

Financial Report

For the Year Ended June 30, 2017



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, 2017

**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**

**ANDREA F. GUIDRY
AUXILIARY ACCOUNTANT**

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
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AS OF AND FOR YEAR ENDED JUNE 30, 2017

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STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
COMPONENT UNIT FINANCIAL STATEMENTS
AS OF AND FOR YEAR ENDED JUNE 30, 2017

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STATE OF LOUISIANA
Annual Financial Statement
Fiscal Year Ending June 30, 2017

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, 2017 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 18th day of September, 2017.

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 18, 2017

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	University	Component Units	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 45,112,575	\$ 5,749,532	\$	\$ 50,862,107
Receivables, net	27,873,641	275,764	\$ (280,000)	27,869,405
Pledges receivable		3,166,667		3,166,667
Due from State Treasury	673,279			673,279
Due from Federal Government	271,900			271,900
Inventories	1,764,211			1,764,211
Prepaid expenses and advances	3,981,372			3,981,372
Notes receivable	1,010,802			1,010,802
Other current assets	582			582
Total current assets	80,688,362	9,191,963	(280,000)	89,600,325
Noncurrent Assets				
Restricted assets:				
Cash and cash equivalents	30,467,598	3,599,587		34,067,185
Investments	94,176,430	164,023,861	(94,176,430)	164,023,861
Accounts receivable, net				-
Notes receivable, net	6,956,047			6,956,047
Other				-
Pledges receivable		2,407,413		2,407,413
Capital assets, net	427,958,826	11,474,429		439,433,255
Other noncurrent assets	-	1,484,854		1,484,854
Total noncurrent assets	559,558,901	182,990,144	(94,176,430)	648,372,615
Total assets	640,247,263	192,182,107	(94,456,430)	737,972,940
Deferred Outflows of Resources				
Deferred outflows related to pensions	74,227,139			74,227,139
Total deferred outflows of resources	74,227,139	NONE	NONE	74,227,139
Total assets and deferred outflow of resources	\$ 714,474,402	\$ 192,182,107	\$ (94,456,430)	\$ 812,200,079
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 17,983,857	\$ 2,676,778	\$	\$ 20,660,635
Deferred revenues	14,805,530			14,805,530
Amounts held in custody for others	1,761,280			1,761,280
Other liabilities	2,231,029			2,231,029
Current Portion of Noncurrent Liabilities:				
Compensated absences payable (Note I)	816,175			816,175
Notes payable (Note I)	447,121	20,469		467,590
Pollution Remediation Obligation	69,678			69,678
Contracts payable (Note I)				-
Bonds payable (Note I)	5,360,000			5,360,000
Other current liabilities		224,187		224,187
Total current liabilities	43,474,670	2,921,434	-	46,396,104
Long-term Portion of Noncurrent Liabilities				
Compensated absences payable	10,714,812			10,714,812
Amounts held in custody for others		37,545,171	(37,545,171)	-
Notes Payable	10,607,035	378,436		10,985,471
Contracts payable	-			-
Net pension liability	298,488,071			298,488,071
OPEB payable	115,886,194			115,886,194
Bonds payable	211,877,043			211,877,043
Other noncurrent liabilities	36,882			36,882
Total noncurrent liabilities	647,610,037	37,923,607	(37,545,171)	647,988,473
Total liabilities	691,084,707	40,845,041	(37,545,171)	694,384,577
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	8,438,565			8,438,565
Total deferred inflows of resources	8,438,565	NONE	NONE	8,438,565
Total liabilities and deferred inflows or resources	\$ 699,523,272	\$ 40,845,041	\$ (37,545,171)	\$ 702,823,142
Net Position				
Invested in capital assets, net of related debt	\$ 202,272,781	\$ 11,474,428	\$	\$ 213,747,209
Restricted for: Nonexpendable	53,415,000	95,557,515	\$ (48,396,171)	100,576,344
Expendable	75,871,965	51,122,270	(8,515,088)	118,479,147
Unrestricted	(316,608,616)	(6,817,147)		(323,425,763)
Total net position	14,951,130	151,337,066	(56,911,259)	109,376,937
Total liabilities and net position	\$ 714,474,402	\$ 192,182,107	\$ (94,456,430)	\$ 812,200,079

**STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	System	Component Units	Eliminations	Total
Operating Revenues:				
Student tuition and fees	\$ 174,816,230	\$	\$ (1,428,201)	\$ 173,388,029
Less scholarship allowances	(33,848,815)			(33,848,815)
Net student tuition and fees	<u>140,967,415</u>	<u>NONE</u>	<u>(1,428,201)</u>	<u>139,539,214</u>
Gifts received by foundation (<i>comp. units only</i>)		13,206,308	(2,100,000)	11,106,308
Endowment income (<i>comp. units only</i>)		12,129,542	(4,338,005)	7,791,537
Federal grants and contracts	20,518,266			20,518,266
State and local grants and contracts	5,270,486	3,300		5,273,786
Nongovernmental grants and contracts	21,770,428			21,770,428
Sales and services of education departments	176,273			176,273
Auxiliary enterprise revenues (see Note HH for revenue amounts pledged as security for bonds)	46,558,891			46,558,891
Less scholarship allowances	(5,239,875)			(5,239,875)
Net auxiliary revenues	<u>41,319,016</u>	<u>NONE</u>	<u>NONE</u>	<u>41,319,016</u>
Other operating revenues	<u>5,210,194</u>	<u>1,282,754</u>		<u>6,492,948</u>
Total operating revenues	<u>235,232,078</u>	<u>26,621,904</u>	<u>(7,866,206)</u>	<u>253,987,776</u>
Operating Expenses				
Education and general:				
Instruction	100,581,924			100,581,924
Research	46,792,554			46,792,554
Public service	5,557,688			5,557,688
Academic support	21,212,678			21,212,678
Student services	15,505,906			15,505,906
Institutional support	39,364,104			39,364,104
Operations and maintenance of plant	17,455,443			17,455,443
Depreciation	18,906,319	360,972		19,267,291
Scholarships and fellowships	10,152,278			10,152,278
Auxiliary enterprises	49,397,412			49,397,412
Other operating expenses	340,998	18,006,842	(10,681,886)	7,665,954
Total operating expenses	<u>325,267,304</u>	<u>18,367,814</u>	<u>(10,681,886)</u>	<u>332,953,232</u>
Operating income(loss)	<u>(90,035,226)</u>	<u>8,254,090</u>	<u>2,815,680</u>	<u>(78,965,456)</u>
Nonoperating Revenues (Expenses)				
State appropriations	45,804,724			45,804,724
Gifts	5,740,078		(577,600)	5,162,478
Federal nonoperating revenues(expenses)	23,691,222			23,691,222
Net investment income(loss)	9,581,908	10,745		9,592,653
Interest expense	(9,568,995)			(9,568,995)
Other nonoperating revenues(expenses)	(12,164,326)	(9,454)		(12,173,780)
Net nonoperating revenues(expenses)	<u>63,084,611</u>	<u>1,291</u>	<u>(577,600)</u>	<u>62,508,302</u>
Income(loss) before other revenues, expenses, gains, losses	<u>(26,950,615)</u>	<u>8,255,381</u>	<u>2,238,080</u>	<u>(16,457,154)</u>
Capital appropriations	243,000			243,000
Capital grants and gifts	7,372,490		(6,287,510)	1,084,980
Additions to permanent endowments	1,700,000	2,466,765		4,166,765
Increase(decrease) in Net Assets	<u>(17,635,125)</u>	<u>10,722,146</u>	<u>(4,049,430)</u>	<u>(10,962,409)</u>
Net position at beginning of the year, as restated	<u>32,586,255</u>	<u>140,614,920</u>	<u>(52,861,829)</u>	<u>120,339,346</u>
Net Asset at end of the year	<u>\$ 14,951,130</u>	<u>\$ 151,337,066</u>	<u>\$ (56,911,259)</u>	<u>\$ 109,376,937</u>

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

Cash flow from operating activities

Tuition and fees	\$	141,100,116
Grants and contracts		44,776,596
Sales and services of educational departments		178,238
Auxiliary enterprise receipts		41,460,894
Payments for employee compensation		(144,146,881)
Payments for benefits		(51,026,314)
Payments for utilities		(7,145,893)
Payments for supplies and services		(69,641,731)
Payments for scholarships and fellowships		(12,056,617)
Loans to students		(1,188,216)
Collection of loans to students		2,080,839
Other receipts (payments) (provide explanation)		<u>5,368,827</u>
Net cash provided (used) by operating activities		<u>(50,240,142)</u>

Cash flows from non-capital financing activities

State appropriations	\$	46,019,503
Gifts and grants for other than capital purposes		5,200,704
Pell Grant receipts (do not report in gifts and grants)		24,069,913
Private gifts for endowment purposes		1,700,000
TOPS receipts		26,213,936
TOPS disbursements		(26,297,476)
Direct lending receipts		62,999,416
Direct lending disbursements		(62,463,803)
Other receipts (payments)(provide explanation)		<u>215,918</u>
Net cash provided by noncapital financing sources		<u>77,658,111</u>

Cash flows from capital financing activities

Proceeds from capital debt	\$	122,208,226
Capital grants and gifts received		6,272,431
Proceeds from sale of capital assets		1,193,495
Purchases of capital assets		(40,028,601)
Principal paid on capital debt and leases		(111,318,921)
Interest paid on capital debt and leases		(10,323,836)
Other sources (provide explanation)		<u>(11,655,668)</u>
Net cash used by capital financing activities		<u>(43,652,874)</u>

Cash flows from investing activities

Proceeds from sales and maturities of investments	\$	1,535,082
Interest received on investments		1,367,290
Net cash provided (used) by investing activities		<u>2,902,372</u>

Net increase (decrease) in cash and cash equivalents (13,332,533)

Cash and cash equivalents at beginning of the year 88,912,706

Cash and cash equivalents at the end of the year \$ 75,580,173

**STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

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

Operating income (loss)	\$ (90,035,226)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation expense	18,906,319
Pension expense	
Deferred outflows	
Nonemployer Contributing Entity Revenue	680,046
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
(Increase) decrease in accounts receivables, net	(1,152,135)
(Increase) decrease in notes receivables	277,098
(Increase) decrease in inventories	(534,814)
(Increase) decrease in prepaid expenses and advances	809,656
(Increase) decrease in deferred outflows related to pensions	(35,609,969)
Increase (decrease) in accounts payable and accrued liabilities	3,279,784
Increase (decrease) in unearned revenue	(1,158,406)
Increase (decrease) in amounts held in custody for others	139
Increase (decrease) in compensated absences	330,988
Increase (decrease) in net pension liability	48,341,456
Increase (decrease) in OPEB payable	6,777,992
Increase (decrease) in other liabilities	69,678
Increase (decrease) in deferred inflows related to pensions	(1,222,748)
Net cash provided (used) by operating activities:	<u>\$ (50,240,142)</u>

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

Cash and cash equivalents classified as current assets	\$ 45,112,575
Cash and cash equivalents classified as noncurrent assets	<u>30,467,598</u>
Total Cash and Cash Equivalents	<u>\$ 75,580,173</u>

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

Capital appropriations	\$ 243,000
Increase in fair market value of investments	<u>8,404,282</u>
Capital gifts and grants	<u>1,132,912</u>
Disposition of capital assets	<u>635,077</u>
Other	<u>-</u>
NCE Revenues	<u>680,046</u>
Other - amortization of bond premium	<u>57,455</u>
Other - amortization of bond discount	<u>(1,836,606)</u>
Other - amortization of bond issuance costs	<u>(3,213,572)</u>
Other - amortization of loan issuance costs	<u>(4,805)</u>

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

* 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; Changes in capital assets

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

Loss on refunding of bonds

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, 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 17,519 students enrolled during the fall semester of the 2016-2017 academic year and employed approximately 1,775 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 University primarily serves 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.

