



*State of Louisiana*  
DIVISION OF ADMINISTRATION

OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY

KATHLEEN BABINEAUX BLANCO  
GOVERNOR

JERRY LUKE LEBLANC  
COMMISSIONER OF ADMINISTRATION

June 12, 2006

Dear Sir or Madam:

Attached is the reporting packet that has been developed by the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP). This is the format **required** for reporting the results of operations of the **State's colleges and universities**, hereafter referred to as universities, to OSRAP for the fiscal period ending June 30, 2006. The entire packet, except for the Schedule 8's, which will be forwarded at a later date, was developed as a Word document; however, the financial statements and tables within the notes to the financial statements were developed in Excel and embedded in a Word document. The user of this document can enter financial information in the Excel developed financial statements and tables by double clicking on the statement or table. *This packet is available on OSRAP's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap) (select "AFR packets" and then "college packet").*

The financial information for each university system will be included in Louisiana's Comprehensive Annual Financial Report (CAFR). The financial statements and schedules should be prepared using the economic resources measurement focus and the full accrual basis of accounting, as required by Governmental Accounting Standards Board Statement No. 34 (GASB 34). The deadline for submitting the Annual Fiscal Reports (AFRs) is **September 18, 2006**. While this reporting packet is the template for each university, we are requiring only **system reports** for inclusion in the CAFR. No extensions will be considered due to CAFR deadlines.

According to GASB 39, *Determining Whether Certain Organizations Are Component Units*, certain organizations (e.g. foundations) warrant inclusion as part of the primary government's financial reporting entity because of the nature and significance of their relationship with the primary government (e.g. colleges and universities), including their ongoing financial support of the primary government or its other component units. For purposes of determining if a component unit is significant, OSRAP has set a threshold that the component units should meet to be included in the primary government's financial statements; i.e. the assets of the component unit (e.g. foundation) must equal 3% or more of the assets of the university system. This determination should be made using the university system's financial statements ending 6/30/05, or 12/31/04 if the component unit's fiscal year is based on the calendar year. Also, if your foundation's financial information was included in your system's financial statements last year, include it again this year. (Once a component unit is selected for inclusion, OSRAP will expect it to be reported in the university's financial statements for at least three years, even if it falls below the threshold in the second or third year.)

Eliminating entries between the universities and their blended and discretely presented component units should be included in your System's AFR. The financial statements include a column to report component units as well as a column to report eliminations. There are separate lines or tables in certain notes in the AFR to report the applicable component unit information. The embedded Excel spreadsheet in the capital asset note contains three tabs or three spreadsheets (university, component unit, and a total spreadsheet). You must select the appropriate tab to enter information and print the spreadsheet. The total spreadsheet is linked and should calculate the

totals automatically. In order to print all three spreadsheets, the component unit and total spreadsheet tabs must be selected.

The bond, note, and contract schedules located in the back of the packet should include the component units' data. **Also, please include an amortization schedule for each new bond issuance for the component units included in the university's financial statements.** Templates for the Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets are provided in the packet behind the applicable system financial statements. The templates list the account lines from the foundation's financial statements next to the corresponding OSRAP account line, where the foundation's financial information should be placed.

We suggest that the universities discuss the templates with representatives from the component units (e.g. foundations) and set a due date for the component units to submit the required information to the university, so the university can submit the AFRs by OSRAP's deadline.

**Consistent with last year, we have included GASB 40 information in Appendix A.**

**Several new GASB Statements (GASB Statements 42, 46 & 47) are being implemented this fiscal year-end that will require additional disclosures. GASB Statement No. 42 – *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* establishes accounting and financial reporting standards for impairment of capital assets and insurance recoveries. Refer to Note GG for the disclosure requirements.**

**GASB Statement No. 46 – *Net Assets Restricted by Enabling Legislation* was issued to clarify GASB Statement 34 by providing a clearer definition of enabling legislation and legal enforceability. It provides guidance on how net assets restricted by enabling legislation should be reflected in the financial statements. Refer to Note FF and the information in Appendix B for details on this statement.**

**GASB Statement No. 47 – *Accounting for Termination Benefits* requires certain disclosures about an employer's accounting for employee termination benefits. Termination benefits are benefits other than salaries and wages that are provided by employers as settlement for involuntary terminations initiated by management, or as incentives for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as severance pay and payments for unused leave balances. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan and payments for unused leave balances. See OSRAP memorandum 6-28 for additional information on GASB 47 and refer to Note HH for the required disclosures.**

Certain universities are using nonprofit corporations for the purpose of financing the acquisition, purchase, or construction of buildings on their campuses. The universities lease these buildings from the nonprofit corporations when the buildings are completed. Nonprofit corporations, such as these, must be reported on the face of the financial statements and eliminating entries performed, if needed. OSRAP realizes that these nonprofit corporations are separate entities; however, the university statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the GASB and must include these nonprofit corporations in the institutions' financial statements to comply with GASB standards. In the case of these nonprofit building corporations, GASB Statement No. 14 dictates inclusion. Consequently, financial

statements from these nonprofit corporations must be submitted timely, so the university system can blend these statements in the system's financial statements to be submitted to OSRAP by the September 18<sup>th</sup> deadline.

Consistent with last year, OSRAP requests that the university systems include the amount of actual expenses per university as supplementary information (see Schedule 4). This year, we are also requesting foundation expenses in this schedule. OSRAP uses this information to prepare the Cost Allocation Report. Schedule 4 should agree to the expenses shown on the Simplified Statement of Activities.

A template for Management's Discussion and Analysis (MD&A) has been included in the packet; however, it is only a sample and should be modified as necessary for your agency.

The university system's Annual Fiscal Report must be forwarded under separate cover to the Division of Administration, OSRAP and to the Legislative Auditor's Office (Post Office Box 94397, Baton Rouge, Louisiana 70804-9397). The Legislative Auditor's Office will not send out separate affidavit forms. Be certain that copies of all reports, statements, and schedules are included. Affidavits sent to the Office of Statewide Reporting and to the Legislative Auditor must be original, signed, and notarized documents.

There is a college and university Q&A section located on OSRAP's website ([www.doa.la.gov/osrap/library/gasb34/College\\_QA.pdf](http://www.doa.la.gov/osrap/library/gasb34/College_QA.pdf)). The library book capitalization policy as well as other university information can be found there. Should you have any questions concerning the information requested, please contact Rhonda Coston at (225) 342-8090 or Mark Rhodes at (225) 342-0711. Your continued assistance and cooperation are greatly appreciated.

Sincerely,

Afranie Adomako, CPA  
Director

Enclosure

AA/MR

STATE OF LOUISIANA  
COLLEGE AND UNIVERSITY SYSTEMS  
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STATE OF LOUISIANA  
COLLEGE AND UNIVERSITY SYSTEMS  
END OF YEAR REPORT PACKET

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STATE OF LOUISIANA  
COLLEGE AND UNIVERSITY SYSTEMS  
END OF YEAR REPORT PACKET

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STATE OF LOUISIANA  
Annual Financial Statement  
Fiscal Year Ending June 30, 20\_\_\_\_

\_\_\_\_\_  
(Agency Name)

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, \_\_\_\_\_ (Name)  
\_\_\_\_\_(Title) of \_\_\_\_\_ (Agency) who duly sworn, deposes  
and says, that the financial statements herewith given present fairly the financial position of  
\_\_\_\_\_ (agency) at June 30, \_\_\_\_\_ 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 \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Agency Official

\_\_\_\_\_  
NOTARY PUBLIC

Prepared by: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Date: \_\_\_\_\_

STATE OF LOUISIANA  
Annual Financial Statement  
Fiscal Year Ending June 30, 20\_\_\_\_

\_\_\_\_\_  
(Agency Name)

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

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

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\_\_\_\_\_(Title) of \_\_\_\_\_ (Agency) who duly sworn, deposes  
and says, that the financial statements herewith given present fairly the financial position of  
\_\_\_\_\_ (agency) at June 30, \_\_\_\_\_ 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 \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Agency Official

\_\_\_\_\_  
NOTARY PUBLIC

Prepared by: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Date: \_\_\_\_\_

**This MD&A is only a sample and should be modified as necessary.**

The Management’s Discussion and Analysis of \_\_\_\_\_’s (system) financial performance presents a narrative overview and analysis of \_\_\_\_\_’s (system) financial activities for the year ended June 30, 2006. This document focuses on the current year’s activities, resulting changes, and currently known facts in comparison with the prior year’s information. Please read this document in conjunction with \_\_\_\_\_’s (system) financial statements, which begin on page \_\_\_\_.

**FINANCIAL HIGHLIGHTS**

\_\_\_\_\_(system) net assets overall changed from \$\_\_\_ to \$\_\_\_ or \_\_\_ % from July 1, 2005 to June 30, 2006. The overall reasons for this change included:

- ◆ List reasons
  - New facility
  - New capital lease
  - New endowments
  - Increase in fees and tuition
  - Reduction of program
  - Reduction of staff

Enrollment changed from \_\_\_ to \_\_\_ from July 1, 2005 to June 30, 2006, a change of \_\_\_%. The reason for this change is attributed to:

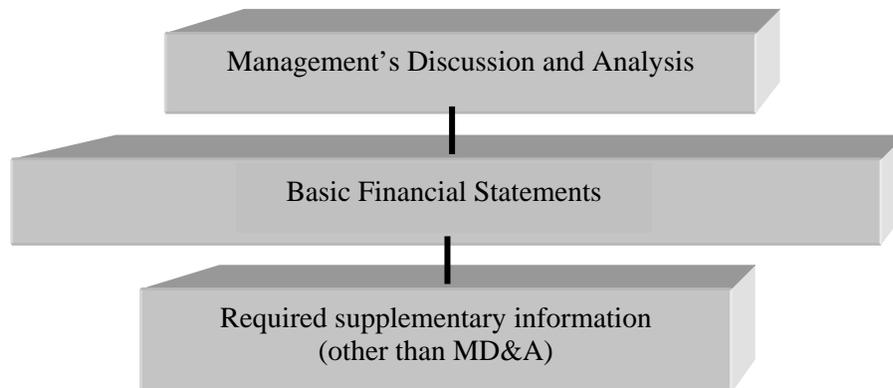
- ◆ Reasons
  - Example - New programs

\_\_\_\_\_(system) operating revenues changed from \$\_\_\_ to \$\_\_\_ or \_\_\_ % from July 1, 2005 to June 30, 2006. Operating expenses, however, changed by \_\_\_% to \$\_\_\_ for the year ended June 30, 2006. The changes in enrollment as discussed above and \_\_\_\_\_ are the primary reasons for this change.

Nonoperating revenues (expenses) fluctuate depending upon levels of state operating and capital appropriations. The change to \$\_\_\_ in 2006 from \$\_\_\_ in 2005 is attributed to \_\_\_\_\_.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

### **Basic Financial Statements**

The basic financial statements present information for the \_\_\_\_\_ (system) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (pages \_\_\_ - \_\_\_) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the \_\_\_\_\_ (system) is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (SRECNA) [pages \_\_\_ - \_\_\_] presents information showing how \_\_\_\_\_'s (system) assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages \_\_\_ - \_\_\_) presents information showing how \_\_\_\_\_'s (system) cash changed as a result of current year operations. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

The financial statements provide both long-term and short-term information about \_\_\_\_\_'s (system) overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

\_\_\_\_\_ (system) financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the SRECNA. All assets and liabilities associated with the operation of the University are included in the Statement of Net Assets.

