University of Louisiana at Monroe
University of Louisiana System
State of Louisiana

Accountant's Review Report

Issued October 15, 2008

LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

September 30, 2008

Accountant's Review Report

UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Monroe, Louisiana

We have reviewed the accompanying basic financial statements as listed in the table of contents of the University of Louisiana at Monroe, a university within the University of Louisiana System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2008, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the University of Louisiana at Monroe. We did not review the financial statements of the University of Louisiana at Monroe Facilities Corporation, a blended component unit of the university, whose statements reflect total assets, liabilities, and revenues of 33%, 72%, and 5%, respectively, of the related university totals. These component unit financial statements were audited by another auditor whose report thereon has been furnished to us, and the results of our review expressed herein, insofar as it relates to the amounts included for this component unit, are based solely upon the report of the other auditor.

A review consists principally of inquiries of the University of Louisiana at Monroe personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the objective of which is the expression of an opinion regarding the basic financial statements taken as a whole. Accordingly, we do not express such an opinion.

As discussed in note 1-C to the basic financial statements, the accompanying financial statements of the University of Louisiana at Monroe are intended to present the financial position and the changes in financial position and cash flows, where applicable, of only that portion of the business-type activities of the University of Louisiana System that is attributable to the transactions of the University of Louisiana at Monroe. They do not purport to, and do not, present fairly the financial position of the University of Louisiana System or the State of

Louisiana as of June 30, 2008, and the changes in its financial position and its cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Based on our review and the report of the other auditor discussed previously, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1-P to the basic financial statements, the University of Louisiana at Monroe implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions;* GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues;* and GASB Statement No. 50, *Pension Disclosures - an amendment of GASB Statements No. 25 and No. 27* for the year ended June 30, 2008.

Management's discussion and analysis on pages 5 through 10 and the Schedule of Funding Progress of the OPEB Plan (Schedule 1) is not a required part of the basic financial statements but is supplementary information required by GASB. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements but was compiled from the information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

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The Management's Discussion and Analysis of the University of Louisiana at Monroe's (University) financial performance presents a narrative overview and analysis of the University's financial activities for the year ended June 30, 2008. 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 the University's financial statements, which begins on page 11.

FINANCIAL HIGHLIGHTS

The University's net assets overall decreased from $119 million to $109 million or 8.4% from July 1, 2007 to June 30, 2008. The primary reasons for this change were:

- Required adjustment of $12.4 million to record Other Post Employment Benefits (OPEB) liability

- Increased grant expenses

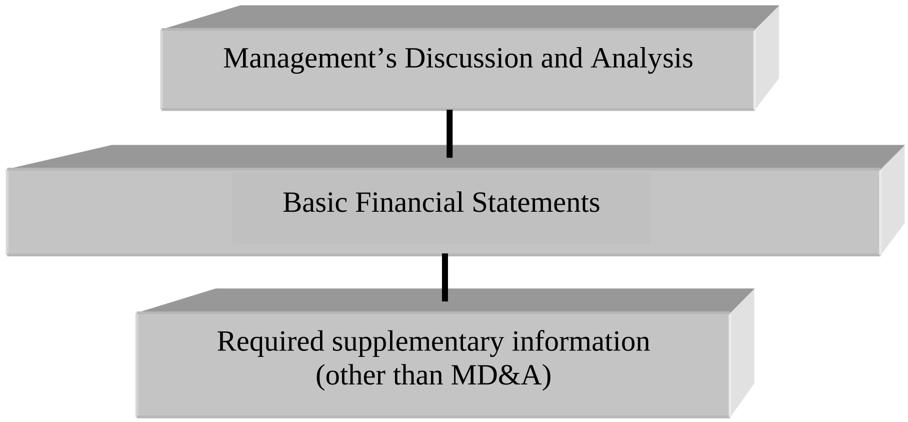
Enrollment changed from 8,571 to 8,541 from July 1, 2007, to June 30, 2008, a change of .4%.

The University's operating revenues changed from $68.3 million to $71.9 million or 5.3% from June 30, 2007, to June 30, 2008. Operating expenses, however, changed by 21.8% to $139.1 million for the year ended June 30, 2008. The primary reason for this increase is the requirement to record a liability for OPEB which was $12.4 million. Also, salaries and benefits increased by approximately $5.7 million.

Nonoperating revenues (expenses) fluctuate depending upon levels of state operating appropriations, net investment income or losses, and interest expense. An increase in state appropriations of $4.4 million was offset by an increase in interest expense of $400,000; a $2.8 million decrease in endowment fund revenues because of unrealized losses on investments; and a $150,000 decrease in interest income. This resulted in a net change to $52 million in 2008 from $52.6 million in 2007. Lower interest rates also resulted in a decrease in nonoperating revenues for ULM Facilities, Inc., of $1.4 million because of an increased unrealized mark-to-market interest rate SWAP loss.

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 (GASB) 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, and the notes to the financial statements.

Basic Financial Statements

The basic financial statements present information for the University of Louisiana at Monroe as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (pages 11-12) 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 University is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 13) presents information showing how the University's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 15-16) presents information showing how the University's cash changed as a result of current year operations. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

The financial statements provide both long-term and short-term information about the University's 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 University's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America as applied to 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 Statement of Revenues, Expenses, and Changes in Net Assets. 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, 2008, and June 30, 2007
(in thousands)

	Total	
	2008	2007
Current and other assets	$75,851	$76,469
Capital assets	135,643	130,464
Total assets	211,494	206,933
Current and other liabilities	29,334	16,064
Noncurrent liabilities	72,655	71,502
Total liabilities	101,989	87,566
Net assets:		
Invested in capital assets, net of debt	62,988	71,292
Restricted	40,836	40,369
Unrestricted	5,681	7,706
Total net assets	$109,505	$119,367

This schedule is prepared from the University's Statement of Net Assets which is presented on an accrual basis of accounting.