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

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, the foundation made distributions of \$14,251,331 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 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.

C. BASIS OF ACCOUNTING

For financial reporting purposes, the University is considered a special-purpose government engaged in only business-type activities. 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. The financial statements of the University have been prepared on the accrual basis of accounting.

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.

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 when purchased. 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. 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.

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. 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 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

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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 non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and non-classified 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 and 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.

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 (LASERS) and the Teachers Retirement System of Louisiana (TRSL), and additions to/deductions from the retirement systems' fiduciary net position have been determined on the same basis as they are reported by the 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.

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 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.

(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

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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 (tuition and fees) provided by the 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

GASB Statement 82, Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73, is effective for the fiscal year ended June 30, 2017. This standard revises the definition of covered-employee payroll as the payroll on which contributions to a pension plan are based, which does not include non-pensionable pays such as overtime, fringe benefits, per diem paid to board members, pay of DROP employees, and payout of annual leave upon termination, etc.

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.

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2. CASH AND CASH EQUIVALENTS

At June 30, 2017, the university has cash and cash equivalents (book balances) of \$75,580,173 as follows:

Petty cash	\$ 126,949
Demand deposits	59,201,644
Certificates of deposit	25,431
Money market funds	
Short-term investments	
Time deposits	
Blended component unit cash	<u>16,226,149</u>
 Total	 <u><u>\$ 75,580,173</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, 2017, none of the university's bank balance of \$65,129,450 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Cash and cash equivalents of the component units totaling \$9,349,119, as shown on the Statement of Financial Position, are reported under FASB ASC §958, which does not require the disclosures of GASB Statement No. 40, Deposit and Investment Risk Disclosures.

3. INVESTMENTS

At June 30, 2017, the University had investments totaling \$94,176,430, 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:

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<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%		\$ -
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%		
Common and preferred stock ⁵	0.00%		
Corporate bonds and bond funds ⁴	0.00%		
Mutual funds ⁴	0.00%		
Louisiana Asset Management Pool ²	0.00%		
Investments held by foundations in external investment pools ³	0.00%		
Investments held by foundations (component units)³			
U.S. Treasury Notes	0.00%		
Federal Home Loan Mortgage Corporation	0.00%		
Federal National Mortgage Association	0.00%		
Government 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	71.02%	4	66,887,597
Money market accounts	0.00%		
Equity funds	4.51%	5	4,249,342
Common and preferred stock	6.29%	5	5,927,680
Corporate bonds/obligations	0.00%		
Hedge funds	11.00%	5	10,363,174
Certificates of deposit	0.00%		
Other ⁵	7.17%	5	6,748,637
Other investments not rated	0.00%		
	<u>100.0%</u>		<u>\$ 94,176,430 *</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

* Should equal investment total SNP

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<u>Type of Investment</u>	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					
U.S. Treasury Notes					
Federal Home Loan Mortgage Corporation					
Federal National Mortgage Association					
Other fixed income securities					
Mutual funds					
Money market accounts					
Equity funds					
Corporate bonds/obligations					
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 \$94,176,430 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 \$94,176,430 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 policy generally requires that issuers must provide the University 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.

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INVESTMENTS – FAIR VALUE MEASUREMENT

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

Fair values of assets and liabilities measured on a recurring basis at June 30, 2017 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				
Common and preferred stock				
Corporate bond and bond funds				
Mutual Funds				
Louisiana Asset Management Pool				
Investments held by foundations (component units)				
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	\$66,887,597	\$66,887,597		
Money market accounts				
Equity funds	4,249,342			4,249,342
Corporate bonds/obligations				
Hedge funds	10,363,174			10,363,174
Certificates of deposit				
Common and preferred stock	5,927,680	5,927,680		
Other	6,748,637			6,748,637
Held by Blended component unit				
Total	<u>\$94,176,430</u>	<u>\$72,815,277</u>	<u>\$ -</u>	<u>\$21,361,153</u>

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INVESTMENTS - COMPONENT UNITS

The component units' investments totaling \$164,023,861 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, 2017, follow:

<u>Type of Investment</u>	<u>University of Louisiana at Lafayette Foundation</u>
Certificates of deposit	\$ 805,475
U.S. Treasury and agency bonds	
Municipal and other government agency bonds	
Fixed income bonds	
Asset-backed securities	
Commerical bonds	
Stocks and equities	8,430,992
International stocks	
Mutual and exchange traded funds	98,570,583
Real estate investment trusts	
Hedge funds and alternative investments	56,177,489
Unit investment funds	<u>39,322</u>
Total	<u>\$ 164,023,861</u>

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2017. These receivables are composed of the following:

<u>Type</u>	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Accounts Receivable</u>	<u>Restricted Noncurrent Portion</u>
Student tuition and fees	\$ 4,271,384	\$ 3,755,056	\$ 516,328	
Auxiliary enterprises	4,540,312	1,819,090	2,721,222	
Contributions and gifts	5,865,455		5,865,455	
Federal, state, and private grants and contracts	17,083,926		17,083,926	
Insurance recoveries	316,149		316,149	
Other	1,642,461		1,642,461	
Total	<u>\$ 33,719,687</u>	<u>\$ 5,574,146</u>	<u>\$ 28,145,541</u>	<u>\$ -</u>

Statement of Net Position

Accounts Receivable, net	\$ 27,873,641
Due from Federal Government	271,900
Noncurrent Receivables	
Total	<u>\$ 28,145,541</u>

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5. CHANGES IN CAPITAL ASSETS