**FINANCIAL ANALYSIS**

Statement of Net Assets as of June 30, _____ (in thousands)		
	Total	
	2006	2005
Current and other assets	\$	\$
Capital assets		
Total assets	\$ -	\$ -
Other liabilities		
Long-term debt outstanding		
Total liabilities	\$ -	\$ -
Net assets:		
Invested in capital assets, net of debt		
Restricted		
Unrestricted		
Total net assets	\$ -	\$ -

This schedule is prepared from the \_\_\_\_\_ (system) Statement of Net Assets as shown on page \_\_\_\_\_, which is presented on an accrual basis of accounting. Significant Statement of Net Asset changes from 2006 include:

The \_\_\_% increase/decrease in net assets restricted for debt service and other purposes is due to capital leases for \_\_\_\_\_.

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

<b>Statement of Revenues, Expenses, and Changes in Net Assets</b>		
(in thousands)		
	<u>2006</u>	<u>2005</u>
Operating Revenues:		
Student tuition and fees, net	\$ _____	\$ _____
Grants and contracts	_____	_____
Auxiliary	_____	_____
Other	_____	_____
<b>Total operating revenues</b>	<b>\$ _____</b>	<b>\$ _____</b>
Operating Expenses:		
Education and general:		
Instruction	\$ _____	\$ _____
Research	_____	_____
Public service	_____	_____
Academic support	_____	_____
Student services	_____	_____
Institutional support	_____	_____
Operations and maintenance of plant	_____	_____
Depreciation	_____	_____
Scholarships and fellowships	_____	_____
Other operating expenses	_____	_____
<b>Total operating expenses</b>	<b>_____</b>	<b>_____</b>
Operating income (loss)	\$ _____	\$ _____
<b>Nonoperating Revenues (Expenses)</b>		
State appropriations	\$ _____	\$ _____
Gifts	_____	_____
Other nonoperating revenues (expenses)	_____	_____
Net nonoperating revenues (expenses)	_____	_____
Income (loss) before other revenues, exp, gains, losses	\$ _____	\$ _____
Capital appropriations	\$ _____	\$ _____
Capital grants and gifts	_____	_____
Additions to permanent endowments	_____	_____
Other additions, net	_____	_____
<b>Change in Net Assets</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Net assets at the beginning of the year, restated</b>	<b>_____</b>	<b>_____</b>
<b>Net assets at the end of the year</b>	<b>\$ _____</b>	<b>\$ _____</b>

Non-operating revenues increased/decreased by \_\_\_\_% to \$\_\_\_ million, primarily attributable to \_\_\_\_\_.

State appropriations changed from \$\_\_\_\_\_ to \$\_\_\_\_\_ million due to \_\_\_\_\_.

The \_\_\_\_\_'s (system) operating revenues increased/decreased by \$ \_\_\_\_\_ or \_\_\_\_%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2006, \_\_\_\_\_ (system) had invested approximately \$\_\_\_\_\_ in capital assets, net of accumulated depreciation. This amount represents a net increase/decrease (including additions and disposals, net of depreciation) of approximately \$\_\_\_\_\_ or \_\_\_\_\_% over the previous fiscal year. More detailed information about the system's capital assets is presented in Note E to the financial statements.

Capital Assets at Year-end (Net of Depreciation, in thousands)		
	2006	2005
Land	\$ _____	\$ _____
Infrastructure		
Buildings		
Equipment		
Library materials		
	_____	_____
Totals	\$ _____ -	\$ _____ -

This year's major additions included (in thousands):

- ◆
- ◆
- ◆

**Debt**

The \_\_\_\_\_ (system) had \$\_\_\_\_\_ in bonds and notes outstanding at year-end, compared to \$\_\_\_\_\_ last year, an increase of \_\_\_\_\_% as shown in the table below.

Outstanding Debt at Year-end (in thousands)		
	2006	2005
General Obligation Bonds	\$ _____	\$ _____
Revenue Bonds and Notes		
	_____	_____
Total	\$ _____ -	\$ _____ -

New debt resulted from \_\_\_\_\_.

STATE OF LOUISIANA

\_\_\_\_\_(SYSTEM)

MANAGEMENT DISCUSSION AND ANALYSIS (SAMPLE)  
FOR THE YEAR ENDED JUNE 30, 2006

See Notes I and P for details relating to changes in, and the composition of long-term liabilities and capital leases.

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

The following currently known facts, decisions, or conditions are expected to have a significant effect on financial position or results of operations:

- ◆ List any significant factors such as:
  - Increases in current enrollment
  - Changes in tuition or fees
  - Changes in state appropriations
  - Changes in federal grant programs
  - Significant new or additional capital appropriations

**CONTACTING THE \_\_\_\_\_'S (SYSTEM) MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the \_\_\_\_\_'s (system) finances and to show the \_\_\_\_\_'s (system) accountability for the money it receives. If you have questions about this report or need additional financial information, contact \_\_\_\_\_ at \_\_\_\_\_.

STATE OF LOUISIANA  
 \_\_\_\_\_(SYSTEM)

STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2006

<b>Assets</b>	<u>System</u>	<u>Component Units</u>	<u>Eliminations</u>	<u>Total</u>
<b>Current Assets</b>				
Cash and cash equivalents (Note C)	\$	\$	\$	\$ -
Investments (Note C)				-
Receivables, net (Note D)				-
Pledges receivable				-
Due from State Treasury				-
Due from Federal Government (Note D)				-
Inventories				-
Deferred charges and prepaid expenses				-
Notes receivable				-
Other current assets				-
Total current assets	\$ -	\$ -	\$ -	\$ -
<b>Noncurrent Assets</b>				
Restricted assets:				
Cash and cash equivalents (Note C)				-
Investments (Note C)				-
Accounts Receivable, net (Note D)				-
Notes Receivable, net				-
Other				-
Investments (Note C)				-
Pledges receivable				-
Notes receivable, net				-
Capital assets, net (Note E)				-
Other noncurrent assets				-
Total noncurrent assets	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$	\$	\$	\$ -
Due to State Treasury				-
Due to Federal Government				-
Deferred revenues				-
Compensated absences payable (Note I)				-
Capital lease obligations (Note I)				-
Claims and litigation payable (Note I)				-
Amounts held in custody for others (Note I)				-
Notes payable (Note I)				-
Contracts payable (Note I)				-
Bonds payable (Note I)				-
Other current liabilities				-
Total current liabilities	\$ -	\$ -	\$ -	\$ -
<b>Noncurrent Liabilities</b>				
Compensated absences payable				-
Capital lease obligations				-
Claims and litigation payable				-
Amounts held in custody for others				-
Notes payable				-
Contracts payable				-
Bonds payable				-
Other noncurrent liabilities				-
Total noncurrent liabilities	-	-	-	-
Total liabilities	\$ -	\$ -	\$ -	\$ -
<b>Net Assets</b>				
Invested in capital assets, net of related debt				-
Restricted for:				-
Nonexpendable				-
Expendable				-
Unrestricted				-
Total net assets	-	-	-	-
Total liabilities and net assets	\$ -	\$ -	\$ -	\$ -

## STATE OF LOUISIANA

(SYSTEM)

## STATEMENT OF NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2006

**STATEMENT OF NET ASSETS (TEMPLATE)**

Account lines from the foundation's statements are listed below in the right hand column next to the corresponding account lines from OSRAP's Statement of Net Assets (where the foundation's account lines should be placed). If the foundation's account line was the same or equivalent to OSRAP's account line, it was not listed again. For example, cash was not listed in the foundation account line column because OSRAP has an account line for it.

**OSRAP ACCOUNT LINES****FOUNDATION ACCOUNT LINES****ASSETS****Current Assets:**

Cash and cash equivalents		
Investments	<i>Deposits w/trustees</i>	
Receivables, net	<i>Due from affiliates</i>	
Pledges receivable	<i>Unconditional promises to give</i>	
	<i>Contributions receivable</i>	
Due from State Treasury		
Due from Federal Government		
Inventories		
Deferred charges and prepaid expenses		
Notes receivable		
Other current assets	<i>Lease receivable</i>	<i>Other securities</i>
	<i>Administrative fee receivable</i>	<i>Bond issuance cost</i>
	<i>Other receivables</i>	<i>Accrued interest receivable</i>
<b>Total current assets</b>		

**Noncurrent Assets:**

## Restricted assets:

Cash and cash equivalents	<i>Temporarily restricted cash and cash equivalents</i>	
	<i>Board designated cash and cash equivalent</i>	
	<i>Endowments-cash</i>	
Investments	<i>Deposits w/trustees</i>	<i>Endowments-investments</i>
	<i>Investments held by trustees</i>	<i>State matching funds</i>
	<i>Investments – permanently restricted</i>	
Accounts receivable, net		
Notes receivable, net		
Other		
Investments	<i>Real estate held for investment</i>	
Pledges receivable	<i>Unconditional promises to give</i>	
	<i>Contributions receivable</i>	
Notes receivable, net		
Capital assets, net	<i>Fixed assets</i>	<i>Buildings</i>
	<i>CIP</i>	<i>Equipment</i>
	<i>Land improvements</i>	<i>Plant assets</i>
	<i>Land</i>	<i>Art and collectibles</i>
	<i>Museum collection</i>	
Other noncurrent assets	<i>Lease receivable</i>	<i>Bond issuance cost</i>
	<i>Other receivables</i>	<i>Pooled investment trust</i>
	<i>Accrued interest receivable</i>	<i>Administrative fee receivable</i>
	<i>Other securities</i>	<i>Life insurance policy</i>
<b>Total noncurrent assets</b>		

## STATE OF LOUISIANA

(SYSTEM)

## STATEMENT OF NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2006

**Liabilities:****Current Liabilities:**

Accounts payable and accrued liabilities	<i>Sales taxes payable</i> <i>Payroll taxes payable</i>	<i>Tickets and parking payable</i> <i>Due to Affiliates</i>
Due to State Treasury		
Due to Federal Government		
Deferred revenues	<i>Deferred membership dues</i> <i>Prepaid rent</i>	
**Compensated absences payable		
Capital lease obligations		
Claims and litigation payable		
Amounts held in custody for others	<i>Funds invested for others</i> <i>Refundable advances</i> <i>Security deposits</i> <i>Funds held as agent</i> <i>Agency Funds</i>	<i>Escrow-coaches accounts</i> <i>Funds held in custody</i> <i>Annuities liability</i> <i>Deferred compensation</i>
Notes payable		
Contracts payable		
Bonds payable		
Other current liabilities	<i>Managed cash overdraft</i> <i>Accrued interest payable</i>	<i>Retainage payable</i>
<b>Total current liabilities</b>		

**Noncurrent Liabilities:**

**Compensated absences payable		
Capital lease obligations		
Claims and litigation payable		
Amounts held in custody for others	<i>Funds invested for others</i> <i>Refundable advances</i> <i>Security deposits</i> <i>Funds held as agent</i> <i>Agency Funds</i>	<i>Escrow- coaches accounts</i> <i>Funds held in custody</i> <i>Annuities liability</i> <i>Deferred compensation</i>
Notes payable		
Contracts payable		
Bonds payable		
Other noncurrent liabilities	<i>Managed cash overdraft</i> <i>Deficit of subsidiary</i>	<i>Retainage payable</i>
<b>Total noncurrent liabilities</b>		

**Total liabilities****Net Assets**

Invested in capital assets, net of related debt	<i>Applicable amount should be extracted from unrestricted net assets on foundation's stmts.</i>	
Restricted for:		
Nonexpendable	<i>Permanently restricted</i>	
Expendable	<i>Temporarily restricted</i>	
Unrestricted	<i>Includes designations</i>	
<b>Total net assets</b>		

**Total liabilities and net assets**

\*\*Applicable amount should be extracted from the foundation's statements.