The 11.6% decrease in net assets invested in capital assets, net of debt is due to a reclassification of net assets on the University of Louisiana at Monroe Facilities, Inc.'s financial statements from restricted to invested in capital assets, net of debt.

Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation, reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. Restricted net 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.

Statement of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2008, and June 30, 2007
(in thousands)

	2008	**2007**
Operating Revenues:		
Student tuition and fees, net	$25,890	$26,656
Grants and contracts	27,844	24,302
Auxiliary	14,949	13,933
Other	3,187	3,374
Total operating revenues	71,870	68,265
Operating Expenses:		
Education and general:		
Instruction	46,061	35,871
Research	9,755	7,288
Public service	11,394	10,489
Academic support	8,342	5,806
Student services	8,004	6,345
Institutional support	14,226	11,402
Operations and maintenance of plant	10,152	8,241
Depreciation	6,677	6,240
Scholarships and fellowships	7,673	7,014
Other operating expenses	16,808	15,518
Total operating expenses	139,092	114,214
Operating income (loss)	(67,222)	(45,949)
Nonoperating Revenues (Expenses)		
State appropriations	57,183	52,775
Other nonoperating revenues (expenses)	(5,186)	(141)
Nonoperating revenues	51,997	52,634
Income (loss) before other revenues and expenses	(15,225)	6,685
Capital appropriations	3,784	1,806
Capital grants and gifts	1,564	2,173
Increase (decrease) in Net Assets	(9,877)	10,664
Net assets at beginning of year, restated	119,382	108,703
Net assets at end of year	$109,505	$119,367

Nonoperating revenues decreased by 1.2% to $52 million, primarily attributable to an increase in state appropriations of $4.4 million which was offset by an increase in interest expense of $400,000 and unrealized losses on investments. State appropriations increased from $52.8 million to $57.2 million primarily because of a $1 million increase for pharmacy operations, decrease of $1.7 because of the amount allocated in the previous year for a software migration, increase of $2.3 million for a state employee pay increase, increase of $1.2 for higher education faculty pay increases, increase of $1.4 million for funding for education and general expenses, and increase of $.2 million for additional funding for the Louisiana Poison Control Center.

The University's operating revenues increased by $3.6 million or 5.3%. This increase is primarily due to increases in revenues from grants and contracts and auxiliary revenues. The majority of the 11.6% decrease in net assets is due to implementing GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*. The OPEB liability had an impact of $12.4 million on operating expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2008, the University had invested approximately $135.6 million in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately $5.2 million or 4% over the previous fiscal year. More detailed information about the University's capital assets is presented in note 6 to the financial statements.

Capital Assets at Year-end
(Net of Depreciation, in thousands)

	2008	2007
Land	$8,854	$8,790
Construction-in-progress	6,790	3,407
Depreciable land improvements	3,212	412
Buildings	107,002	107,149
Equipment	7,717	8,671
Library materials	2,068	2,036
Total	$135,643	$130,465

This year's major additions included the following:

- Construction of the Clarke Williams Student Success Center
- Construction on the Bienville Pharmacy Building
- Construction and completion of the Intermodal Transit Facility

Debt

The University had $72.7 million in bonds and notes outstanding at year-end, compared to $71.5 million last year, an increase of 1.7% as shown in the table below.

Outstanding Debt at Year-end
(in thousands)

	2008	2007
Notes payable	$462	$577
Reimbursement contracts payable	840	1,020
Capital lease payable	28	
Revenue bonds and notes	71,325	69,905
Total	$72,655	$71,502

New debt resulted from a new bond that was issued by the University of Louisiana at Monroe Facilities, Inc., for the construction of the Clarke Williams Student Success Center.

See note 14 for details relating to changes in and the composition of long-term liabilities and capital leases.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

At this time, there are no known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations.

CONTACTING THE UNIVERSITY'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the University's finances and to demonstrate the University's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Diane Singletary in the Controller's office at (318) 342-5100.

UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA

Statement of Net Assets
June 30, 2008

ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	$25,629,440
Receivables, net (note 4)	6,157,981
Inventories	186,775
Deferred charges and prepaid expenses	670,672
Notes receivable, net (note 5)	762,694
Total current assets	33,407,562
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents (note 2)	11,207,943
Investments (note 3)	24,873,757
Accounts receivable, net (note 4)	495,562
Notes receivable, net (note 5)	4,321,930
Capital assets, net (note 6)	135,643,026
Other noncurrent assets	1,544,063
Total noncurrent assets	178,086,281
Total assets	211,493,843
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities (note 7)	6,004,719
Deferred revenues (note 8)	3,258,828
Compensated absences payable (note 11)	454,482
Capital lease obligations (note 13)	10,960
Amounts held in custody for others	631,975
Notes payable (note 13)	115,400
Contracts payable	134,545
Reimbursement contract payable (note 13)	190,000
Bonds payable (note 13)	625,000
Other current liabilities	1,103,272
Total current liabilities	12,529,181
Noncurrent liabilities:	
Compensated absences payable (note 11)	3,957,167
Capital lease obligations (note 13)	17,127
Notes payable (note 13)	346,350
Reimbursement contract payable (note 13)	650,000
Other postemployment benefits payable (note 10)	12,370,954
Bonds payable (note 13)	70,700,000

(Continued)

See accompanying notes and accountant's review report.

UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Net Assets
June 30, 2008

LIABILITIES (CONT.)	
Noncurrent liabilities:	
Other noncurrent liabilities	$1,418,114
Total noncurrent liabilities	89,459,712
Total liabilities	101,988,893
NET ASSETS	
Invested in capital assets, net of related debt	62,988,191
Restricted for:	
Nonexpendable (note 16)	21,819,378
Expendable (note 16)	19,016,200
Unrestricted	5,681,181
Total net assets	$109,504,950

(Concluded)

See accompanying notes and accountant's review report

Statement B

UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

OPERATING REVENUES	
Student tuition and fees (net of scholarship allowances of $7,684,108)	$25,889,578
Federal grants and contracts	14,243,030
State and local grants and contracts	12,390,278
Nongovernmental grants and contracts	1,210,226
Sales and services of educational departments	348,043
Auxiliary enterprise revenues (net of scholarship allowances of $945,843)	14,949,479
Other operating revenues	2,839,145
Total operating revenues	71,869,779
OPERATING EXPENSES	
Education and general:	
Instruction	46,060,617
Research	9,755,417
Public service	11,394,411
Academic support	8,341,860
Student services	8,003,459
Institutional support	14,226,089
Operations and maintenance of plant	10,152,057
Depreciation	6,677,197
Scholarships and fellowships	7,672,812
Auxiliary enterprises	15,547,826
Other operating expenses	1,260,496
Total operating expenses	139,092,241
OPERATING LOSS	(67,222,462)
NONOPERATING REVENUES (Expenses)	
State appropriations	57,182,526
Net investment income	(768,576)
Interest expense	(2,482,650)
Other nonoperating revenues	(1,934,315)
Net nonoperating revenues	51,996,985
Loss before other revenues	(15,225,477)
Capital appropriations	3,784,160
Capital grants and gifts	1,564,119
DECREASE IN NET ASSETS	(9,877,198)
NET ASSETS - BEGINNING OF YEAR (Restated) (note 17)	119,382,148
NET ASSETS - END OF YEAR	$109,504,950

See accompanying notes and accountant's review report.

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UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008

Cash flows from operating activities:	
Tuition and fees	$28,365,198
Grants and contracts	27,843,534
Sales and services of educational departments	348,043
Auxiliary enterprise receipts	14,949,479
Payments for employee compensation	(54,330,745)
Payments for benefits	(16,166,661)
Payments for utilities	(3,070,866)
Payments for supplies and services	(34,158,650)
Payments for scholarships and fellowships	(7,672,812)
Loans to students	(1,046,121)
Collections of loans to students	1,056,961
Other receipts (payments)	(537,131)
Net cash used by operating activities	(44,419,771)
Cash flows from noncapital financing activities:	
State appropriations	57,182,526
TOPS receipts	5,762,339
TOPS disbursements	(5,762,339)
Federal Family Education Loan Program receipts	25,327,557
Federal Family Education Loan Program disbursements	(25,327,557)
Other receipts (disbursements)	(1,666,216)
Net cash provided by noncapital financing sources	55,516,310
Cash flows from capital financing activities:	
Proceeds from capital debt	2,079,306
Capital appropriations received	3,784,160
Capital grants and gifts received	1,564,119
Purchases of capital assets	(11,779,428)
Principal paid on capital debt and leases	(926,619)
Interest paid on capital debt and leases	(2,482,650)
Net cash used by capital financing activities	(7,761,112)
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	2,825,970
Interest received on investments	(1,036,675)
Net cash provided by investing activities	1,789,295

(Continued)

See accompanying notes and accountant's review report.

UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows, June 30, 2008

NET INCREASE IN CASH AND CASH EQUIVALENTS	$5,124,722
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,712,661
CASH AND CASH EQUIVALENTS AT END OF YEAR	$36,837,383
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	($67,222,462)
Adjustments to reconcile loss to net cash used by operating activities:	
Depreciation expense	6,677,197
Changes in assets and liabilities:	
Decrease in accounts receivables, net	2,389,455
Decrease in inventories	10,565
Decrease in deferred charges and prepaid expenses	37,751
Decrease in notes receivable	54,857
Decrease in other assets	362,525
(Decrease) in accounts payable and accrued liabilities	(911,877)
Increase in deferred revenue	24,611
Increase in amounts held in custody for others	20,882
Increase in compensated absences	155,670
Increase in other post employment benefits payable	12,370,954
Increase in other liabilities	1,610,101
Net Cash Used by Operating Activities	($44,419,771)

(Concluded)

See accompanying notes and accountant's review report.

INTRODUCTION

University of Louisiana at Monroe is a publicly supported institution of higher education. The university is under the management and supervision of the University of Louisiana System Board of Supervisors; however, the annual budget of the university and changes to the degree programs, department of instruction, et cetera, require the approval of the Board of Regents for Higher Education. As a state university, operations of the university's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

University of Louisiana at Monroe is located in Monroe, Louisiana. The university is committed to serving as a gateway to diverse academic studies for residents living in the urban and rural regions of the Lower Mississippi Delta. The university offers a broad array of academic and professional programs through the doctoral degree, including the state's only public Doctor of Pharmacy Program. Complemented by research and service, these programs address the post-secondary educational needs of the area's residents, business and industry. Enrollment at the university was 2,257; 8,541; 453; 7,609; and 2,613, respectively, during the summer II, fall, winter, spring, and summer I semesters of fiscal year 2008. At June 30, 2008, the university has approximately 1,366 full-time faculty and staff members.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. University of Louisiana at Monroe is part of the University of Louisiana System, which is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the majority of the members of the governing boards are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) state appropriations provide the largest percentage of total revenues; (4) the state issues bonds to finance certain construction; and (5) the universities within the system primarily serve state residents. The accompanying financial statements present information only as to the transactions of the programs of the university as authorized by Louisiana statutes and administrative regulations.

Annually, the State of Louisiana issues a comprehensive annual financial report (CAFR), which includes the activity contained in the accompanying financial statements within the University of Louisiana System amounts. The Louisiana Legislative Auditor audits the basic financial statements of the University of Louisiana System and the state's CAFR.