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

University

	Balance July 1, 2016	Prior Period Adjustment	Restated Balance July 1, 2016	Additions	Transfers	Retirements	Balance June 30, 2017
Capital assets not being depreciated:							
Land	\$ 9,298,681		\$ 9,298,681				\$ 9,298,681
Non-depreciable land improvements	-		-				-
Capitalized collections	-		-				-
Livestock	-		-				-
Software development in progress	9,126,068		9,126,068	1,545,334			10,671,402
Construction-in-progress	10,644,420		10,644,420	37,606,664	(4,364,713)		43,886,371
Total assets not being depreciated	29,069,169	-	29,069,169	39,151,998	(4,364,713)	-	63,856,454
Capital assets being depreciated:							
Infrastructure			-				-
Land improvements	12,909,789		12,909,789		1,705,969		14,615,758
Buildings	520,463,190		520,463,190	78,093	2,658,744	(1,464,372)	521,735,655
Equipment (including library books)	98,651,446		98,651,446	3,501,546		(944,203)	101,208,789
Software (internally generated and purchased)			-				-
Total capital assets being depreciated	632,024,425	-	632,024,425	3,579,639	4,364,713	(2,408,575)	637,560,202
Less accumulated depreciation:							
Infrastructure			-				-
Land improvements	(4,994,157)		(4,994,157)	(586,849)			(5,581,006)
Buildings	(166,756,393)		(166,756,393)	(14,641,295)		829,295	(180,568,393)
Equipment	(84,574,459)		(84,574,459)	(3,678,175)		944,203	(87,308,431)
Software (internally generated and purchased)			-				-
Total accumulated depreciation	(256,325,009)	-	(256,325,009)	(18,906,319)	-	1,773,498	(273,457,830)
Total capital assets, net	\$ 404,768,585	\$ -	\$ 404,768,585	\$ 23,825,318	\$ -	\$ (635,077)	\$ 427,958,826

Component Units

	Balance July 1, 2016	Prior Period Adjustment	Restated Balance July 1, 2016	Additions	Transfers	Retirements	Balance June 30, 2017
Capital assets not being depreciated:							
Land	\$ 1,110,010		\$ 1,110,010			\$ (62,000)	\$ 1,048,010
Art and collectibles	3,012,016		3,012,016			(23,500)	2,988,516
Construction-in-progress	203,474		203,474		(203,474)		-
Total assets not being depreciated	4,325,500	-	4,325,500	-	(203,474)	(85,500)	4,036,526
Capital assets being depreciated:							
Buildings	10,588,048		10,588,048	2,023	203,474		10,793,545
Vehicles, furniture, and equipment	780,811		780,811	68,482			849,293
Software (internally generated/purchased)	111,268		111,268				111,268
Total assets being depreciated	11,480,127	-	11,480,127	70,505	203,474	-	11,754,106
Less accumulated depreciation							
Land Improvements			-				-
Buildings	(3,268,734)		(3,268,734)	(274,852)			(3,543,586)
Vehicles, furniture, and equipment	(604,954)		(604,954)	(60,076)			(665,030)
Software (internally generated/purchased)	(85,504)		(85,504)	(22,083)			(107,587)
Total accumulated depreciation	(3,959,192)	-	(3,959,192)	(357,011)	-	-	(4,316,203)
Total capital assets, net	\$ 11,846,435	\$ -	\$ 11,846,435	\$ (286,506)	\$ -	\$ (85,500)	\$ 11,474,429

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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.

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, 2017:

<u>Account Name</u>	
Vendor payables	\$ 10,812,234
Accrued salaries and payroll deductions	7,162,456
Accrued interest	
Other	<u>9,167</u>
Total payables	<u><u>\$ 17,983,857</u></u>

7. COMPENSATED ABSENCES

At June 30, 2017, employees of the university have accumulated and vested annual, sick, and compensatory leave of \$5,951,162; \$5,016,769; and \$563,056, 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, 2017 will disclose pension liability for all nine universities and the University of Louisiana System Board of Supervisors 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.

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 University are 26.5% of the covered payroll for fiscal year 2017. 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

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liability of the University. 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 \$10,826,023 and \$3,268,663, respectively, for the year ended June 30, 2017.

10. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The University of Louisiana System financial report for the fiscal year ended June 30, 2017 will disclose postemployment health care and life insurance benefits payable for all nine universities and the University of Louisiana System Board of Supervisors. No disclosure is being made at the university level.

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2017, the total rental expense for all operating leases is \$315,843. The following is a schedule by years of future minimum annual rental payments required under operating leases:

<u>Fiscal Year Ending June 30,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Land</u>	<u>Other</u>	<u>Total Minimum Payments Required</u>
2018	\$ 180,000	\$ 46,956	\$ 74,090		\$ 301,046
2019	180,000	46,956	10		226,966
2020	180,000	46,956	10		226,966
2021	180,000	14,316	10		194,326
2022	180,000	8,351	10		188,361
2023-2027	585,000		50		585,050
2028-2032			50		50
2033-2037			50		50
2038-2042			50		50
2043-2047			50		50
Thereafter			570		570
Total	<u>\$ 1,485,000</u>	<u>\$ 163,535</u>	<u>\$ 74,950</u>	<u>\$ -</u>	<u>\$ 1,723,485</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, 2017.

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, 2017:

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	Cost	Accumulated Depreciation	Carrying Amount
Office space	\$ 1,619,756	\$ (816,876)	\$ 802,880
Buildings	30,753,890	(8,535,251)	22,218,639
Equipment			-
Land	555,839		555,839
Other			-
 Total	 <u>\$ 32,929,485</u>	 <u>\$ (9,352,127)</u>	 <u>\$ 23,577,358</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Office Space</u>	<u>Buildings</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
2018	\$ 2,802,599		\$ 95,010	\$ 420,000	\$ 3,317,609
2019	2,816,613		95,010	210,000	3,121,623
2020	2,849,700		95,010		2,944,710
2021	2,882,140		95,010		2,977,150
2022	2,902,252		95,010		2,997,262
2023-2027	11,142,743		187,373		11,330,116
2028-2032	2,670,876		44,050		2,714,926
2033-2037			50		50
2038-2042			50		50
2043-2047			50		50
Thereafter			520		520
 Total minimum future rentals	 <u>\$ 28,066,923</u>	 <u>\$ -</u>	 <u>\$ 707,143</u>	 <u>\$ 630,000</u>	 <u>\$ 29,404,066</u>

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume or customer usage of services provided. Contingent rentals received from operating leases of office space, buildings, and land for the year ended June 30, 2017, were \$1,134,836, \$376,201, and \$103,554 respectively.

