
Interest expense	(9,450,863)
Other (net)	
Capital contributions/additions to permanent and term endowments	<u>14,140,235</u>
Changes in net position	10,493,316
Net position beginning of the year	<u>31,120,176</u>
Net position end of the year	<u>\$ 41,613,492</u>

Statement of Cash Flows

	<u>Ragin' Cajun Facilities, Inc.</u>
Net cash flows provided (used) by:	
Operating activities	\$ 19,034,249
Noncapital financing	
Capital and related financing	(14,562,549)
Investing activities	<u>4,493,104</u>
Net increase (decrease) in cash	8,964,804
Cash, beginning of the year	<u>22,389,582</u>
Cash, end of the year	<u>\$ 31,354,386</u>

STATE OF LOUISIANA
 UNIVERSITY OF LOUISIANA AT LAFAYETTE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 60,431,084	\$ 19,616,185	\$ 61,821	\$ 9,386,990			\$ 89,496,080
Research	26,488,823	6,602,462	1,552,003	10,503,206			45,146,494
Public service	3,100,630	808,272	11,062	1,484,486			5,404,450
Academic support	9,638,460	4,402,015	76,488	3,176,535			17,293,498
Student services	7,218,933	2,202,601	2,153	4,626,917			14,050,604
Institutional support	14,260,234	9,034,757	-	5,832,288			29,127,279
Operations and maintenance of plant	4,359,886	2,119,052	3,773,368	6,273,075			16,525,381
Depreciation						\$ 18,857,099	18,857,099
Scholarships and fellowships	5,295			7,969	\$ 4,210,070		4,223,334
Auxiliary enterprises	14,086,523	3,379,358	1,573,979	25,755,335	1,188,480		45,983,675
Other		551,584		10,010			561,594
Total operating expenses	\$ 139,589,868	\$ 48,716,286	\$ 7,050,874	\$ 67,056,811	\$ 5,398,550	\$ 18,857,099	\$ 286,669,488

20. CONTINGENT LIABILITIES AND RISK MANAGEMENT

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

21. ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS

On-behalf payments for salaries and fringe benefits are direct payments made by one entity to a third-party recipient for the employees of another legally separate entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends. For example, a nongovernmental 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 university.

The amount of on-behalf payments for salaries and fringe benefits included in the accompanying financial statements for the fiscal year ended June 30, 2016, was \$2,499,215.

22. DONOR RESTRICTED ENDOWMENTS

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

At June 30, 2016, net appreciation of donor restricted endowments is equal to \$35,198,027, which is available to be spent for restricted purposes. The university limits endowment spending to the income earned in a given year for purposes specified by donors. The donated portion of the endowments is reported in restricted net position - nonexpendable in the Statement of Net Position; the endowment income is reported in restricted net position - expendable.

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

23. FOUNDATIONS

The university has contracted with its respective foundation to invest the university's 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, 2016, the foundation held in custody \$87,496,882 of Endowed Chair and Endowed Professorship Program funds. Amounts invested by the private foundation for the university are included as investments held by private foundation in external investment pools in the disclosures in note 3.

24. DEFERRED COMPENSATION PLAN

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

25. ALTERNATIVE FINANCING AGREEMENTS

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 UL Lafayette. In October 2012, the Ragin' Cajun Facilities, Inc., issued \$14,740,000 of non-taxable refunding revenue bonds through the Lafayette Public Trust Financing Authority. The purpose of the issue was to refund the Series 2002 revenue bonds of the corporation.

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

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

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

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

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

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

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

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

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

On August 18, 2015, the Louisiana Community Development Authority agreed to issue revenue bonds totaling \$18,500,000 for the Ragin' Cajun Facilities, Inc., for the designing, renovating, constructing, furnishing and/or equipping certain improvements for the Cajundome.

Pursuant to the grounds and buildings lease agreement, the corporation will lease the land required for the project from the board. The facilities will be owned by the board as the project is complete and leased to the corporation (facilities lease). The income derived from a combined sales and use tax levied in Lafayette Parish and excess facility revenue will be used to pay the rental payments which are equivalent to the amount of bond principal and interest.

26. COOPERATIVE ENDEAVOR AGREEMENT - UNIVERSITY OF LOUISIANA AT LAFAYETTE, RAGIN' CAJUN FACILITIES, LOUISIANA DEPARTMENT OF ECONOMIC DEVELOPMENT, LAFAYETTE ECONOMIC DEVELOPMENT AUTHORITY, AND CGI FEDERAL, INC

In August 2014, the Ragin' Cajun Facilities Corporation entered into a Cooperative Endeavor Agreement (the "CEA") with; the State of Louisiana, the Louisiana Department of Economic Development, the University of Louisiana at Lafayette, the Lafayette Economic Development Authority and CGI Federal, Inc. In order to induce CGI Federal, Inc. to relocate to Lafayette, Louisiana to establish and operate an Information Technology center of excellence, the other parties to the CEA agreed to provide an Operational Cost Grant, a Facility Cost Grant, a Land Lease Grant and a UL Lafayette Grant and other considerations.

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

The university is funding the constructions costs incurred by Ragin' Cajun Facilities, Inc., as a funding mechanism until such costs are reimbursed by the State. Through June 30, 2016, project payments of \$13,567,280 were paid and \$13,534,427 was reimbursed by the State for the project. At June 30, 2016, RCFI had costs totaling \$32,853 paid by the university that had not been reimbursed by the State and had not been remitted to the university. At June 30, 2016, the project had no outstanding payables for the facility.

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

27. SUBSEQUENT EVENTS

In August 2016, the University, on behalf of the Cajundome Commission, refunded outstanding bonds for the Cajundome Convention Center, Lease Revenue Refunding Bonds, Series 2006 by the issuance of new indebtedness to include an additional \$1,500,000 of funding for Cajundome arena improvements. The Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds Ragin' Cajun Facilities, Inc. - University of Louisiana at Lafayette Cajundome Refunding Lease Revenue Bonds, Series 2016 were issued in the amount of \$11,005,000 through Ragin' Cajun Facilities, Inc. The refunding of the Series 2006 Bonds will result in a reduction in total debt service requirements for the University through the RCFI fiscal year 2030 of approximately \$1.15 million. The combined refunding and \$1,500,000 in new indebtedness will result in an increase in annual debt service requirements of approximately \$48,000 per fiscal year over the annual debt requirements of the previously outstanding 2006 bonds.