## STATE OF LOUISIANA

(SYSTEM)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

	System	Component Unit	*Eliminations	Total
<b>Operating Revenues</b>				
Student tuition and fees	\$	\$	\$	\$ -
*Less scholarship allowances				-
Net student tuition and fees	-	-	-	-
Gifts received by the foundations <i>(for comp. units only)</i>				-
Endowment income <i>(for comp. units only)</i>				-
Federal appropriations				-
Federal grants and contracts				-
State and local grants and contracts				-
Nongovernmental grants and contracts				-
Sales and services of educational departments				-
Hospital income				-
Auxiliary enterprise revenues, (see note CC for revenue amounts pledged as security for bond issues)				-
*Less scholarship allowances				-
Net auxiliary revenues	-	-	-	-
Other operating revenues				-
Total operating revenues	\$ -	\$ -	\$ -	\$ -
<b>Operating Expenses</b>				
Education and general:				
Instruction	\$	\$	\$	\$ -
Research				-
Public service				-
Academic support				-
Student services				-
Institutional support				-
Operations and maintenance of plant				-
Depreciation				-
Scholarships and fellowships				-
Auxiliary enterprises				-
Hospital				-
Other operating expenses				-
Total operating expenses	\$ -	\$ -	\$ -	\$ -
Operating income (loss)	-	-	-	-
<b>Nonoperating Revenues (Expenses)</b>				
State appropriations	\$	\$	\$	\$ -
Gifts				-
Net investment income (loss)				-
Interest expense				-
Payments to or on behalf of the university				-
Other nonoperating revenues (expenses)				-
Net nonoperating revenues (expenses)	-	-	-	-
Income (loss) before other revenues, exp, gains, losses	-	-	-	-
Capital appropriations				-
Capital grants and gifts				-
Additions to permanent endowments				-
Other additions, net				-
Extraordinary item - loss on impairment of capital assets				-
Increase (decrease) in Net Assets	-	-	-	-
<b>Net assets at the beginning of the year, restated</b>				-
<b>Net assets at the end of the year</b>	\$ -	\$ -	\$ -	\$ -

\*Enter eliminations and allowances as a negative number.

## STATE OF LOUISIANA

(SYSTEM)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (Template)**

Account lines from the foundation's statements are listed below in the right hand column next to the corresponding account lines from OSRAP's Statement of Revenues, Expenses, and Changes in Net Assets (where the foundation's account lines should be placed). If the foundation's account line was the same or equivalent to OSRAP's account line, it was not listed again.

**OSRAP ACCOUNT LINES****FOUNDATION ACCOUNT LINES****Operating Revenues:**

Student tuition and fees  
Less scholarship allowances  
Net student tuition and fees

Gifts received by the foundation	<i>Contributions (unrestricted and temporarily unrestricted)</i> <i>Donations (unrestricted and temporarily unrestricted)</i> <i>Scholarships, assistants, awards</i>	
Endowment income	<i>Interest on endowments</i>	
Federal appropriations		
Federal grants and contracts		
State and local grants and contracts		
Nongovernmental grants and contracts		
Sales and services of educational departments	<i>Ticket sales</i> <i>Aircraft services</i> <i>Merchandise revenue</i>	<i>Endowment mgt. fee income</i> <i>Dues, memberships</i> <i>Fees</i>
Hospital income		
Auxiliary enterprise revenues		
Less scholarship allowances		
Net auxiliary revenues		
Other operating revenues	<i>In-kind revenue</i> <i>Sponsorships</i> <i>University club and LSU</i> <i>Rental income</i> <i>Other income</i>	<i>Programs</i> <i>Credit card royalties</i> <i>Fundraising</i> <i>Royalty income</i> <i>Service charges</i>
Total operating revenues		

**Operating Expenses:**

Educational and general:  
Instruction  
Research  
Public service  
Academic support  
Student services  
Institutional support  
Operations and maintenance of plant  
Depreciation  
Scholarships and fellowships  
Auxiliary enterprises  
Hospital

Other operating expenses	<i>All operating expenses in the Natural Classification</i>	
Total operating expenses		
Operating income (loss)		

## STATE OF LOUISIANA

(SYSTEM)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006**Nonoperating Revenues (Expenses):**

State appropriations	
Gifts	
Net investment income (loss)	<i>Gain (loss) on sale of investments</i> <i>Gain (loss) on sale of real estate</i>
Interest expense	
Payments to or on behalf of the university	
Other nonoperating revenues (expenses)	
Net nonoperating revenues (expenses)	
Income (loss) before other revenues, expenses, gains, and losses	
Capital appropriations	
Capital grants and gifts	<i>Capital gifts (buildings, etc)</i>
Additions to permanent endowments	<i>Gifts (permanently restricted)</i> <i>Donations (permanently restricted)</i> <i>Contributions (permanently restricted)</i>
Other additions, net	<i>Net assets released-restrictions</i> <i>Changes in value of split-interest agreements</i> <i>Cooperative endeavor</i>
Extraordinary item – loss on impairment of capital assets	<i>Extraordinary items</i>
	Increase (decrease) in Net Assets

**Net assets at the beginning of the year, restated****Net assets at the end of the year**

STATE OF LOUISIANA

(SYSTEM)

SIMPLIFIED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

	* (-) Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	Component Units	(-) * Eliminations	Combined Total
		Charges for Services	Operating Grants and Contributions				
System	\$ _____	\$ _____	\$ _____	\$ _____			\$ -
Component Units	_____	_____	_____	_____			-
* Eliminations	_____	_____	_____	_____			-
Combined Total	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>_____</u>			\$ <u>_____</u>

General revenues:

State appropriations	\$ _____	\$ _____	\$ _____	\$ _____			\$ -
Grants and contributions not restricted to specific programs	_____	_____	_____	_____			-
Interest	_____	_____	_____	_____			-
Miscellaneous	_____	_____	_____	_____			-
Special items	_____	_____	_____	_____			-
Extraordinary item - loss on impairment of capital assets	_____	_____	_____	_____			-
Total general revenues, special items, and transfers	-	-	-	-			-
Change in net assets	-	-	-	-			-
Net assets - beginning	_____	_____	_____	_____			-
Net assets - ending	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>_____</u>			\$ <u>_____</u>

\* Enter in spreadsheet as a negative number.

STATE OF LOUISIANA

(SYSTEM)

SIMPLIFIED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

**Descriptions of account lines for the Simplified Statement of Activities:**

**Expenses** - include all expenses

**Charges for services** - include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Revenues in this category include fees charged for specific services. (Example: tuition that the student pays)

**Operating grants and contributions** - revenue arising from mandatory, exchange, and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. (Example: Endowment if it is restricted to a program)

**Capital grants and contributions** - grants and contributions which consist of capital assets or resources that are restricted for capital purposes-to purchase, construct, or renovate capital assets associated with a specific program.

Note: Federal appropriations should be reported in either of the two above categories (Operating grants and contributions or Capital grants and contributions).

**Net (Expense) Revenue and Changes in Net Assets** = Program revenues minus expenses

**General Revenues:**

**State appropriations** - include warrants drawn during the fiscal year and the 13<sup>th</sup> period plus warrants drawn in the 14<sup>th</sup> period, if applicable.

**Grants and contributions not restricted to specific programs** - revenue arising from mandatory and voluntary nonexchange transactions with other governments, organizations or individuals that are not restricted to a specific program. (Example: Earnings from endowments that finance "general fund programs" or "general operating expenses").

**Interest** - any interest earned from a general revenue.

**Miscellaneous** - any revenues that are not specified under one of the categories listed on this page.

**Special items** - are significant items subject to management's control that meet one of the following criteria:

- 1) unusual in nature – possessing a high degree of abnormality and clearly unrelated or only incidentally related to the ordinary and typical activities of the entity.
- 2) infrequent in occurrence- not reasonably expected to recur in the foreseeable future, taking into account the environment in which the entity operates.

**Extraordinary items** – are both significant in nature and infrequent in occurrence.

The Statement of Revenues, Expenses, and Changes in Net Assets, (SRECNA) is printed on the following page. Next to each SRECNA line item is the corresponding line item for the Simplified Statement of Activities where the amounts in the SRECNA line items should be placed.

## SRECNA to Simplified Statement of Activities

### OPERATING REVENUES

Student tuition and fees  
     Less scholarship allowances  
         Net student Tuition and fees  
 Gifts received by the foundation  
 Endowment income  
 Federal appropriations  
 Federal grants and contracts  
 State and local grants and contracts  
 Nongovernmental grants and contracts  
 Sales and services of educational departments  
 Hospital income  
 Auxiliary enterprise revenues, including revenues  
     pledged as security for bond issues  
         Less scholarship allowances  
             Net auxiliary revenues  
 Other operating revenues  
     Total operating revenues

### Corresponding line items for the Simplified Statement of Activities

Charges for services  
 Grants and contributions not restricted to specific programs  
 Interest  
 Operating grants and contributions  
 Charges for services  
 Charges for services  
  
 Charges for services  
 Miscellaneous

### OPERATING EXPENSES

Educational and general  
     Instruction  
     Research  
     Public service  
     Academic support  
     Student services  
     Institutional support  
     Operation and maintenance of plant  
     Scholarships and fellowships'  
 Auxiliary enterprises  
 Hospital  
 Other operating expenses  
     Total operating expenses  
     Operating income (loss)

Expenses  
 Expenses

### NONOPERATING REVENUES AND (EXPENSES)

State appropriations  
 Gifts  
 Net investment income (loss)  
 Interest expense  
 Payments to or on behalf of the university  
 Other nonoperating revenues  
     Net nonoperating revenues (expenses)  
     Income before other revenues.....

State appropriations  
 Grants and contributions not restricted to specific programs  
 Interest  
 Expenses  
 Expenses  
 Miscellaneous

Capital appropriations  
 Capital gifts and grants  
 Additions to permanent endowments –  
     if endowment is restricted  
     if endowment is not restricted  
 Other additions, net  
 Extraordinary Item—loss on impairment of capital assets  
     Increase (decrease) in net assets

Capital Grants and contributions  
 Capital Grants and contributions  
  
 Operating grants and contributions  
 Grants and contributions not restricted to specific programs  
 Miscellaneous  
 Extraordinary items

Net assets at beginning of year, restated

Net assets at end of year



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

2006

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

Operating income (loss)	\$ _____
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation expense	_____
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables, net	_____
(Increase) decrease in inventories	_____
(Increase) decrease in deferred charges and prepaid expenses	_____
(Increase) decrease in notes receivable	_____
(Increase) decrease in other assets	_____
Increase (decrease) in accounts payable and accrued liabilities	_____
Increase (decrease) in deferred revenue	_____
Increase (decrease) in amounts held in custody for others	_____
Increase (decrease) in compensated absences	_____
Increase (decrease) in other liabilities	_____
Net cash provided (used) by operating activities:	\$ <u>      -      </u>

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

_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____

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

Cash and cash equivalents classified as current assets	\$ _____
Cash and cash equivalents classified as noncurrent assets	\$ _____
	\$ <u>      -      </u>

STATE OF LOUISIANA  
\_\_\_\_\_(SYSTEM)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

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 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 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, \_\_\_\_\_ (college or system) is required to report its financial statements in accordance with GASB 34 and 35 as amended by GASB 37 and 38. Financial statement presentation required by GASB 34 and 35 provides a comprehensive, entity-wide perspective of the institution's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, and replaces the fund-group perspective previously required.

The GASB Code Section 2100 has defined the governmental reporting entity to be the State of Louisiana. Therefore, the accompanying financial statements of the university contain sub-account information of the various funds of the State of Louisiana. As such, 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.

2. REPORTING ENTITY

\_\_\_\_\_ is a publicly supported institution of higher education. Using the criteria established in GASB Statement 14, *The Financial Reporting Entity* as amended by GASB 39, the institution is reported as a discrete component unit of the State of Louisiana since it is legally separate from and is financially accountable to the State.