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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, 2017:

University

	Balance June 30, 2016	Adjustments	Balance June 30, 2016 Restated	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
Bonds and notes payable:							
Bonds payable	\$ 215,908,586	\$ (5,373,853)	\$ 210,534,733	\$ 112,208,226	\$ (105,505,916)	\$ 217,237,043	\$ 5,360,000
Notes payable	1,221,822	(7,550)	1,214,272	9,944,297	(104,413)	11,054,156	447,121
Total bonds and notes payable	<u>217,130,408</u>	<u>(5,381,403)</u>	<u>211,749,005</u>	<u>122,152,523</u>	<u>(105,610,329)</u>	<u>228,291,199</u>	<u>5,807,121</u>
Other liabilities:							
Accrued compensated absences payable	11,199,999		11,199,999	956,026	(625,038)	11,530,987	816,175
Capital lease obligations	-		-			-	
Pension liability	250,146,615		250,146,615	48,341,456		298,488,071	
OPEB payable	109,108,202		109,108,202	11,231,907	(4,453,915)	115,886,194	
Total other liabilities	<u>370,454,816</u>	<u>-</u>	<u>370,454,816</u>	<u>60,529,389</u>	<u>(5,078,953)</u>	<u>425,905,252</u>	<u>816,175</u>
Total	<u>\$ 587,585,224</u>	<u>\$ (5,381,403)</u>	<u>\$ 582,203,821</u>	<u>\$ 182,681,912</u>	<u>\$ (110,689,282)</u>	<u>\$ 654,196,451</u>	<u>\$ 6,623,296</u>

Component Units

	Balance June 30, 2016	Adjustments	Balance June 30, 2016 Restated	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
Bonds and notes payable:							
Bonds payable	\$ 800,000		\$ 800,000		\$ (800,000)	\$ -	
Notes payable	417,535		417,535		(18,630)	398,905	20,469
Total bonds and notes payable	<u>1,217,535</u>	<u>-</u>	<u>1,217,535</u>	<u>-</u>	<u>(818,630)</u>	<u>398,905</u>	<u>20,469</u>
Other liabilities:							
Accrued compensated absences payable (note 10)			-			-	-
Capital lease obligations (note 11)			-			-	
Total other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,217,535</u>	<u>\$ -</u>	<u>\$ 1,217,535</u>	<u>\$ -</u>	<u>\$ (818,630)</u>	<u>\$ 398,905</u>	<u>\$ 20,469</u>

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

Bonds Payable - University

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding June 30, 2016</u>	<u>Issued (Redeemed)</u>	<u>Principal Outstanding June 30, 2017</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2017</u>
Lease Revenue Refunding Cajundome Series 2006	April 26, 2007	\$ 13,370,000	\$ 9,790,000	\$ (9,790,000)	\$ -			
Ragin' Cajun Facilities, Inc. (blended component unit) - Lafayette Public Trust Financing Authority: Student Housing - Series 2009	April 15, 2009	12,500,000	11,880,000	(11,880,000)	-			
Student Union and University Facilities Project - Series 2010	November 15, 2010	22,200,000	20,070,000	(470,000)	19,600,000	2041	3%-5.0%	13,219,047
Housing and Parking Project - Series 2010	December 1, 2010	100,050,000	95,630,000	(87,480,000)	8,150,000	2021	3.5%-5.25%	748,044
Refunding Bonds Series 2012	October 30, 2012	14,740,000	14,145,000	(610,000)	13,535,000	2033	3.0%-5.0%	4,649,423
Lewis Street Parking Garage Series 2013	November 21, 2013	25,205,000	24,710,000	(505,000)	24,205,000	2044	2.0%-5.0%	18,393,019
Athletic Facilities Project Series 2013	November 26, 2013	23,605,000	23,140,000	(475,000)	22,665,000	2044	2.0%-5.0%	17,202,384
Cajundome Project Series 2015	August 18, 2015	18,500,000	18,500,000		18,500,000	2045	3.5%-4.125%	15,593,080
Cajundome Refunding Lease - Revenue Bonds Series 2016	August 2, 2016	11,005,000		11,005,000	11,005,000	2030	2.470%	1,758,002
Housing Refund Bonds - Series 2017	April 19, 2017	95,945,000		95,945,000	95,945,000	2042	2.0%-5.0%	68,431,450
Total		337,120,000	217,865,000	(4,260,000)	213,605,000			139,994,449
Unamortized Discounts & Premiums, net		6,066,552	(1,956,414)	10,150,283	8,193,869			
Unamortized Bond Issue Costs		(9,826,227)	(5,373,853)	812,027	(4,561,826)			
Total		\$ 333,360,325	\$ 210,534,733	\$ 6,702,310	\$ 217,237,043			\$ 139,994,449

Component Units

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 5,360,000	\$ 9,094,169	\$ 14,454,169
2019	5,340,000	9,023,196	14,363,196
2020	5,535,000	8,821,673	14,356,673
2021	5,750,000	8,600,064	14,350,064
2022	5,975,000	8,380,428	14,355,428
2023-2027	33,615,000	38,132,038	71,747,038
2028-2032	41,460,000	29,927,905	71,387,905
2033-2037	46,765,000	19,798,382	66,563,382
2038-2042	53,340,000	7,766,394	61,106,394
2043-2047	10,465,000	450,200	10,915,200
Sub-total	<u>213,605,000</u>	<u>139,994,449</u>	<u>353,599,449</u>
Unamortized Discount/ Premium	8,193,869		8,193,869
Unamortized Bond Issue Costs	<u>(4,561,826)</u>	NONE	<u>(4,561,826)</u>
Total	<u>\$ 217,237,043</u>	<u>\$ 139,994,449</u>	<u>\$ 357,231,492</u>

The UL Lafayette Foundation had no outstanding bonds at June 30, 2017.