Blended Component Unit

University of Louisiana at Monroe Facilities, Inc., is a Louisiana nonprofit corporation and is considered a blended component unit of the university. The component unit is included in the reporting entity because it is fiscally dependent on the university. The purpose of this organization is to promote, assist, and benefit the mission of the university through the acquisition, construction, development, management, leasing of student housing or other facilities on behalf of the university. Although this facility corporation is legally separate, it is reported as a part of the university because the majority of its revenue will come from the leasing of facilities to the university. To obtain the corporation's latest audit report, write to:

University of Louisiana at Monroe Facilities, Inc.
Diane Singletary
700 University Avenue, Controller's Office
Monroe, LA 71209-2200

This blended component unit is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria, presentation, and disclosure requirements are different from GASB revenue recognition criteria and presentation features. With the exception of presentation adjustments, no modifications have been made to this component unit's financial information in University of Louisiana at Monroe's report for these differences.

C. BASIS OF ACCOUNTING

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

The university has the option to apply all FASB pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The university has elected to not apply FASB pronouncements issued after the applicable date.

D. BUDGET PRACTICES

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

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

F. INVENTORIES

Inventories are valued at the lower of cost or market on the weighted-average basis. The university uses periodic and perpetual inventory systems and accounts for its inventories using the consumption method.

G. NONCURRENT RESTRICTED ASSETS

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

H. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the university's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed $100,000. Any infrastructure exceeding $3 million must be capitalized, but the university does not have any infrastructure that meets that criterion. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property.

I. DEFERRED REVENUES

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

J. COMPENSATED ABSENCES

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

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

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

K. NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of revenue bonds payable, reimbursement contracts payable, notes payable, and capital lease obligations with contractual maturities greater than one year and estimated amounts for accrued compensated absences, other postemployment benefits, and other liabilities that will not be paid within the next fiscal year.

L. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The university provides certain continuing health care and life insurance benefits for its retired employees. The university recognizes the cost of providing these benefits as an expense when paid during the year.

M. NET ASSETS

The university's net assets are classified as follows:

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

(b) Restricted net assets - nonexpendable consist of endowments and similar type funds that donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

(c) Restricted net assets - expendable consist of resources that the university is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(d) Unrestricted net assets consist of resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and certain 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 toward unrestricted resources, then toward restricted resources.

N. CLASSIFICATION OF REVENUES

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

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

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

O. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the university and the amount that is paid by students and/or third parties making payments on the students' behalf.

P. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2008, the university implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions;* GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues;* and GASB Statement No. 50, *Pension Disclosures - an amendment of GASB Statement No. 25 and Statement No. 27*. Statement No. 45 affects the reporting of long-term liabilities and is addressed in the financial statements and the accompanying notes. Statement No. 48 required additional note disclosure for revenues pledged as security for revenue bonds. The implementation of Statement No. 50 had no significant impact on the financial statements or notes.

Q. USE OF ESTIMATES

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2008, the university has cash and cash equivalents (book balances) totaling $36,837,383 as follows:

Demand deposits:	
Interest-bearing	$18,929,502
Noninterest-bearing	363,129
Certificates of deposit	12,500,000
Money market accounts	4,795,778
Cash in State Treasury	245,204
Petty cash	3,770
Total	$36,837,383

These cash and cash equivalents are reported as follows on the Statement of Net Assets:

Current assets	$25,629,440
Noncurrent assets (restricted)	11,207,943
Total	$36,837,383

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

As of June 30, 2008, $1,651,475 of the university's total bank balance of $39,366,617 was uninsured and uncollateralized with securities held by pledging institutions and therefore exposed to custodial credit risk. The $1,651,475 consists of interest-bearing demand deposit accounts belonging to the University of Louisiana at Monroe Facilities, Inc.

3. INVESTMENTS

At June 30, 2008, the university has investments totaling $24,873,757. The university's investment policy follows state law (R.S. 49:327), which authorizes the university to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds. A summary of the university's investments follows:

Type of Investment	Percent of Investments	Credit Quality Rating	Fair Value
Investments held by foundation:			
U.S. government securities:			
U.S. Treasury Notes[2]	7.9%		$1,965,546
Federal Home Loan Mortgage Corporation[3]	7.5%	AAA	1,873,676
Federal National Mortgage Association[3]	5.4%	AAA	1,349,341
Federal Home Loan Bank[3]	0.7%	AAA	165,482
Government National Mortgage Association[2]	0.8%		201,151
Mutual Funds:			
Money market mutual funds[4]	15.5%		3,842,190
ishares[3]	4.1%	AAA	1,014,221
Common and preferred stock[1]	45.9%		11,421,261
Corporate bonds/obligations[3]	4.0%	BBB and above[6]	996,128
Held by blended component unit -			
University of Louisiana at Monroe Facilities, Inc.[5]	8.2%	Aa2	2,044,761
Total investments	100.0%		$24,873,757

[1] Credit quality ratings are not required for these investments.

[2] Credit quality ratings are not required for U.S. government and agency securities that are explicitly guaranteed by the U.S. government.

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

[4] Credit quality ratings are not available.

[5] Credit quality ratings obtained from Moody's Investor Service.

[6] BBB ($238,062); A ($356,044); AA ($180,861); AAA ($221,161).

Type of Investment	Fair Value	Investment Maturity (in years) Less Than 1	1 to 5	6 to 10	Greater Than 10
Investments held by foundation:					
U.S. government securities:					
U.S. Treasury Notes	$1,965,546	$277,404	$957,686	$539,484	$190,972
Federal Home Loan Mortgage Corporation	1,873,676	91,828	560,866	242,626	978,356
Federal National Mortgage Association	1,349,341		254,022	340,378	754,941
Federal Home Loan Bank	165,482		165,482		
Government National Mortgage Association	201,151				201,151
Mutual Funds:					
Money market mutual funds	3,842,190	3,842,190			
ishares	1,014,221		1,014,221		
Common and preferred stock	11,421,261	11,421,261			
Corporate bonds/obligations	996,128	74,785	483,642	277,585	160,116
Held by blended component unit -					
Morgan Stanley Flexible Agreements, Inc.	2,044,761	2,044,761			
Total investments	$24,873,757	$17,752,229	$3,435,919	$1,400,073	$2,285,536

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the university's investments by type as described previously. The university does not have policies to further limit credit risk.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the university will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2008, investments held by the foundation totaling $3,842,190 were uninsured and unregistered and held by the counterparty and were, therefore, exposed to custodial credit risk. Investments held by the blended component unit (ULM Facilities, Inc.) totaling $2,044,761 were unsecured and uninsured and held by the counterparty and were, therefore, exposed to custodial credit risk.