Annually, the State of Louisiana issues a comprehensive financial report, which includes the activity contained in the accompanying financial statements. The Louisiana Legislative Auditor audits the basic financial statements.

3. BASIS OF ACCOUNTING

For financial reporting purposes, the institution is considered a special-purpose government engaged only in business-type activities. Accordingly, the institution'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 institution has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The institution has elected not to apply FASB pronouncements issued after the applicable date.

The financial statements of the university have been prepared on the accrual basis of accounting, except

\_\_\_\_\_  
\_\_\_\_\_

(Describe exceptions above, e.g. annual and sick leave recognized when paid, summer school tuition and fees and faculty salaries and related benefits for June are not prorated, but are deferred to succeeding year,

STATE OF LOUISIANA

(SYSTEM)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

etc.)

4. CASH EQUIVALENT

The institution considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

5. INVESTMENTS

The institution accounts for its investments 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 assets.

6. INVENTORIES

Inventories are valued at the lower of cost or market (specify any other) on the weighted average basis (specify any other). The institution accounts for its inventories using the consumption method.

7. NONCURRENT CASH AND INVESTMENTS

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

8. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the institution's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. Library collections regardless of age, with a total acquisition value of \$5,000,000 or more will be capitalized and depreciated.

9. DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but are related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

10. NONCURRENT LIABILITIES

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

11. NET ASSETS

The institution's net assets are classified as follows:

- (a) INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

STATE OF LOUISIANA

(SYSTEM)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

This represents the institution'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.

(b) RESTRICTED NET ASSETS – EXPENDABLE

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

(c) RESTRICTED NET ASSETS – NONEXPENDABLE

Restricted nonexpendable net assets consist of endowment and similar type funds 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 ASSETS

Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the 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.

12. CLASSIFICATION OF REVENUES

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

(a) OPERATING REVENUE - Operating activity include 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 – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions.

13. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances is the difference between the stated charge for goods and services provided by the institution, and the amount that is paid by students and/or third parties making payments on the student's behalf.

14. ELIMINATING INTERFUND ACTIVITY

Activities between \_\_\_\_\_ (college or university) and the institution's service units are eliminated for purposes of preparing the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Net Assets.

15. COMPONENT UNITS

STATE OF LOUISIANA

(SYSTEM)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

For each discretely presented component unit presented, include the following:

- a brief description of the component unit;
- its relationship to the primary government;
- a discussion of the criteria for including it;
- how it is reported; and
- for each major component unit, the nature and amount of significant transactions between the primary government and the component unit.

\_\_\_\_\_ Foundation is a legally separate, tax-exempt organization supporting \_\_\_\_\_ (university) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

During the year ended June 30, 2006, the \_\_\_\_\_ Foundation made distributions of \_\_\_\_\_ to or on behalf of the university for both restricted and unrestricted purposes. Complete financial statements for the \_\_\_\_\_ Foundation can be obtained from \_\_\_\_\_ or from the \_\_\_\_\_ Foundation’s website at www. \_\_\_\_\_.

The \_\_\_\_\_ Foundation is a nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundation’s financial information in the university’s financial report for these differences.

B. BUDGETARY PRACTICES

The annual budget for the General Fund of the university is established by annual Legislative action and by Title 39 of the Louisiana Revised Statutes. The submission of the budget for approval by the Board of Regents and the Legislative budget process is required. The other funds of the university, although subject to internal budgeting, are not required to be submitted for approval through the Legislative budget process.

State law provides that appropriations lapse at the end of the fiscal year with the exception noted in Note H, General Fund. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting with some exceptions. The following is a list of exceptions, but is not all inclusive, (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) certain capital leases are not recorded.

1. BUDGETARY COMPARISON

The following is an appropriation budgetary comparison for current year General Fund appropriation:

**Original Budget** – should equal Act 16 (the budget appropriated by the Legislature)

**Final Budget** – Act 16 plus or minus all of the BA 7s

**Actual** – Revenues and expenses should agree to the revenues and expenses on the Statement of Revenues, Expenses and Changes in Net Assets. **(Note: The university or college may complete this note in the same manner as in the past (base the budgetary note on the operating budget.)**

**Adjustment to Budget Basis** – Calculate the adjustments to move from an actual basis to a budget basis. For example, depreciation, payroll accrual, compensated absences, etc. should be treated as adjustments to budget basis. Also, nonappropriated revenues and expenses should be listed in this column and subtracted from actual revenues and expenses to arrive at “Actual” on “Budget Basis.”

**Actual on Budget Basis** – “Actual” plus or minus “Adjustment to Budget Basis”

STATE OF LOUISIANA

(SYSTEM)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

**Variance Favorable (Unfavorable) – “Final” minus “Actual on Budget Basis”**

	Budgeted		Actual	Adjustment to Budget Basis	Actual on Budget Basis	Variance Favorable (Unfavorable)
	Original	Final				
<b>REVENUES:</b>						
Appropriated by Legislature:						
State General Fund (Direct)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
State General Fund by Self- Generated Revenues	_____	_____	_____	_____	_____	_____
State General Fund by Interagency Transfers	_____	_____	_____	_____	_____	_____
Interim Emergency Board	_____	_____	_____	_____	_____	_____
Federal Funds	_____	_____	_____	_____	_____	_____
Other (Include Stat. Dedications)	_____	_____	_____	_____	_____	_____
<b>Total Revenues</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>
<b>EXPENDITURES:</b>						
Program Expenditures	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
<b>Total Expenditures</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>
<b>UNEXPENDED APPROPRIATION</b>						
-CURRENT YEAR	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**1. Deposits with Financial Institutions**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Further, the university may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of savings and loan associations and savings banks; and share accounts and share certificate accounts of federally or state chartered credit unions.

As reflected on the Statement of Net Assets, the institution had deposits in bank accounts totaling \$\_\_\_\_\_ at June 30, 20\_\_\_. Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The 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 pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

Beginning with FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

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The deposits at \_\_\_\_\_, 20\_\_\_\_, consisted of the following:

	Cash	Certificates of Deposit	Other (Describe)	Total
Deposits per Statement of Net Assets (SNA)	\$ _____	\$ _____	\$ _____	\$ -
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized	_____	_____	_____	-
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entity's name</u>	_____	_____	_____	-
Total Bank Balances of All Deposits	\$ _____	\$ _____	\$ _____	\$ -

Note: The "Total Bank Balances - All Deposits" will not necessarily equal the "Deposits per Statement of Net Assets (SNA)" due to outstanding items.

Cash in State Treasury and petty cash must not be reported in the note disclosure. However, to aid in reconciling amounts reported on the Statement of Net Assets to amounts reported in this note, list below any cash in treasury and petty cash that are included in the Statement of Net Assets.

Cash in State Treasury     \$ \_\_\_\_\_  
 Petty cash                     \$ \_\_\_\_\_

The following is a breakdown by banking institution, program, \*account number, and amount of the total bank balances shown above:

	Banking institution	Program	Amount
1.	_____	_____	\$ _____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
Total			\$ _____ -

\*(Account numbers are not required. However, if you have more than one account at a single institution, you should identify each account separately, such as "Account A", "Account B", or some similar designation that does not involve the actual account number.)

2. Investments

The \_\_\_\_\_ does (does not) maintain investment accounts as authorized by \_\_\_\_\_ (note legal provisions authorizing investment by the agency).

Custodial Credit Risk

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Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are held by either the counterparty or the counterparty's trust department or agent but not in the entity's name. Using the table below, list each type of investment disclosing the carrying amount, market value, and applicable category of risk.

Beginning with FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all investments by the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns must be reported for total investments regardless of exposure to custodial credit risk.

Type of Investment	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	
	Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent not in Entity's Name	Reported Amount	Fair Value
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government Securities	_____	_____	_____	_____
U.S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

\*unregistered – not registered in the name of the government or entity

3. Derivatives

The institution does/does not (circle one) invests in **derivatives** as part of its investment policy. Accordingly, the exposure to risk from these investments is as follows:

credit risk \_\_\_\_\_  
 market risk \_\_\_\_\_  
 legal risk \_\_\_\_\_

4. Credit Risk, Interest Rate Risk, Concentration of Credit Risk, and Foreign Currency Risk Disclosures  
 A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

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Rating	Fair Value
_____	_____
_____	\$ _____
_____	_____
_____	_____
_____	_____
<b>Total</b>	<b>\$ _____ -</b>

B. Interest rate Risk

Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type.

Type of Debt Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Government obligations	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Agency obligations	_____	_____	_____	_____	_____
U.S. Treasury obligations	_____	_____	_____	_____	_____
Mortgage backed securities	_____	_____	_____	_____	_____
Collateralized mortgage obligations	_____	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____	_____
Other bonds	_____	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
<b>Total debt investments</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>

List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.):

Debt Investment	Fair Value	Terms
_____	_____	_____
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
<b>Total</b>	<b>\$ _____ -</b>	

C. Concentration of Credit Risk

List, by issuer and amount, investments in any one issuer that represents 5% or more of total investments (not including U.S. government securities, mutual funds, and external investment pools).

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Issuer	Amount	% of Total Investments
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
Total	\$ _____ -	

D. Foreign Currency Risk

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

Foreign Currency	Fair Value in U.S. Dollars	
	Bonds	Stocks
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total	\$ _____ -	\$ _____ -

5. Policies

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. Other Disclosures Required for Investments

- a. Investments in pools managed by other governments or mutual funds \_\_\_\_\_
- b. Securities underlying reverse repurchase agreements \_\_\_\_\_
- c. Unrealized investment losses \_\_\_\_\_
- d. Commitments as of June 30, 20\_\_, to resell securities under yield maintenance repurchase agreements:
  - 1. Carrying amount and market value at June 30 of securities to be resold \_\_\_\_\_
  - 2. Description of the terms of the agreement \_\_\_\_\_
- e. Losses during the year due to default by counterparties to deposit or investment transactions \_\_\_\_\_

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- f. Amounts recovered from prior-period losses that are not shown separately on the Statement of Net Assets (SNA) \_\_\_\_\_.

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements \_\_\_\_\_

- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year \_\_\_\_\_.

Reverse Repurchase Agreements as of the SNA Date

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at the SNA date, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest \_\_\_\_\_

- j. Commitments on June 30, 20\_\_\_\_, to repurchase securities under yield maintenance agreements \_\_\_\_\_

- k. Market value on June 30, 20\_\_\_\_, of the securities to be repurchased \_\_\_\_\_

- l. Description of the terms of the agreements to repurchase \_\_\_\_\_

- m. Losses recognized during the year due to default by counter parties to reverse repurchase agreements \_\_\_\_\_

- n. Amounts recovered from prior-period losses that are not separately shown on the operating statement \_\_\_\_\_

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices \_\_\_\_\_

- p. Basis for determining which investments, if any, are reported at amortized cost \_\_\_\_\_

- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool \_\_\_\_\_

- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares \_\_\_\_\_

- s. Any involuntary participation in an external investment pool \_\_\_\_\_

- t. If you are unable to obtain information from a pool sponsor to determine the fair value of your

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investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate \_\_\_\_\_

u. Any income from investments associated with one fund that is assigned to another fund \_\_\_\_\_

D. ACCOUNTS RECEIVABLE

Accounts receivable are shown on the SNA net of an allowance for doubtful accounts as follows:

List Types	Accounts Receivable	Doubtful Accounts	Net Accounts Receivable	Amts. not scheduled for collection within a year
Student tuition and fees	\$ _____	\$ _____	\$ _____	\$ _____
Auxiliary enterprises	_____	_____	_____	_____
Contributions and gifts	_____	_____	_____	_____
Federal, state, and private grants and contracts	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>

E. CAPITAL ASSETS

[The electronic version of this note contains three spreadsheets. After double clicking on the table, there will be three tabs at the bottom of the spreadsheet (one for the university, one for the component units and a total sheet). Enter the university information for capital assets and then select the tab for the component units and enter the component units' information. The total spreadsheet is linked and should total automatically. Each of these sheets must be printed separately to obtain a complete hard copy.]