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

<u>Bond Issue</u>	<u>Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
University of Louisiana at Lafayette			
Ragin' Cajun Facilities, Inc., Student Union/University Facilities Project Series 2010	1,380,510	1,379,681	829
Ragin' Cajun Facilities, Inc., Project Series 2013 Lewis Street Parking Garage	1,592,955	1,590,463	2,492
Ragin' Cajun Facilities, Inc., Project Series 2013 Athletic Facilities Project	1,490,597	1,488,250	2,347
Ragin' Cajun Facilities, Inc., Project Series 2017 Housing Refunding	816,659		816,659
Total	<u>\$ 5,280,721</u>	<u>\$ 4,458,394</u>	<u>\$ 822,327</u>

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. The surety bond meets the definition as a reserve fund investment and guarantees payment of an amount not to exceed \$1,527,385 to fund the reserve requirements.

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As permitted by the bond resolution for the Ragin' Cajun Facilities, Inc. Cajundome Project - Series 2016, 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 \$1,020,325 to fund the reserve requirements.

As permitted by the bond resolution for the Ragin' Cajun Facilities, Inc. Project -Series 2017 Housing Refund Bonds obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds. The surety bond meets the definition as a reserve fund investment and guarantees payment of an amount not to exceed \$7,121,575 to fund the reserve requirements.

During the 2017 fiscal year, the Corporation adopted the provisions of 2015-13, Interest – Imputation of Interest (Subtopic 835-30): Simplifying the provision of Debt Issuance Costs. This accounting change requires that debt issuance costs in connection with debt that is not reported at fair value are reported as a deferred charge and reported as a direct deduction from the face amount of the related indebtedness. Previously, debt issue costs were reported as deferred charges, but were classified as non-current assets in the statement of financial position. The change was applied retrospectively to the prior fiscal year.

Notes Payable – University

The university had the following outstanding note payable at June 30, 2017.

Note	Date of Issue	Original Issue	Outstanding June 30, 2016	Issued (Redeemed)	Outstanding June 30, 2017	Maturities	Interest Rates	Interest Outstanding June 30, 2017
University of Louisiana at Lafayette								
MidSouth Bank 1	September 18, 2015	\$ 1,300,000	\$1,221,822	\$ (108,921)	\$ 1,112,901	2026	4.45%	\$ 222,277
MidSouth Bank 2	July 22, 2016	10,000,000		10,000,000	10,000,000	2028	4.50%	2,699,109
Total		11,300,000	1,221,822	9,891,079	11,112,901			2,921,386
Bond Amortization Costs			(7,550)	(51,195)	(58,745)			
Total			<u>\$1,214,272</u>	<u>\$9,839,884</u>	<u>\$11,054,156</u>			

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The annual requirements to amortize all notes outstanding at June 30, 2017, including interest of \$2,921,386, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 447,121	\$ 495,398	\$ 942,519
2019	944,729	460,759	1,405,488
2020	987,859	417,629	1,405,488
2021	1,033,656	371,832	1,405,488
2022	1,081,126	324,362	1,405,488
2023	1,130,727	274,760	1,405,487
2024	1,182,660	222,828	1,405,488
2025	1,237,042	168,446	1,405,488
2026	1,170,795	113,428	1,284,223
2027	1,182,478	61,183	1,243,661
2028	714,708	10,761	725,469
2029			
2030			
	<u>\$ 11,112,901</u>	<u>\$ 2,921,386</u>	<u>\$ 14,034,287</u>
sub-total	\$ 11,112,901	\$ 2,921,386	\$ 14,034,287
Unamortized Bond Costs	<u>(58,745)</u>		<u>(58,745)</u>
Total	<u>\$ 11,054,156</u>	<u>\$ 2,921,386</u>	<u>\$ 13,975,542</u>

Component Units

The University's component unit foundation had the following outstanding note payable at June 30, 2017.

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	20,469	18,765	39,234
2019	21,477	17,757	39,234
2020	22,489	16,745	39,234
2021	23,642	15,592	39,234
2022	24,806	14,428	39,234
2023	26,027	13,207	39,234
2024	27,276	11,958	39,234
2025	28,652	10,582	39,234
2026	30,062	9,172	39,234
2027	31,542	7,691	39,233
2028	33,079	6,154	39,233
2029	34,724	4,510	39,234
2030	36,434	2,800	39,234
2031	38,226	1,006	39,232
	<u>\$ 398,905</u>	<u>\$ 150,367</u>	<u>\$ 549,272</u>
Total			

13. REFUNDING OF BONDS

Series 2017 Housing Refunding Bonds

During April 2017, the Series 2009 revenue bonds were refunded and a substantial portion of the outstanding Series 2010 Parking and Housing Bonds as the Series 2017 Refunding Bonds.

- Series 2009 Refunding - the loss on the refunding of the \$11,630,000 Series 2009 Bonds outstanding was \$1,751,542, which includes the write off of unamortized bond costs and issue discounts of \$573,574.
- Series 2010 Parking and Housing Bonds - a substantial portion of the bonds outstanding for the Series 2010 Parking and Housing Bonds were refunded. At April 19, 2017, outstanding bonds of \$85,645,000 for maturities of October 1, 2021 through October 1, 2041 were refunded with a loss on the refunding of \$14,505,703. The loss on the refunding includes the write down of unamortized bond costs and issue discounts attributed to the refunded bonds of \$3,987,206. After the refunding, the remaining Series 2010 Parking and Housing Bonds outstanding of \$8,150,000 had maturities through October 1, 2020.