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State law as applicable to institutions of higher education does not address interest rate risk. The university does not have policies to limit interest rate risk.

Investments held by private foundations in an external investment pool are managed in accordance with the terms outlined in a management agreement executed between the university and the University of Louisiana at Monroe Foundation, with the university being a voluntary participant. These investments total $22,828,996 of which some have no specified maturity date or credit quality rating.

4. RECEIVABLES

Receivables are shown on the Statement of Net Assets, net of an allowance for doubtful accounts, at June 30, 2008. These receivables are composed of the following:

Type	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Student tuition and fees	$2,838,146	($400,525)	$2,437,621
Federal, state, and private grants and contracts	3,236,119		3,236,119
Auxiliary enterprises	701,586	(72,486)	629,100
Other	350,703		350,703
Total	$7,126,554	($473,011)	$6,653,543

5. NOTES RECEIVABLE

Notes receivables are comprised of loans to students under the Nursing Student Loans, Health Professionals Student Loans, and Federal Perkins Loan programs. Loans are no longer issued under the Nursing Student Loan program, but collections are still being made on outstanding loans and remitted quarterly to the United States Department of Health and Human Services (DHHS). Repayments of principal and interest on the loans provide the funding for the Health Professionals Loan program and the Perkins Loan program. The Perkins Loan program provides for the cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. If loans are determined to be uncollectible and not eligible for reimbursement by the federal government, the loans can be written off and assigned to United States Department of Education (USDOE). As of June 30, 2008, notes receivable totaling $5,084,624 is shown on the Statement of Net Assets, net of an allowance for doubtful accounts of $242,997.

Type	Notes Receivable	Allowable for Doubtful Accounts	Notes Receivable (Net)	Noncurrent Portion
Nursing Loans	$23,070	($23,070)		
Health Professionals Student Loans	1,470,109	(16,318)	$1,453,791	$1,235,722
Federal Perkins Loans	3,834,442	(203,609)	3,630,833	3,086,208
Total Notes Receivable	$5,327,621	($242,997)	$5,084,624	$4,321,930

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2008, follows:

	Balance June 30, 2007	Prior Period Adjustment	Restated Balance June 30, 2007	Additions	Transfers	Retirements	Balance June 30, 2008
Capital assets not being depreciated:							
Land	$8,790,342	$64,000	$8,854,342				$8,854,342
Construction-in-progress	3,407,036		3,407,036	$9,940,293	($6,557,268)		6,790,061
Total capital assets not being depreciated	$12,197,378	$64,000	$12,261,378	$9,940,293	($6,557,268)	NONE	$15,644,403
Other capital assets:							
Land improvements	$517,255		$517,255		$3,112,194		$3,629,449
Less accumulated depreciation	(105,596)		(105,596)	($311,820)			(417,416)
Total land improvements	411,659	NONE	411,659	(311,820)	3,112,194	NONE	3,212,033
Buildings	165,695,296	$180,642	165,875,938	135,218	3,445,074		169,456,230
Less accumulated depreciation	(58,546,788)	(3,574)	(58,550,362)	(3,903,701)			(62,454,063)
Total buildings	107,148,508	177,068	107,325,576	(3,768,483)	3,445,074	NONE	107,002,167
Equipment	20,324,178	(172,887)	20,151,291	1,495,398		($1,046,852)	20,599,837
Less accumulated depreciation	(11,653,321)	8,135	(11,645,186)	(2,126,806)		889,295	(12,882,697)
Total equipment	8,670,857	(164,752)	8,506,105	(631,408)	NONE	(157,557)	7,717,140
Library books	15,211,594		15,211,594	378,886		(12,810)	15,577,670
Less accumulated depreciation	(13,175,517)		(13,175,517)	(334,870)			(13,510,387)
Total library books	2,036,077	NONE	2,036,077	44,016	NONE	(12,810)	2,067,283
Total other capital assets	$118,267,101	$12,316	$118,279,417	($4,667,695)	$6,557,268	($170,367)	$119,998,623
Capital Asset Summary:							
Capital assets not being depreciated	$12,197,378	$64,000	$12,261,378	$9,940,293	($6,557,268)		$15,644,403
Other capital assets, at cost	201,748,323	7,755	201,756,078	2,009,502	6,557,268	($1,059,662)	209,263,186
Total cost of capital assets	213,945,701	71,755	214,017,456	11,949,795	NONE	(1,059,662)	224,907,589
Less accumulated depreciation	(83,481,222)	4,561	(83,476,661)	(6,677,197)	NONE	889,295	(89,264,563)
Capital assets, net	$130,464,479	$76,316	$130,540,795	$5,272,598	NONE	($170,367)	$135,643,026

7. PAYABLES

The following is a summary of payables and accrued expenses at June 30, 2008:

Account Name	
Accrued salaries and benefits	$2,891,393
Vendor payables	2,357,656
Other	755,670
Total payables	$6,004,719

8. DEFERRED REVENUES

The following is a summary of deferred revenues at June 30, 2008:

Prepaid tuition and fees	$2,218,128
Prepaid athletic ticket sales	96,000
Prepaid rent	64,041
Grants and contracts	880,659
Total deferred revenues	$3,258,828