Capital assets and assets under capital lease activity for the year ended June 30, 20\_\_ were as follows:

## STATE OF LOUISIANA

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006**System****SCHEDULE OF CAPITAL ASSETS**

(schedule includes capital leases)

	Balance 6/30/2005	Prior Period Adjustment	Restated Balance 6/30/2005	Additions	*Transfers	**Retirements	Balance 6/30/2006
Capital assets not being depreciated							
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-depreciable land improvements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not being depreciated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other capital assets							
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Less accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciable land improvements	-	-	-	-	-	-	-
** Less accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Buildings	-	-	-	-	-	-	-
** Less accumulated depreciation	-	-	-	-	-	-	-
Total buildings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equipment	-	-	-	-	-	-	-
** Less accumulated depreciation	-	-	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Library books	-	-	-	-	-	-	-
** Less accumulated depreciation	-	-	-	-	-	-	-
Total library books	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Asset Summary:							
Capital assets not being depreciated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets, at cost	-	-	-	-	-	-	-
Total cost of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation	-	-	-	-	-	-	-
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* Should be used only for those completed projects coming out of construction-in-progress to fixed assets.

\*\* Enter a negative number with the exception of accumulated depreciation in the retirement and prior period adjustment column.

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F. COLLECTIONS (WORKS OF ART and HISTORICAL TREASURES)

\_\_\_\_\_ (university or system) does not capitalize collections. These collections include the following:

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The institution does not capitalize the collections for the following reasons:

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G. DUE FROM PRIVATE FOUNDATIONS

The amount of matching funds received by the university from the State pursuant to the endowed chair and professorship program and the related unexpended earnings from private foundations is \$\_\_\_\_\_ at June 30, 20\_\_\_. (This represents amounts included from all of the university's foundations and is not limited to the foundations presented for GASB 39 purposes.) These funds are held and invested by the university's foundation under an agreement with the university. Amounts invested by private foundations for the university are included as *other* in the disclosures in Note C.

H. GENERAL FUND

At June 30, 20\_\_\_, the General Fund had an unexpended appropriation of \$\_\_\_\_\_ due to the State Treasury (Included in Other Liabilities - SNA). This amount, after adjustment, should be remitted to the State Treasury.

As provided by Louisiana Revised Statute 17:3386(A), the university adopted a building and facility preventative maintenance program, which was approved by the Louisiana Board of Regents. This program allows the university to retain any funds appropriated or allocated that were unexpended and unobligated at the end of the fiscal year. At least 50% of the retained funds will be maintained in a preventative maintenance reserve fund and will be used solely for preventative maintenance purposes in accordance with the approved plan, subject to approval by the supervisory board, the Louisiana Board of Regents, and the Joint Legislative Committee on the Budget. All retained funds will be spent for non-recurring projects. As shown in the Statement of Net Assets at June 30, 20\_\_\_, included in restricted net assets are amounts totaling \$\_\_\_\_\_, which will be retained for these purposes.

I. LONG-TERM LIABILITIES (Current and Noncurrent Portion)

The following is a summary of bond reimbursement contracts and other long-term debt transactions of the university for the year ended June 30, 2006: (The column "Balance at June 30, 2006" is the total amount of debt for that line item. The noncurrent portion is not listed separately, but can be determined by subtracting "Amounts due within one year" from "Balance at June 30, 2006.")

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System	Year ended June 30, 2006				
	Balance June 30, 2005	Additions	Reductions	Balance at June 30, 2006	Amounts due within one year
<b>Notes &amp; bonds payable:</b>					
Notes payable	\$	\$	\$	\$	\$
Bonds payable					
Total bonds and notes payable	-	-	-	-	-
<b>Other liabilities:</b>					
Compensated absences payable					
Capital lease obligations					
Claims and litigation payable					
Amounts held in custody for others					
Contracts payable					
Total other liabilities	-	-	-	-	-
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Component Units</b>					
<b>Notes &amp; bonds payable:</b>					
Notes payable	\$	\$	\$	\$	\$
Bonds payable	-	-	-	-	-
Total bonds and notes payable	-	-	-	-	-
<b>Other liabilities:</b>					
Compensated absences payable					
Capital lease obligations					
Claims and litigation payable					
Amounts held in custody for others					
Contracts payable					
Total other liabilities	-	-	-	-	-
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Combined Total</b>					
<b>Notes &amp; bonds payable:</b>					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-	-
Total bonds and notes payable	-	-	-	-	-
<b>Other liabilities:</b>					
Compensated absences payable					
Capital lease obligations					
Claims and litigation payable	-	-	-	-	-
Amounts held in custody for others	-	-	-	-	-
Contracts payable	-	-	-	-	-
Total other liabilities	-	-	-	-	-
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

J. SHORT-TERM DEBT

The \_\_\_\_\_ (college or university) issues short-term notes for the following purposes:

Short-term debt activity for the year ended June 30, 20\_\_, was as follows:

List the type of short term debt:	Beginning Balance	Issued	Redeemed	Ending Balance
	\$ _____	\$ _____	\$ _____	\$ -
				-

The \_\_\_\_\_ (college or university) uses a revolving line of credit to finance \_\_\_\_\_ prior to the issuance of related bonds. Short-term debt activity for the year ended June 30, 20\_\_, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Line of credit	\$ _____	\$ _____	\$ _____	\$ -

K. 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 non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave (K-time) earned.

Upon separation or termination 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 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. (Specify other uses of uncompensated leave, e.g., upon retirement any sick or annual leave not compensated for is used as credited service in either Louisiana Teachers' Retirement System or Louisiana State Employees' Retirement System.)

Upon termination or transfer an employee will be paid for any time and one-half 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 employees' hourly rate of pay at termination or transfer.

The liability for unused annual leave, sick leave, and compensatory leave at June 30, \_\_\_\_\_, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.104 – C60.105, is estimated to be \$ \_\_\_\_\_, \$ \_\_\_\_\_, and \$ \_\_\_\_\_ respectively. The leave payable is recorded in the accompanying financial statement.

The \_\_\_\_\_ (college's/university's) liability for compensated absences (annual, sick, and compensatory leave) at June 30, 20\_\_ is as follows:

Current liability – estimated to be paid within one year      \$ \_\_\_\_\_

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Long-term liability \_\_\_\_\_  
Total liability for compensated absences \$ \_\_\_\_\_

L. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

On-behalf payments for fringe benefits and salaries 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 if they are made to the faculty members in their capacity as employees of the university (GASB 24). [On behalf payments from foundations are not limited to the foundations presented for GASB 39 purposes.]

The amount of on-behalf payments for fringe benefits and salaries included in the accompanying financial statement for fiscal year 20\_\_ is \$\_\_\_\_\_. The following on-behalf payments that are contributions to a pension plan for which the college/university is not legally responsible are:

<u>Contributor</u>	<u>Pension Plan</u>
_____	_____
_____	_____
_____	_____

M. CONTINGENT LIABILITIES

GAAP requires that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can be reasonably estimated. Do not report impaired capital assets below as defined by GASB 42, rather disclose impaired capital assets in Note GG. Losses or pending litigation that is probable should be reflected on the balance sheet. The \_\_\_\_\_(university or system) is a defendant in litigation seeking damages as follows:

<u>Date of Action</u>	<u>Probable Outcome (Remote, reasonably possible, or probable)</u>	<u>*Damages Claimed</u>	<u>Insurance Coverage</u>
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
Totals		\$ _____ -	\$ _____ -

\*Note: Liability for claims and judgments should include specific, incremental claim expenses if known or if it can be estimated. For example, the cost of outside legal assistance on a particular claim may be an incremental cost whereas assistance from internal legal staff on a claim may not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. (See GASB 30, paragraph 9)

Claims and litigation costs of \$\_\_\_\_\_ (include incremental cost discussed above) were incurred in the current year and are reflected in the accompanying financial statement.

Disclose any cases where it is probable that a liability has been incurred, but the effect of the liability has not been reflected in the financial statements because it can not be estimated. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

N. RELATED PARTY TRANSACTIONS

FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

O. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

At June 30, 20\_\_, \_\_\_\_\_ (college or university) was not in compliance with the provisions of \_\_\_\_\_ that requires \_\_\_\_\_. The institution did \_\_\_\_\_ to correct this deficiency.

P. LEASES

**NOTE: Where five-year amounts are requested, please list the total amount (sum) for the five-year period, not the annual amounts for each of the five years.**

Lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period.

Operating Leases

Total operating lease expenditures for fiscal year 2005-06 amounted to \$ \_\_\_\_\_. (Operating leases are all leases which do not meet the criteria of a capital lease.) The annual rental payments for the next five years are presented as follows: (Note: If lease payments extend past FY2021, please create additional columns and report these future minimum lease payments in five year increments.)

Nature of lease	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012- FY2016	FY2017- FY2021
a. Office space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____	_____	_____	_____
c. Land	_____	_____	_____	_____	_____	_____	_____
d. Other	_____	_____	_____	_____	_____	_____	_____
Total minimum future rentals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Rental revenue/expense for operating leases with scheduled rent increases is based on the relevant lease agreement except in those cases where a temporary rent reduction is used as an inducement to enter a lease. In those instances, rental revenue/expense is determined on either a straight-line or interest basis over the term of the lease and not in accordance with lease terms as required by GASB 13.

Capital Leases

The university records (does not record) items under capital leases as an asset and an obligation in the accompanying financial statements.

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Capital leases are defined as an arrangement in which any one of the following conditions apply (1) ownership transfers at the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life, or (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

Report all capital leases [including LA Equipment Acquisition Fund (LEAF) leases] in effect as of 6/30/06 in the schedule below.

<u>SYSTEM CAPITAL LEASES</u>					
Nature of lease	Date of lease	Gross amount of leased assets (historical cost)	Last payment date	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space		\$		\$	\$
b. Equipment					
c. Land					
Total assets under cap. lease		\$ -		\$ -	\$ -

<u>COMPONENT UNIT CAPITAL LEASES</u>					
Nature of lease	Date of lease	Gross amount of leased assets (historical cost)	Last payment date	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space		\$		\$	\$
b. Equipment					
c. Land					
Total assets under cap. lease		\$ -		\$ -	\$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 20\_\_ : (Note: If lease payments extend past FY2026, please create additional rows and report these future minimum lease payments in five year increments.)