The Series 2017 Refunding Bonds were issued in April 2017 in the amount of \$95,945,000 at a premium of \$8,479,654. Bond Issue costs of \$1,563,154 were netted in the bond proceeds of \$102,861,500 deposited with the bond trustee. An additional \$593,687 of bond costs were paid by the bond trustee. Additional transfers of debt service funds of \$7,005,925 from trustee funds on the refunding bonds along with the bond proceeds of \$102,231,924 were transferred to the escrow agent to refund the bonds outstanding for the two series of \$97,275,000, \$11,630,000 for Series 2009 and \$85,645,000 for 2022 and later maturities of the Series 2010 Parking and Housing Bonds.

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While the refunding resulted in a net loss of \$16,257,245, the calculation does not take into account that the bonds were issued at a premium of \$8,479,654, which is being amortized over the life of the refunding bonds on the interest method. The loss on refunding includes the write down of unamortized bond issue costs and issue discounts in the amount of \$4,560,780 in connection with the refunded 2009 and 2020 issues. The refunding has the effect of reducing future debt service payments from the previous debt service schedule and results in a present value savings of \$4,377,835, despite the recorded loss on the financial reporting basis.

Series 2016 Cajundome Refunding Bonds

During the 2017 fiscal year, the University of Louisiana at Lafayette refunded revenue bonds outstanding of \$9,790,000 that it carried in the University's financial statements. The \$11,005,000 Series 2016 Revenue Bonds and Refunding was issued through Ragin' Cajun Facilities, Inc. Cost of issuance in connection with the refunding was \$239,284. The refunding of the existing indebtedness was accomplished through transfers of funds accumulated in debt service reserves of the Cajundome in addition to proceeds of the Series 2016 refunding. The refunding also accomplished an additional \$1,470,276 of funding that was added to the Cajundome Improvement Project being developed with the Series 2015 Revenue Bonds. To record the assumption of the liability, \$10,005,922 was recorded as a contribution to the University, or otherwise an assumption of a debt.

14. INTEREST RATE SWAP AGREEMENTS

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

15. REVENUE USED AS SECURITY FOR REVENUE BONDS

The University did not have any revenue used as security for revenue bonds.

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 been restated to reflect the following changes:

	<u>University</u>
Net position/assets at June 30, 2016	\$32,027,365
University of Louisiana at Lafayette	
Grants and contracts	<u>558,890</u>
Net position/assets at June 30, 2016, restated	<u><u>\$32,586,255</u></u>

Change in net position as reported for fiscal year 2016 before restatement was \$4,927,515.

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17. RESTRICTED NET POSITION

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

<u>Account Title</u>	<u>Amount</u>
Student fees	\$ 12,168,275
Grants and contracts	5,551,263
Gifts - restricted by donors	
Endowment	41,219,480
Auxiliary enterprises	
Student loan fund	9,352,910
Capital construction/plant projects	
Debt service/retirement of indebtedness	720
Maintenance Reserves	6,967,654
WRAC Fund	
Scholarships	611,663
Other	
	<hr/>
Total expendable	\$ 75,871,965

The University's restricted nonexpendable net position totaling \$53,415,000 as of June 30, 2017, was comprised entirely of endowment funds.

Of the total net position reported on Statement Net Position for the year ended June 30, 2017, \$3,028,635 was restricted by enabling legislation.

RESTRICTED NET ASSETS - COMPONENT UNITS

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

	<u>University of Louisiana at Lafayette Foundation, Inc.</u>
Temporarily restricted:	
Donor-restricted endowment funds	\$ 37,778,562
Chair and professorship endowment funds	13,343,708
Other programs	
	<hr/>
Total temporarily restricted net assets	\$ 51,122,270
	<hr/>
Permanently restricted:	
Donor-restricted endowment funds	\$ 47,161,344
Chair and professorship endowment funds	48,396,171
	<hr/>
Total permanently restricted net assets	\$ 95,557,515
	<hr/> <hr/>

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18. CONDENSED FINANCIAL INFORMATION

Following is condensed financial information for the University's blended component unit:

Statement of Net Position

	<u>Ragin' Cajun Facilities, Inc.</u>
Assets	
Current assets	\$ 2,332
Capital assets	240,862,448
Other assets	<u>16,226,149</u>
Total assets	<u>\$ 257,090,929</u>
Liabilities	
Current liabilities	\$ 12,347,198
Long-term liabilities	<u>222,484,077</u>
Total liabilities	<u>\$ 234,831,275</u>
Net Position	
Net investment in capital assets	\$ 15,227,968
Restricted net position - expendable	6,968,374
Unrestricted net position	<u>63,312</u>
Total net position	<u>\$ 22,259,654</u>

Statement of Revenues, Expenses, and Changes in Net Position

	<u>Ragin' Cajun Facilities, Inc.</u>
Operating revenues	\$ 15,785,989
Operating expenses	(160,250)
Depreciation expense	<u>(8,260,051)</u>
Net operating income (loss)	7,365,688
Nonoperating revenues (expenses):	
Investment income	58,243
Interest expense	(9,568,995)
Other (net)	(26,263,167)
Capital contributions/additions to permanent and term endowments	<u>9,054,393</u>
Changes in net position	(19,353,838)
Net position beginning of the year	<u>41,613,492</u>
Net position end of the year	<u>\$ 22,259,654</u>

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Statement of Cash Flows

	<u>Ragin' Cajun Facilities, Inc.</u>
Net cash flows provided (used) by:	
Operating activities	\$ 15,079,845
Noncapital financing	
Capital and related financing	(30,208,082)
Investing activities	
	<hr/>
Net increase (decrease) in cash	(15,128,237)
Cash, beginning of the year	<u>31,354,386</u>
	<hr/>
Cash, end of the year	<u>\$ 16,226,149</u>