9. PENSION PLANS

Plan Description. Substantially all employees of the university are members of two statewide, public employee retirement systems. Academic employees are generally members of the Teachers' Retirement System of Louisiana (TRSLA), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). Both plans are administered by separate boards of trustees. TRSLA is a cost-sharing, multiple-employer defined benefit pension plan and LASERS is considered a single-employer plan because the material portion of its activity is with one employer - the State of Louisiana. TRSLA and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. The State of Louisiana guarantees benefits granted by the retirement systems by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems; employee benefits vest with TRSLA after five years of service and with LASERS after 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Funding Policy. The contribution requirements of employee plan members and the university are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8% (TRSLA) and 7.5% (LASERS) of covered salaries. Act 75 of the 2005 Regular Legislative Session now requires that employees hired on or after July 1, 2006, must contribute 8% of covered salaries to LASERS. In fiscal year 2008, the state contributed 16.6% of covered salaries to TRSLA and 20.4% of covered salaries to LASERS. The employer contribution is funded by the State of Louisiana through the annual appropriation to the university. The employer contributions to TRSLA for the years ended June 30, 2008, 2007, and 2006 were $2,564,444; $2,189,943; and $2,106,773, respectively, and to LASERS for the years ended June 30, 2008, 2007, and 2006 were $2,202,830; $1,933,093; and $2,043,941, respectively, equal to the required contributions for each year.

Optional Retirement System

TRSLA administers an optional retirement plan, which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. This plan was designed to aid universities in recruiting employees who may not be expected to remain in TRSLA for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

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

R.S. 11:927 sets the contribution requirements of the plan members and the System equal to the contribution rates established for the regular retirement plan of TRSLA. Total contributions by the university are 16.6% of covered payroll for fiscal year 2008. The participant's contribution of 8%, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRSLA pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by an actuarial committee. The TRSLA retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligations of the State of Louisiana or the TRSLA. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled $4,142,406 and $1,996,309, respectively, for the year ended June 30, 2008.

10. OTHER POSTEMPLOYMENT BENEFITS

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

Funding Policy - The contribution requirements of plan members and the university are established and may be amended by R.S. 42:801-883. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan and the Health Maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans - one HMO plan and one private fee-for-service (PFFS) plan, offered by two companies. Depending upon the plan selected, during fiscal year 2008, employee premiums for a single member receiving benefits range from $34 to $92 per month for retiree-only coverage with Medicare or from $126 to $170 per month for retiree-only coverage without Medicare. The fiscal year 2008 employee premiums for a retiree with spouse, children, or family coverage range from $69 to $452 per month for those with Medicare and from $181 to $496 per month for those without Medicare.

The plan is currently financed on a pay-as-you-go basis with the university contributing from $103 to $237 per month for retiree-only coverage with Medicare or from $809 to $842 per month for retiree-only coverage without Medicare during fiscal year 2008. Also, the university's contributions range from $207 to $1,168 per month for retiree with spouse, children, or family coverage with Medicare or from $1,231 to $1,293 for retiree and spouse without Medicare.

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

Annual Other Postemployment Benefit Cost and Liability - The university's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45, which is being implemented prospectively for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year closed amortization period had been used. The total ARC for fiscal year 2008 is $15,521,500 as set forth below:

Normal cost	$8,063,600
30-year UAAL amortization amount	7,457,900
Annual required contribution (ARC)	$15,521,500

The following schedule presents the university's OPEB obligation for fiscal year 2008:

Beginning net OPEB obligations at July 1, 2007	None
Annual required contribution	$15,521,500
Interest on net OPEB obligation	None
ARC adjustment	None
OPEB cost	15,521,500
Contributions made -	
current year retiree premiums	(3,150,546)
Increase in net OPEB obligation	12,370,954
Ending net OPEB obligation at June 30, 2008	$12,370,954

Using the pay-as-you-go method, the university contributed 20.3% of the annual post-employment benefits cost during 2008.

Funded Status and Funding Progress - During fiscal year 2008, neither the university nor the State of Louisiana made contributions to its postemployment benefits plan trust. A trust was established during fiscal year 2008 but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the university's entire actuarial accrued liability of $179,546,400 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	$179,546,400
Actuarial value of plan assets	None
Unfunded actuarial accrued liability	$179,546,400
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	$46,619,852
UAAL as a percentage of covered payroll	385%

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

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

In the July 1, 2007, Office of Group Benefits actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008, is 29 years.

11. COMPENSATED ABSENCES

At June 30, 2008, employees of the university have accumulated and vested annual, sick, and compensatory leave of $3,565,515; $808,054; and $38,080, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

12. OPERATING LEASES

For the year ended June 30, 2008, the total rental expense for all operating leases was $235,413. The following is a schedule by years of future minimum annual rental payments required under operating leases:

	Fiscal Year					
	2009	2010	2011	2012	2013	Total
Nature of lease - office equipment	$179,658	$174,885	$177,540	$101,074	$23,641	$656,798

13. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the university for the year ended June 30, 2008:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Amounts Due Within One Year
Bonds and notes payable:					
Revenue bonds payable	$69,905,000	$2,045,000	($625,000)	$71,325,000	$625,000
Notes payable	577,150		(115,400)	461,750	115,400
Total bonds and notes payable	70,482,150	2,045,000	(740,400)	71,786,750	740,400
Other liabilities:					
Accrued compensated absences	4,255,979	2,822,525	(2,666,855)	4,411,649	454,482
Other postemployment benefits		15,521,500	(3,150,546)	12,370,954	
Reimbursement contract payable	1,020,000		(180,000)	840,000	190,000
Capital lease obligations		34,306	(6,219)	28,087	10,960
Contracts payable	623,011		(623,011)		
Amounts held in custody for others	611,093	20,882		631,975	631,975
Total other liabilities	6,510,083	18,399,213	(6,626,631)	18,282,665	1,287,417
Total	$76,992,233	$20,444,213	($7,367,031)	$90,069,415	$2,027,817

Revenue Bonds and Notes Payable

Bonds and notes payable consisted of the following:

	Date of Issue	Original Issue	Principal Outstanding June 30, 2007	Issued (Redeemed)	Principal Outstanding June 30, 2008	Maturities	Interest Rates	Interest Outstanding June 30, 2008
Revenue Bonds								
Series 2004 A & B	6/30/2004	$35,210,000	$34,985,000	($225,000)	$34,760,000	2035	Variable	$24,071,706
Series 2004 C & D	12/8/2004	33,680,000	33,420,000	(285,000)	33,135,000	2036	Variable	22,766,631
Series 2006	11/7/2006	1,500,000	1,500,000	(115,000)	1,385,000	2017	5.06%	338,135
Series 2007	10/25/2007	2,045,000		2,045,000	2,045,000	2027	5.40%	1,294,245
Total Bonds Payable		72,435,000	69,905,000	1,420,000	71,325,000			48,470,717
Notes Payable								
Regions Bank	4/17/2007	577,150	577,150	(115,400)	461,750	2012	6%	63,247
Total bonds and notes payable		$73,012,150	$70,482,150	$1,304,600	$71,786,750			$48,533,964

The outstanding revenue bonds in the above schedule are related to the blended component unit identified in note 1.B. and are not the responsibility of the University of Louisiana at Monroe.

The scheduled maturities of bonds and notes payable are as follows:

Fiscal Year	Bonds Payable Principal	Bonds Payable Interest	Notes Payable Principal	Notes Payable Interest	Total
2009	$625,000	$2,698,635	$115,400	$26,339	$3,465,374
2010	785,000	2,786,913	115,400	19,319	3,706,632
2011	955,000	2,744,104	115,400	12,299	3,826,803
2012	1,135,000	2,639,927	115,550	5,290	3,895,767
2013	1,335,000	2,694,960			4,029,960
2014-2017	7,280,000	9,886,178			17,166,178
2018-2036	59,210,000	25,020,000			84,230,000
Total	$71,325,000	$48,470,717	$461,750	$63,247	$120,320,714

Reimbursement Contracts Payable

	Date of Issue	Original Issue	Principal Outstanding June 30, 2007	Issued (Redeemed)	Principal Outstanding June 30, 2008	Maturities	Interest Rates	Interest Outstanding June 30, 2008
Physical Education Complex	3/1/1992	$2,650,000	$1,020,000	($180,000)	$840,000	2012	6.5%	$140,725

The annual requirements to amortize reimbursement contracts outstanding at June 30, 2008, are as follows:

	Principal	Interest	Total
2009	$190,000	$54,600	$244,600
2010	205,000	42,250	247,250
2011	215,000	28,925	243,925
2012	230,000	14,950	244,950
Total	$840,000	$140,725	$980,725

The following is a summary of the debt service reserve requirements of the various bond issues and reimbursement contracts outstanding at June 30, 2008:

	Reserves Available	Reserve Requirement	Excess
Physical Education Complex, Series 1992A	$245,204	$245,204	
Series A & B 2004 Revenue Bonds	2,809,929	2,616,281	$193,648
Series C & D 2004 Revenue Bonds	2,221,403	2,044,762	176,641
Revenue Bonds, Series 2006	151,837	150,000	1,837
Totals	$5,428,373	$5,056,247	$372,126

In accordance with the terms of the reimbursement contract, the university is required to establish a Reimbursement Reserve Account and make semiannual deposits of $24,520 until the reserve account balance is $245,204. Once the debt service reserve account balance is satisfied, the university is required to establish a Repair and Replacement Reserve Account.

In accordance with the provisions in the trust indentures related to the issuance of bonds, ULM Facilities, Inc., is required to establish Replacement Funds with a Trustee for debt service, capital projects, renovations, and operations.

14. INTEREST RATE SWAP AGREEMENT

The University of Louisiana at Monroe Facilities, Inc. (ULM Facilities), a component unit whose financial statements are blended into the University of Louisiana at Monroe's financial statements, uses derivatives to manage its risks related to interest rate movements on certain of its variable interest rate loans. Interest rate swap contracts designated and qualifying as cash flow hedges are reported at fair value. ULM Facilities interest rate risk management strategy is to stabilize cash flow requirements by maintaining interest rate swap contracts to convert variable-rate debt to a fixed rate.

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

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

Terms: During the year ended June 30, 2008, the Authority and Regions Bank terminated the existing Swap Contracts and entered into two new Swap Contracts. The significant terms of these Swap Contracts are summarized as follows:

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

Fair Values: The fair values of the Swap Contracts are reported in other assets and long-term liabilities, as applicable. At June 30, 2008, the fair values of the Swap Contracts are in Regions Bank's favor. The gain or loss from changes in the fair values of the Swap Contracts is reported in change in net assets. During the year ended June 30, 2008, ULM Facilities recorded a total loss of $1,831,155 on the Swap Contracts. During the year ended June 30, 2007, ULM Facilities recorded a total loss of $554,647 on the Swap Contracts. Also, amounts for the accrual of the net interest on the notionals due to/from Regions Bank under the Swap Contracts at June 30, 2008 and 2007, is recorded in current liabilities and current assets, respectively.

Credit Risk: Credit risk is the exposure that a counterparty will not fulfill its obligations. At June 30, 2008, ULM Facilities is not exposed to credit risk since the fair values of the Swap Contracts are in Regions Bank's favor. Regions Bank was rated A+/Stable/A-1 by Standard & Poor's as of June 30, 2008. However, should interest rates change and the fair values of the Swap Contracts become in ULM Facilities' favor, then ULM Facilities would be exposed to credit risk in the amount of the derivative's fair value.

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

Basis Risk: Basis risk arises when the variable interest rates on an interest rate swap and an associated bond are based on different indices. ULM Facilities is not exposed to basis risk since the interest rates received on the Swap Contracts are fixed in amount.