<u>Year ending June 30:</u>	<u>Future minimum lease payment:</u>		
	Universities:	Component Units:	Total:
2007	\$	\$	\$
2008			
2009			
2010			
2011			
2012-2016			
2017-2021			
2022-2026			
Total minimum lease payments	-	-	-
<b>Less:</b> amounts representing executory costs			
Net minimum lease payments	-	-	-
<b>Less:</b> amounts representing interest			
Present value - net minimum lease payments	-	-	-

Lessor Direct Financing Leases

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define

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NOTES TO THE FINANCIAL STATEMENTS  
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a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

The following list the components of the net investment in direct financing leases as of June 30, 2006:

<u>System</u> <u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office Space		\$ _____	\$ _____	\$ _____
b. Equipment		_____	_____	_____
c. Land		_____	_____	_____
Less amounts representing executory costs		( _____ )	( _____ )	( _____ )
Minimum lease payment receivable		-	-	-
Less allowance for doubtful accounts		( _____ )	( _____ )	( _____ )
Net minimum lease payments receivable		-	-	-
Estimated residual values of leased property		_____	_____	_____
		-	-	-
Less unearned income		( _____ )	( _____ )	( _____ )
Net investment in direct financing leases		\$ _____	\$ _____	\$ _____

<u>Component Unit(s)</u> <u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office Space		\$ _____	\$ _____	\$ _____
b. Equipment		_____	_____	_____
c. Land		_____	_____	_____
Less amounts representing executory costs		( _____ )	( _____ )	( _____ )
Minimum lease payment receivable		-	-	-
Less allowance for doubtful accounts		( _____ )	( _____ )	( _____ )
Net minimum lease payments receivable		-	-	-
Estimated residual values of leased property		_____	_____	_____
		-	-	-
Less unearned income		( _____ )	( _____ )	( _____ )
Net investment in direct financing leases		\$ _____	\$ _____	\$ _____

Minimum lease payments do not include contingent rentals, which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2006 were \$\_\_\_\_\_ for office space, \$\_\_\_\_\_ for equipment, and \$\_\_\_\_\_ for land.

The following is a schedule by years of minimum lease receivable for the remaining fiscal years of the lease as of June 30, 20\_\_\_\_: (Note: If lease receivables extend past FY2026, please create additional rows and report these future minimum lease payments in five year increments.)

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NOTES TO THE FINANCIAL STATEMENTS  
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Year ending:	Future minimum lease receivables:		
	University	Component Unit(s)	Total
2007	\$ _____	\$ _____	\$ _____
2008	_____	_____	_____
2009	_____	_____	_____
2010	_____	_____	_____
2011	_____	_____	_____
2012-2016	_____	_____	_____
2017-2021	_____	_____	_____
2022-2026	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

Lessor - Operating Lease

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for leasing organized by major class of property and the amount of accumulated depreciation (optional for Governmental Funds) as of June 30, 20\_\_\_\_.

	Cost	Accumulated Depreciation	Carrying Amount
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule of minimum future rentals on noncancellable operating lease(s) as of June 30, 20\_\_\_\_: (Note: If lease receivables extend past FY2021, please create additional columns and report these future minimum lease payments in five year increments.)

Nature of lease	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012- FY2016	FY2017- FY2021
a. Office space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____	_____	_____	_____
c. Land	_____	_____	_____	_____	_____	_____	_____
d. Other	_____	_____	_____	_____	_____	_____	_____
Total minimum future rentals	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

Contingent rentals received from operating leases for the fiscal year were \$\_\_\_\_\_ for office space, \$\_\_\_\_\_ for equipment, and \$\_\_\_\_\_ for land.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

Q. If the interest rate is variable, list the terms by which the interest rate changes: \_\_\_\_\_  
NET ASSETS

The institution had the following restricted expendable net assets as of June 30, 2006:

Account title	Amount
_____	\$ _____
_____	_____
_____	_____
Total	\$ _____

The institution had the following restricted nonexpendable net asset as of June 30, 2006:

Account title	Amount
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____

R. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE

**(NOTE: Ensure that the number of retirees is disclosed below. Please complete option A or B, whichever is applicable)**

\_\_\_\_\_ provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the university's employees become eligible for those benefits if they reach normal retirement age while working for the university. Those benefits for retirees and similar benefits for active employees are provided through a state operated group insurance company and various insurance companies whose monthly premiums are paid jointly by the employee and by the university.

(A) The university recognizes the cost of providing these benefits (university's portion of premiums) as an expenditure when paid during the year, which totaled \$\_\_\_\_\_ for the year ended June 30, 20\_\_\_. The cost of providing those benefits for \_\_\_\_\_ retirees (# of retirees) is not separable from the cost of providing benefits for the \_\_\_\_\_ active employees (# of active employees).

(B) The university's cost of providing retiree health care and life insurance benefits is recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 20\_\_\_, the costs of retiree benefits for \_\_\_\_\_ retirees (# of retirees) totaled \$ \_\_\_\_\_. The dependents of a retiree should be counted as a single unit if the retiree is deceased and should not be counted if the retiree is alive. The cost of retirees' benefits is net of participants' contributions.

S. ACCOUNTING CHANGES

Accounting changes made during the year involved a change in accounting \_\_\_\_\_ (principle, estimate, or entity). The effect of the change is being shown in \_\_\_\_\_

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

T. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 20\_\_.

	Beginning net assets July 1, 2005, <u>previously reported</u>	Adjustments + or (-)	Beginning net assets July 1, 2005, <u>as restated</u>
University or System	\$ _____	\$ _____	\$ _____
Component Unit(s)	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

Explanation: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 2005, previously reported, must correspond to Net Assets at June 30, 2005, per the information received from OSRAP.)

U. PLEDGES OF GIFTS

Pledges of gifts including uncollected subscriptions, subscription notes, and estate notes not reported in the financial statement amount to \$ \_\_\_\_\_.

<u>Pledges</u>	<u>Gross Amount</u>	<u>Time Period of Collection</u>	<u>Restrictions</u>
\$ _____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(Pledges of gifts reported in the financial statement should be accounted for at their estimated net realizable value, except as to asset classification for which pledges would be reported as a receivable, and credited to revenues, deferred income, etc, as appropriate. Estimated net realizable value represents the present value of long-term pledges reduced for any allowance for uncollectible pledges.)

V. SEGMENT INFORMATION

\_\_\_\_\_ (college or university) issues revenue bonds to finance certain of its auxiliary enterprises. The revenues generated by the auxiliary enterprise are used to pay the interest and principal of these revenue bonds. Descriptive information for each of the institution's segments is shown below:

(Types of goods or services provided by the segment are as follows: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Condensed financial information for each of the institution's segments follows:

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

CONDENSED STATEMENT OF NET ASSETS

	Segment #1	Segment #2
<b>Assets</b>		
Current assets	\$	\$
Due from other funds		
Capital assets		
Other assets		
Total Assets	-	-
<b>Liabilities</b>		
Current liabilities		
Due to other funds		
Long-term liabilities		
Total Liabilities	-	-
<b>Net Assets</b>		
Invested in capital assets, net of related debt		
Restricted net assets - expendable		
Restricted net assets - nonexpendable		
Unrestricted net assets		
Total Net Assets	\$ -	\$ -

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS:

	Segment #1	Segment #2
Operating Revenue	\$	\$
Operating Expenses		
Depreciation Expense		
Net Operating Income	-	-
Nonoperating Revenues (Expenses):		
Investment Income		
Gifts of Equipment		
Gift Income		
Interest Expense		
Other (net)		
Capital contributions/additions to permanent and term endowments		
Changes in Net Assets	-	-
Net Assets - Beginning of the Year		
Net Assets - End of the Year	\$ -	\$ -

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

CONDENSED STATEMENT OF CASH FLOWS

	Segment #1	Segment #2
Net cash flows provided (used) by:		
Operating activities	\$ _____	\$ _____
Noncapital financing	_____	_____
Capital and related financing	_____	_____
Investing activities	_____	_____
Net increase (decrease) in cash	-	-
Cash - Beginning of the year	_____	_____
Cash - End of the year	\$ _____	\$ _____

W. PER DIEM PAID BOARD MEMBERS

Per Diem payments are presented on Schedule 3. The per diem payments are authorized by Louisiana Revised Statute 17.5 and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

X. PENSION PLANS

Substantially all of the employees of the university are members of the following \_\_\_\_\_ Retirement System(s):

Name of retirement system or plan	ID of the plan (A, B, or C see below)	Percentage of covered salaries that employees contribute	University's employer contributions to the plan for the year ended June 30, 20__
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

(Choose one of the following to identify the retirement plan and place the corresponding letter in the column "ID of the plan" next to the applicable retirement plan.)

Identification of retirement plans:

- A) single-employer defined benefit plan
- B) agent multiple-employer defined benefit plan
- C) cost-sharing multiple-employer defined benefit plan

The (Each) System is a statewide public employee retirement system and is available to all eligible employees. Generally, all full-time employees are eligible to participate in the system(s), with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The System(s) publish(es) yearly annual financial reports that include detailed historical, financial, and actuarial information.

LRS 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education which is a defined contribution plan that provides for full and immediate vesting of all contributions remitted on behalf of the participants. Participants contribute \_\_\_\_\_% and the university contributes \_\_\_\_\_% of the covered payroll. Benefits payable to participants are not obligations of the State of Louisiana or the \_\_\_\_\_ Retirement System; but 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 \$ \_\_\_\_\_ and \$ \_\_\_\_\_, respectively, for the year ended June 30, 2006.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

Y. DEBT REFUNDING

(Provide a descriptive narrative disclosing the following information)

Issuance date \_\_\_\_\_  
Amount of issue \$ \_\_\_\_\_  
Bond Type(s) \_\_\_\_\_  
\_\_\_\_\_  
Purpose of issue \_\_\_\_\_  
\_\_\_\_\_  
Refunding Stipulations \_\_\_\_\_  
(If there is an escrow account, describe in detail)  
Refunding Results \_\_\_\_\_  
(Include description of debt reduction and economic gain, if any)

Amount of debt defeased in substance still outstanding at fiscal year end \_\_\_\_\_

DESCRIPTIVE NARRATIVE

In \_\_\_\_\_ (month, year), the \_\_\_\_\_ (entity name) issued \$ \_\_\_\_\_ of taxable (nontaxable) \_\_\_\_\_ Bonds – Series \_\_\_\_\_ and \$ \_\_\_\_\_ of \_\_\_\_\_ Bonds – Series \_\_\_\_\_. The purpose of the issues was to provide monies to refund portions of Series \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ bonds. In order to refund the bonds, portions of the proceeds of the new issue (\$ \_\_\_\_\_), plus an additional \$ \_\_\_\_\_ million of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated \_\_\_\_\_ between the \_\_\_\_\_ and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, (redemption premium), and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ \_\_\_\_\_ and gave the \_\_\_\_\_ an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ \_\_\_\_\_. Of the debt considered defeased in substance, \$ \_\_\_\_\_ is outstanding as of June 30, 2006.

Z. COOPERATIVE ENDEAVORS

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding for fiscal year ending June 30, 2006, by funding source, is as follows:

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FOR THE YEAR ENDED JUNE 30, 2006

<u>Funding Source</u>	<u>Balance June 30, 2006</u>
State General Fund	\$ _____
Self-generated revenue	_____
Statutorily dedicated revenue	_____
General obligation bonds	_____
Federal funds	_____
Interagency transfers	_____
Other funds/combination	_____
Total	\$ _____

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2006. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute ending balances by funding source, begin with balances at June 30, 2005. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

AA. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2005-2006:

<u>CFDA Number</u>	<u>Program name</u>	<u>State Match Percentage</u>	<u>Total Amount of Grant</u>
_____	_____	_____ %	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total government-mandated nonexchange transactions (grants)			\$ _____

BB. DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the \_\_\_\_\_ (governing board) to authorize for expenditure 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, 2006, net appreciation of \$\_\_\_\_\_ is available to be spent, of which \$\_\_\_\_\_ is restricted to specific purposes (net appreciation during the fiscal year).

State the policy for authorizing and spending investment income, such as a spending rate or total-return policy.

\_\_\_\_\_  
\_\_\_\_\_

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

CC. REVENUE USED AS SECURITY FOR REVENUE BONDS

<u>Auxiliary enterprises</u>	<u>Revenue used as security for bonds (FY 2006)</u>	<u>Type of bonds</u>	<u>Year(s) bonds issued</u>
Residential life	\$ _____	_____	_____
Student union services, including bookstore	_____	_____	_____
Health, physical education, and recreation	_____	_____	_____
Athletics	_____	_____	_____

DD. DISAGGREGATION OF PAYABLE BALANCES

<u>Fund</u>	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other Payables</u>	<u>Total Payables</u>
_____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
Total payables	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

EE. SUBSEQUENT EVENTS

No events of a material nature have occurred subsequent to the SNA date that would require adjustment to, or disclosure in, the accompanying financial statement, except as noted below:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FF. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 20\_\_, \$ \_\_\_\_\_ are restricted by enabling legislation (which also includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation). Refer to the instructions in Appendix B for more details on the determination of the amount to be reported as required by GASB 46.