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 64,984,969	\$ 25,318,075	\$ 69,898	\$ 10,214,567	\$ (5,585)		\$ 100,581,924
Research	23,896,609	10,436,356	1,668,097	10,792,487	(995)		46,792,554
Public service	2,922,376	1,220,236	9,804	1,405,272			5,557,688
Academic support	10,846,454	6,370,990	84,585	3,910,649			21,212,678
Student services	7,129,737	3,136,332	2,922	5,238,514	(1,599)		15,505,906
Institutional support	15,756,963	15,087,615		8,519,526			39,364,104
Operations and maintenance of plant	4,215,251	2,974,001	4,077,407	6,188,784			17,455,443
Depreciation						\$ 18,906,319	18,906,319
Scholarships and fellowships	(48,026)	80,068			\$ 10,120,236		10,152,278
Auxiliary enterprises	13,473,103	5,425,332	1,758,735	26,348,447	2,391,795		49,397,412
Other	-	330,988		10,010			340,998
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	\$ 143,177,436	\$ 70,379,993	\$ 7,671,448	\$ 72,628,256	\$ 12,503,852	\$ 18,906,319	\$ 325,267,304

20. CONTINGENT LIABILITIES AND RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are considered state liabilities and paid upon appropriation by the legislature and not the University. Therefore, the University, through its legal advisors, estimates that potential claims not covered by insurance would not materially affect the financial statements. In addition, the University had not incurred any claims and/or litigation cost in the current year. Other losses of the University 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

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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, 2017, was \$2,378,099.

22. DONOR RESTRICTED ENDOWMENTS

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

At June 30, 2017, net appreciation of donor restricted endowments is equal to \$41,219,480, 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.

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, 2017, the foundation held in custody \$94,176,429 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. This foundation is a separate corporation whose financial statements are subject to audit by other independent certified public accountants.

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

University of Louisiana at Lafayette Alumni Association

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.lla.la.gov.

25. COOPERATIVE ENDEAVOR AGREEMENTS

University of Louisiana at Lafayette/CGI Federal, Inc.

General

In August 2014, the Ragin' Cajun Facilities Corporation entered into a cooperative endeavor agreement (CEA) with; the state of Louisiana (State), 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 University of Louisiana at Lafayette (UL) grant and other considerations.

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Obligations

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 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 10 years, with provisions for two five-year extensions. UL will lease the facility site to Ragin' Cajun Facilities at \$1 per year during the construction phase and for the terms of the facility lease agreement. UL reserves the right to take ownership of the facility at any time, subject to the lease, and Ragin' Cajun Facilities shall convey ownership of the facility to UL within 60 days of written request by UL.

University of Louisiana at Lafayette/Louisiana Department of Economic Development

General

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

Obligations

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

At this point significant LED funds have not been expended, given that a majority of funds are connected to new faculty lines, and UL was awaiting administration's approval to fill these positions. However, much heavier expenditures are anticipated beginning Fall 2017. In particular, UL expects to award scholarships to qualified new students recruited to the programs, and to fill the tenure-track and instructor positions.

University of Louisiana at Lafayette/Project Chimps

General

In December 2015, the University entered a cooperative endeavor agreement (CEA) with Project Chimps, Inc., a nonprofit corporation formed under the laws of the state of Oregon that is dedicated to and created for the purpose of providing permanent non-research sanctuary for the lifelong care of chimpanzees. UL's New Iberia Research Center (NIRC) is the nation's largest non-human primate research center, involved in the conduct of biomedical research aimed at promoting human health and animal welfare, and houses the nation's largest colony of chimpanzees within a biomedical research setting. The University currently bears the cost of providing lifetime care and maintenance for retired chimpanzees which is very costly and burdensome. Project Chimps desired to undertake the cost and burden in order to provide sanctuary for the retired chimpanzees. The University will transfer ownership, rights and obligations of the Chimpanzees to Project Chimps thus providing relief of the University's financial burden of lifetime care of the chimpanzees and the achievement of Project Chimps' central mission of providing permanent sanctuary and lifelong care of chimpanzees. The term of the agreement is for 5 years or until removal of all the chimpanzees from the NIRC.

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Obligations

To assist Project Chimps in providing lifetime care, UL agrees to make one-time payments to Project Chimps upon the transfer of each chimpanzee to sanctuary. At most, UL may be obligated to pay Project Chimps approximately \$4.3M. Utilizing unrestricted endowment payments for the care and maintenance of the chimpanzees, project payment totaling \$2,023,980.18 were paid through June 30, 2017.

26. SUBSEQUENT EVENTS

Effective August 1, 2017, Act 12 of the 2017 Louisiana Legislature Regular Session dissolved the Louisiana Immersive Technologies Enterprise (LITE) Commission. Ownership of all property of the commission, movable or immovable, was transferred to the University of Louisiana at Lafayette (UL). In addition, the Board of Supervisors for the University of Louisiana System, acting through the President of UL has the authority to grant leases of any portion of the LITE building to public or private lessees without the necessity of advertisement or bid.

During the 2017 fiscal year, Ragin' Cajun Facilities Corporation sought funding from various sources to build a new baseball stadium. In that process, the Corporation borrowed \$10,000,000 from a local financial institution to fund a portion of the construction. The University is presently negotiating new terms with the lender for a reduction in the interest rate and an increase in the term from 10 years to 16 years.

Ragin' Cajun Facilities Corporation is incurring costs that have been paid by the University in the amount of \$808,891 for the initial design and developing of a new housing complex for the University. These costs are in connection with both the feasibility of a housing project, the size of the complex and a budget for construction. The project is expected to be funded through the issuance of bonds; whereby, the University will be repaid for costs owed in the initial design phase. The Corporation anticipates issuing bonds of approximately \$55 million in connection with this project in early 2018.