GG. IMPAIRMENT OF CAPITAL ASSETS

GASB 42 establishes accounting and financial reporting standards for impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. **See Appendix C for additional information on GASB 42 and Impaired Capital Assets.** The following capital assets are considered impaired: (There are five indicators of impairment described in Appendix C, (1) physical damage, (2) enactment of laws,

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

etc., which can be used to complete column three.)

Type of Asset	Amount of Impairment Loss before Insurance Recovery	Indication of Impairment (e.g. (1) physical damage)	Insurance Recovery in the same FY	Reason for Impairment (e.g. hurricane)
Buildings	_____	_____	_____	_____
Movable Property	_____	_____	_____	_____
Infrastructure	_____	_____	_____	_____

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year. (Include the capital assets listed above that were idle at the end of the fiscal year.)

Type of asset	Carrying Value
Buildings	\$ _____
Movable Property	\$ _____
Infrastructure	\$ _____

**HH. EMPLOYEE TERMINATION BENEFITS**

Termination benefits are benefits, other than salaries and wages, that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as payment for unused leave balances. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan and payment for unused leave balances.

Other termination benefits may include:

1. Early retirement incentives, such as cash payments or enhancements to defined benefit formulas
2. Health care coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits.

1. A description of the termination benefit arrangement(s).
2. Period the employer becomes obligated
3. Number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the

STATE OF LOUISIANA

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit.  
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported).

**The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.**

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2006, the cost of providing those benefits for \_\_\_\_\_ (number of) voluntary terminations totaled \$\_\_\_\_\_. For 2006, the cost of providing those benefits for \_\_\_\_\_ (number of) involuntary terminations totaled \$\_\_\_\_\_.

**[The termination benefits (voluntary and involuntary) paid in FY 2006 should also be included in operating expenses (by function) within the Statement of Revenues, Expenses, and Changes in Net Assets.]**

The liability for the accrued voluntary terminations benefits payable at June 30, \_\_\_\_\_ is \$\_\_\_\_\_. This liability consists of \_\_\_\_\_ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, \_\_\_\_\_ is \$\_\_\_\_\_. This liability consists of \_\_\_\_\_ (number of) involuntary terminations.

**[The termination benefits (voluntary and involuntary) payable at fiscal year end should also be included on the Statement of Net Assets in the "compensated absences payable" account line.]**

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, state that fact.

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A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.









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SCHEDULE OF NOTES PAYABLE

June 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	Redeemed (Issued)	Principal Outstanding 6/30/06*	Interest Rates	Interest Outstanding 6/30/06
		\$	\$	\$	\$		\$
Total		\$	\$	\$	\$		\$

\*Note: Principal outstanding at 6/30/06 should agree to Notes Payable on the Statement of Net Assets.

Send copies of new amortization schedules



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SCHEDULE OF BONDS PAYABLE AMORTIZATION  
For The Year Ended June 30, 2006

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
Total	\$ _____ -	\$ _____ -

List the terms by which interest rates change for variable-rate debt: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

STATE OF LOUISIANA

(Component Unit)

SCHEDULE OF BONDS PAYABLE AMORTIZATION  
For The Year Ended June 30, 2006

Fiscal Year Ending:	Principal	Interest
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
Total	\$ _____ -	\$ _____ -

List the terms by which interest rates change for variable-rate debt: \_\_\_\_\_

\_\_\_\_\_

Note: Include a separate amortization schedule for each bond issuance for the new component units included in the university's financial statements.

STATE OF LOUISIANA

(College or University)

SCHEDULE OF NOTES PAYABLE AMORTIZATION

For The Year Ended June 30, 2006

Fiscal Year Ending:	Principal	Interest
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012-2016	_____	_____
2017-2021	_____	_____
2022-2026	_____	_____
2027-2031	_____	_____
2032-2036	_____	_____
Total	\$ <u>          -          </u>	\$ <u>          -          </u>

List the terms by which interest rates change for variable-rate debt: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

STATE OF LOUISIANA

(Component Unit)

SCHEDULE OF NOTES PAYABLE AMORTIZATION

For The Year Ended June 30, 2006

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012-2016	_____	_____
2017-2021	_____	_____
2022-2026	_____	_____
2027-2031	_____	_____
2032-2036	_____	_____
Total	\$ _____ -	\$ _____ -

List the terms by which interest rates change for variable-rate debt: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SCHEDULE 2-B (Component Unit)

STATE OF LOUISIANA

(College or University)

SCHEDULE OF CAPITAL LEASE AMORTIZATION  
For The Year Ended June 30, 2006

Fiscal Year	Beginning				
Ending:	Balance	Payment	Interest	Principal	Balance
2007	\$ _____	\$ _____	\$ _____	\$ _____	\$ -
2008	_____	_____	_____	_____	-
2009	_____	_____	_____	_____	-
2010	_____	_____	_____	_____	-
2011	_____	_____	_____	_____	-
2012-2016	_____	_____	_____	_____	-
2017-2021	_____	_____	_____	_____	-
2022-2026	_____	_____	_____	_____	-
2027-2031	_____	_____	_____	_____	-
2032-2036	_____	_____	_____	_____	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -

List the terms by which interest rates change for variable-rate debt: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

STATE OF LOUISIANA

(Component Unit)

SCHEDULE OF CAPITAL LEASE AMORTIZATION  
For The Year Ended June 30, 2006

Fiscal Year Ending:	Beginning Balance	Payment	Interest	Principal	Balance
2007	\$ _____	\$ _____	\$ _____	\$ _____	\$ -
2008	_____	_____	_____	_____	-
2009	_____	_____	_____	_____	-
2010	_____	_____	_____	_____	-
2011	_____	_____	_____	_____	-
2012-2016	_____	_____	_____	_____	-
2017-2021	_____	_____	_____	_____	-
2022-2026	_____	_____	_____	_____	-
2027-2031	_____	_____	_____	_____	-
2032-2036	_____	_____	_____	_____	-
Total	\$ <u>      -      </u>				

List the terms by which interest rates change for variable-rate debt: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SCHEDULE 2-C (Component Unit)

STATE OF LOUISIANA

(College or University)

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION  
For The Year Ended June 30, 2006

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2024	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
Total	\$ _____ -	\$ _____ -

List the terms by which interest rates change for variable-rate debt: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

STATE OF LOUISIANA

(Component Unit)

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION  
For The Year Ended June 30, 2006

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
Total	\$ -	\$ -

List the terms by which interest rates change for variable-rate debt: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF LOUISIANA

(College or University)

SCHEDULE OF PER DIEM PAID  
For The Year Ended June 30, 2006

Name	Amount
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____

Prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

STATE OF LOUISIANA

\_\_\_\_\_  
 (College or University)

SCHEDULE OF EXPENSES BY UNIVERSITY  
 For The Year Ended June 30, 2006

Include expenses by each individual university in your system or expenses by agency number. Also, include the expenses of the foundations. The "Total Expenses" should agree to the "Combined Total" expenses shown in the Statement of Activities.

Name of individual university and agency no.:	University Amount	*Foundation Amount	Total Expenses
1) _____	\$ _____	\$ _____	\$ _____
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____
6) _____	_____	_____	_____
7) _____	_____	_____	_____
8) _____	_____	_____	_____
9) _____	_____	_____	_____
10) _____	_____	_____	_____
Total	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>

\* Should only include foundations that are included  
 in this AFR packet

**INFORMATION FOR NOTE C “DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS”**

**(GASB Statement 3 Amended by GASB Statement 40)**

I. Purpose:

Note C provides the required disclosures about the governmental entities' deposits with financial institutions and investments. The disclosures required for deposits and investments as of the fiscal year ended date provides information about the credit risk and market risk of the deposits and investments and are designed to provide users of the financial statements information about the potential for losses associated with the deposits and investments. GASB Statement 40 has modified or eliminated portions of GASB Statement 3 including:

- modified the custodial credit risk disclosures of Statement 3 for deposits and investments to limit the required disclosure to only those exposed to custodial credit risk (similar to GASB 3's category 3).
- established or modified disclosure requirements related to concentrations of credit risk of investments, credit risk of debt investments, and interest rate risks of debt investments (including sensitivity to changes in interest rates), and
- established disclosure requirements for foreign currency risks for both deposits and investments.

Although GASB Statement 40 eliminated some of the disclosures required for custodial credit risk (the 3 categories for example), the total reported amounts of all deposits and investments must still be reported.

II. Comparison of amounts disclosed per requirements in Note C to amounts shown on the Statement of Net Assets (SNA):

- Generally, the amounts of cash and investments on the SNA will not be classified exactly the way they would be classified in Note C.
- “Deposits with Financial Institutions” and “Investments” in Note C may be reported on the SNA using titles or line items that are different than those in Note C, or they may be combinations of titles or line items. For instance, “Deposits” in Note C may come from several line items on the SNA such as “Cash in Bank” and “CD’s”, or even “Investments” (See section III below that gives further guidance on what should be considered “Deposits” in note C).
- Line items on the SNA may include amounts that would be deposits in Note C, and may also include amounts that would be investments in Note C. Also, cash and cash equivalents line items on the SNA may include amounts that are not deposited in bank accounts of the entity and therefore would not be reported in Note C as deposits, but as separate line items such as petty cash, cash on hand, and treasury cash. These amounts must be reported separately from the deposits in Note C.
- Each line item on the SNA that involves cash or investments, including any restricted cash and/or investments, needs to be analyzed to determine what is included in the item and how it should be disclosed in Note C.

III. “Deposits with Financial Institutions” section of Note C:

- Generally, this section of the Note C disclosure refers to the various examples of “Deposits with Financial Institutions” (See “A” below for examples). The term “cash and cash equivalents” is used in reference to GASB Statement 9 that affects presentation for the SNA and statement of cash flows, not the note disclosures required by GASB Statement 3 and 40. “Deposits with Financial Institutions” include deposit accounts in banks, savings and loan associations, and credit unions. They can be demand, savings, or time accounts, including negotiable order of withdrawal (NOW) accounts and non-negotiable CD’s. As stated previously, deposits for Note C may be a combination of SNA line items or titles.
- Do not include treasury cash, petty cash not in a bank account, or cash on hand in Note C as part of the deposits in bank accounts. As mentioned previously, these amounts would be reported separately.

A. Examples and/or definitions:

Nonnegotiable Certificates of Deposit – Nonnegotiable CDs are time deposits that are placed by depositors directly with financial institutions and generally are subject to a penalty if redeemed before maturity. These are treated as deposits for GASB 3 Note C disclosures. (Negotiable CDs are securities that are normally sold in \$1 million units that are traded in a secondary market. These are treated as investments for Note C disclosures.)

Money Market Accounts – Financial institution “money market” accounts are simply deposits that pay interest at a rate set to make the accounts competitive with money market mutual funds. They should be treated like any other deposit account for Note C disclosures.

Bank Investment Contracts (BICs) – A BIC is a general obligation instrument issued by a bank, typically to a pension plan, that provides for a guaranteed return on principal over a specified period . Since these are issued by a bank, they are treated as deposits for Note C disclosures.

B. Other definitions as applied to deposits:

Insured (Insurance) – Deposits are insured by federal deposit insurance (FDIC), state deposit insurance, multiple financial institution collateral pools that insure public deposits, and even commercial insurance (if scope of coverage would be substantially the same as FDIC).

Collateral – Security pledged by a financial institution to a government entity for its deposits.

IV. “Investments” section of Note C:

- Types of investments for listing investments by type definitions/examples:
  1. Repurchase Agreements – An agreement in which a governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower): the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
  2. U.S. Government Obligations – Examples include treasury bills, treasury notes and treasury strips; obligations of certain U.S. Government Agencies such as FNMA, FHLB, or SLMA.
  3. Common & Preferred Stock – A security that represents an ownership interest in an entity.
  4. Commercial Paper (mortgages, notes, etc.) – An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. Almost all commercial paper is rated as to credit risk by rating services.
  5. Corporate Bonds
  6. Other (identify) – It is not appropriate to present material amounts of investments as “Other”, unless the note disclosure describes the composition of the “Other” category. The following are examples of other investments:
    - a. Closed-end Mutual Fund – The investment company sells shares of its stock to investors and it invests on the shareholders’ behalf in a diversified portfolio of securities. A closed-end mutual fund has a constant number of shares, the value depends on the market supply and demand for the shares rather than directly on the value of the portfolio, the fund does issue certificates, and the securities are traded on a stock exchange.
    - b. Open-end Mutual Funds – The investment company sells shares of its stock to investors and it invests on the shareholders’ behalf in a diversified portfolio of securities. In contrast to a closed-end mutual fund, the open-end mutual fund creates new shares to meet investor demand, the value depends directly on the value of the portfolio, and the fund does not issue certificates but sends out periodic statements showing account activity. These investments are not evidenced by securities that exist in physical or book entry form.
    - c. Reverse Repurchase Agreements - An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
    - d. Investments in pools managed by another government - Generally, these investments would not be exposed to custodial credit risk because the investments themselves are not evidenced by securities that exist in physical or book entry form.
    - e. Private placements, such as venture capital and limited partnerships
    - f. Investments in real estate, annuity contracts, and direct investments in mortgages

V. Risk Disclosures for Deposits and Investments:

- Deposits and investments are subject to several types of risks, mainly credit risk, market risk, interest rate risk, and foreign currency risk.

Credit risk - defined as the risk that a counterparty to an investment transaction will not fulfill its obligations and can be associated with the issuer of securities, with a financial institution holding deposits, or with a party holding investment or collateral securities.

Concentration of credit risk – defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer.

Market risk – defined as the risk that the market value of investment securities, collateral securities protecting a deposit, or securities of a repurchase agreement will decline.

Interest rate risk – defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

Foreign currency risk – defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

A. Custodial Credit Risk Disclosures for Deposits:

Following GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who holds the collateral and how the collateral is held.

Collateral – Securities pledged by the financial institution for the purpose of securing the governmental entity’s deposits.

Collateralized – When the entity’s deposits are secured with securities pledged by the financial institution holding the

deposits.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

#### B. Custodial Credit Risk Disclosures for Investments:

Following GASB Statement 3, investments (listed by type) were either classified into three categories (depending on whether they are insured or registered and who holds the securities and how they are held), or listed as non-classified investments.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. However, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

#### C. Additional Risk Disclosures for Required by GASB Statement 40:

Credit Risk - Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

Interest Rate Risk - Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years of those investments. In addition, list the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.):

Concentration of Credit Risk - List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments.

Foreign Currency Risk - Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List these by currency denomination and investment type, if applicable.

Deposits and Investments Policies Relating to Risk - Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, that fact should be stated.

#### VI. Securities as Applied to Credit Risk of Deposits and Investments:

Securities defined – a transferable financial instrument that evidences ownership or creditorship. Securities can be in either paper or book-entry form.

##### 1. Examples of securities that are often held by or pledged to (as collateral) governmental entities include:

- a. treasury bills, treasury notes, treasury bonds
- b. federal agency obligations
- c. corporate debt instruments (including commercial paper)
- d. corporate equity instruments
- e. negotiable CD's (keyword here is negotiable)
- f. bankers' acceptances
- g. shares of closed-end mutual funds (keyword here is closed-end)
- h. shares of unit investment trusts

##### 2. Instruments or investments that are not securities include:

- a. investments made directly with another party (such as limited partnerships)
- b. real estate
- c. direct investments in mortgages and other loans
- d. investments in open-ended mutual funds (keyword here is open-ended)
- e. pools managed by other governments
- f. annuity contracts

**INFORMATION FOR NOTE FF - NET ASSETS RESTRICTED BY ENABLING LEGISLATION**

Summary of GASB Statement No. 46 - *Net Assets Restricted by Enabling Legislation*

**Introduction**

The purpose of GASB Statement 46 is to clarify GASB Statement 34's definition of enabling legislation and legal enforceability and give more guidance on how it should be reported in net assets. The goal is to reduce the difficulty of interpreting the requirement in GASB 34 that the restrictions of net assets be "legally enforceable". This statement specifies the reporting requirements if new enabling legislation replaces existing enabling legislation, or if the legal enforceability evaluation changes. Further, the statement requires that governments disclose the portion of total net assets that is restricted by enabling legislation in the notes to the financial statements.

**Enabling Legislation**

Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources from external providers. In addition, it includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

**Legal Enforceability**

Per Statement 46, legal enforceability means that a party external to the government (citizens, public interest groups, judiciary) can compel the government to use the resources created by enabling legislation only for the purposes specified by the legislation. What is considered legally enforceable is a matter of professional judgment. Since enforceability cannot ultimately be proven unless tested through the judicial process, which may never occur, the determination should be based on the facts and circumstances surrounding each individual restriction. A "blanket" or general determination regarding the legal enforceability of enabling legislation should not be used.

**New Enabling Legislation Replacing Original Enabling Legislation**

If new enabling legislation replaces original enabling legislation by establishing new legally enforceable restrictions on the resources raised by the original legislation, then the resources accumulated from that period forward should be reported as restricted for that purpose. However, existing resources accumulated under the original enabling legislation could be restricted for the original purpose, restricted for the purpose specified in the new legislation, or unrestricted. This determination would be a matter of professional judgment.

**Reevaluation of Legal Enforceability**

If resources are used for a purpose other than the purpose stipulated in the enabling legislation, or some other factor causes a reconsideration, then the legal enforceability of those restricted resources should be reevaluated to determine if they should continue to be reported as restricted. If the reevaluation results in a determination that the restriction is no longer enforceable, then report the resources as unrestricted from the beginning of that period forward. If it is determined that the restrictions are still legally enforceable, then continue to report those resources as restricted net assets.

**Note Disclosure Required**

Governments should disclose the portion of total net assets that is restricted by enabling legislation at the end of the reporting period in the notes to the financial statements.

**Effective Date and Transition**

The requirements are effective for fiscal year ended June 30, 2006. The accounting changes adopted in applying this statement should be applied retroactively by reclassifying net asset information in the financial statements for all prior periods presented. In the first period the statement is applied, disclosure should be made of the nature of any reclassification and its effect. Also, an explanation of the reason for not reclassifying net assets for prior periods should be explained.

**INFORMATION FOR NOTE GG – IMPAIRMENT OF CAPITAL ASSETS**

GASB 42 establishes accounting and financial reporting standards for impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. GASB 42, paragraph 9 outlines five (5) common “indicators of impairment.” They are:

- 1) Evidence of physical damage, such as for a building damaged by fire or flood, when the level of damage is such that restoration efforts are needed to restore service utility.
- 2) Enactment or approval of laws or regulations or other changes in environmental factors, such as new earthquake standards that a facility does not meet, and cannot be modified to meet.
- 3) Technological development or evidence of obsolescence, such as that related to a major piece of diagnostic or research equipment.
- 4) A change in the manner or expected duration of use of a capital asset, such as closure of a building prior to the end of its useful life.
- 5) Construction stoppage, such as stoppage of construction as a result of a lack of funding.

Damaged assets can be separated into the following categories:

1. assets that will not be returned to service
2. assets temporarily out of service due to needed repairs, restoration, or recertification
3. assets remaining in service but needing repair
4. assets damaged that will continue to be used that will not be repaired

If the assets are going to be restored (category 2 and 3), then they need to be evaluated for impairment per GASB 42. If the assets will no longer be used (category 1) or will not be repaired (category 4), then an impairment loss per GASB 42 does not need to be calculated.

For assets impaired by physical damage, the restoration cost approach should be used to calculate the impairment loss. Under this approach, the amount of the impairment loss is derived from the estimated costs to restore the utility of the capital asset. Since an asset is not considered impaired unless its decline in service utility is significant, OSRAP has established impairment thresholds for assets impaired by physical damage. In order for an asset to be considered impaired by physical damage, the restoration cost (estimated restoration cost if the asset is not fully restored) of the impaired asset must be equal to or greater than the following:

Infrastructure	\$3 million per agency, per year, or entity capitalization threshold if less than \$3 million per year
Building	Greater of \$100,000 or 20% of the capitalized cost of the building
Movable Property	Greater of \$20,000 or 20% of the capitalized cost of the asset

Infrastructure – The capitalization threshold (\$3 million) should be used for infrastructure impaired by physical damage as the test of whether the magnitude in the decline in service utility is significant. Infrastructure will only be considered impaired if the total estimated restoration costs are equal to or greater than the capitalization threshold for infrastructure, or \$3 million per agency, per year. If your entity uses a lower threshold than \$3 million per year for infrastructure, then your entity’s capitalization threshold for infrastructure should be used as the impairment test threshold. An impairment loss would be calculated on all infrastructure impaired during that year, regardless of the actual dollar value of the restoration cost of each individual infrastructure asset.

Buildings – The greater of the capitalization threshold, \$100,000, or 20 percent of the capitalized costs of the building impaired by physical damage should be used as the test of whether the magnitude in the decline in service utility is significant. If the cost to restore the building is lower than the capitalization threshold or 20 percent of the capitalized cost of the impaired building (whichever is higher), we will not consider that the “magnitude in the decline in service utility is significant” component of the impairment test to be met. If, however, the building’s restoration costs are equal to or greater than the capitalization threshold or equal to or greater than 20 percent of the capitalized costs of the impaired building (whichever is higher), and the building’s decline in service utility is unexpected, we will conclude that the asset has met the impairment test criteria, and is impaired according to the provisions of GASB 42.

Movable property – For GASB 42 implementation, the impairment threshold is set at \$20,000. In addition, the greater of the impairment threshold or 20 percent of the capitalized cost of the movable property should be used as the test of whether the magnitude in the decline in service utility is significant. If the cost to restore the movable property is equal to or greater than the impairment threshold, \$20,000, or 20 percent of the capitalized cost of the impaired movable property (whichever is greater), and the building’s decline in service utility is unexpected, we will conclude that the asset has met the impairment test criteria,

and is impaired according to the provisions of GASB 42.

For assets impaired by enactment or approval of laws or regulations or other changes in environmental factors, technological development or evidence of obsolescence, or a change in the manner or expected duration of use, use the examples provided in GASB 42 for guidance in calculating the impairment loss. The thresholds developed by OSRAP for estimated restoration cost discussed above do not apply to these assets. Report capital assets impaired by construction stoppage at the lower of carrying value or fair value.

GASB 42 requires that the carrying amount of impaired capital assets that are idle at year end be disclosed in the notes, regardless of whether the impairment is permanent or temporary. However, an impairment loss does not have to be calculated for a temporarily impaired asset. If management has to take action to reverse an impairment, such as restoration of a capital asset with physical damage, then the impairment should be considered permanent. In certain circumstances, temporary impairments could be associated with enactment or approval of laws or regulations or other changes in environmental factors, changes in technology or obsolescence, changes in manner or duration of use, or construction stoppage.