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

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

15. REVENUE USED AS SECURITY FOR REVENUE BONDS

<u>Bonds Payable - Series 2004A, 2004B, 2004C, and 2004D</u>

On June 30, 2004, the Louisiana Local Government Environmental Facilities and Community Development Authority issued $33,365,000 in Tax-Exempt Variable Rate Revenue Bonds (Series 2004A) and $1,845,000 in Taxable Variable Rate Revenue Bonds (Series 2004B). On December 8, 2004, the Authority issued $32,515,000 in Tax-Exempt Variable Rate Revenue Bonds (Series 2004C) and $1,165,000 in Taxable Variable Rate Revenue Bonds (Series 2004D). The proceeds of the bond issues were loaned to ULM Facilities, Inc. (Facilities) for the following purposes: (i) to demolish eight existing dormitories on the campus of the University of Louisiana at Monroe; (ii) to design, develop, and construct new on-campus student housing and to renovate and refurbish existing on-campus student housing; (iii) to design, develop, and construct a new on-campus student infirmary; (iv) to expand and renovate the university's student center; (v) to pay off housing-related debt in the amount of $1,178,926; and (vi) to fund various reserves and to pay bond issuance costs. The Series 2004A and Series 2004B bond proceeds were loaned to the Facilities pursuant to a Loan and Assignment Agreement by and between the Facilities and the Authority dated June 1, 2004. The Series 2004C and 2004D bond proceeds were loaned to the Facilities pursuant to a First Amendment to Loan and Assignment Agreement by and between the Facilities and the Authority dated December 1, 2004.

The principal and interest payments on the loan are required to be the amount equal to the principal and interest amounts of the underlying bonds. To secure the payment of the bonds by the Trustee, a Letter of Credit, as amended, has been issued in favor of the Trustee. In accordance with a Reimbursement Agreement, as amended (the "Reimbursement Agreement"), the Facilities is required to pay the Trustee all amounts that are drawn under the Letter of Credit, together with interest, if any. To further secure the Facilities' obligations under the Loan and Assignment Agreement, as amended, the Facilities transferred, assigned, and pledged unto the Authority, all right, title, and interest of the Facilities in, to and under the Amended and Restated Agreement to Lease With Option to Purchase between the Facilities and the Board of Supervisors for the University of Louisiana System, all rents and receipts derived from occupancy of the on-campus facilities, and any and all additional revenues received by the

Facilities. To additionally secure the Facilities obligation to repay the loan, the Facilities transferred, assigned, and pledged unto the Authority, all right, title, and interest of the Facilities in, to and under the Property Management and Leasing Agreement by and between the Facilities and JPI Apartment Management, L.P., including all revenues received by the Facilities there under.

Terms of the loan are as follows:

Underlying Bonds

	Series A & B Bonds	Series C & D Bonds
Original loan amount	$35,210,000	$33,680,000
Principal - as of July 1, 2008	$34,760,000	$33,135,000
Interest - as of July 1, 2008	$24,071,706	$22,766,631
Annual interest rate	Variable With Option to Convert to Fixed Rate	Variable With Option to Convert to a Fxed Rate
Interest payments due - variable rate	February 1 May 1 August 1 November 1	February 1 May 1 August 1 November 1
Interest payments due - fixed rate	May 1 November 1	May 1 November 1
Comencing - interest	August 1, 2004	February 1, 2005
Principal payments due	November 1	November 1
Commencing - principal	November 1, 2012-A November 1, 2006-B	November 1, 2007-C November 1, 2006-D
Maturity date	November 1, 2034-A November 1, 2012-B	November 1, 2035-C November 1, 2010-D

The annual debt service requirements on these bonds (A,B,C & D) range from $3 million in 2009 to $4.7 million in the 2035 (one year before the final payment). Total revenues, all rents (dorm and apartment rents of $6,523,025); student fees (student union fees of $535,683 and student health center fees of $377,368); laundry income of $15,635; and interest earned of $58,667, for the year ended June 30, 2008, were $7,510,378. These revenues net of operating expenses are used to pay the debt service requirements each year. The Facilities has projected the amount of funds that will be required to meet its operating obligations and its maximum debt service requirements. As such, the Facilities will monitor its projections of income and expenses to ensure that sufficient rental income is received from the university to meet the maximum debt service requirements. If the Facilities projects a shortfall in funds available to meet its debt service, then the Facilities will adjust its rental income requirements, accordingly.

Bonds Payable - Series 2006

On November 29, 2006, the Louisiana Local Government Environmental Facilities and Community Development Authority issued $1,500,000 in Revenue Bonds (Series 2006). The proceeds of the bond issue were loaned to the Facilities for the following purposes: (i) to finance a portion of the design, development, construction, and equipping of an Intermodal Transit Facility and the improvement of existing parking lots or construction of new parking lots for students, faculty, staff and the public on the campus of the university; (ii) to fund a deposit to a debt service reserve fund, if necessary; and (iii) to pay bond issuance costs. The Series 2006 bond proceeds were loaned to the Facilities pursuant to a Loan and Assignment Agreement by and between the Facilities and the Authority dated November 29, 2006.

The principal and interest payments on the loan are required to be the amount equal to the principal and interest amounts of the underlying bonds. As such, the loan bears interest at a rate of 5.06% per annum and matures on November 1, 2016. Interest is payable on the loan on May 1 and November 1 of each year and principal is payable on November 1 of each year. To secure the Facilities' obligations under the Loan and Assignment Agreement, the Facilities transferred, assigned, and pledged unto the Authority, all right, title, and interest of the Facilities in, to and under the Agreement to Lease With Option to Purchase dated November 29, 2006, between the Facilities and the Board of Supervisors for the University of Louisiana System, and any leases, subleases and use agreements or other similar agreements relating to the Intermodal Transit Facility, all rents, issues, receipts and profits derived from the use or occupancy of the Intermodal Transit Facility, and any and all additional revenues, income, receipts and other payments, including, but not limited to, insurance proceeds, grants, donations, sale proceeds received by the Facilities for or relating to the Intermodal Transit Facility. The total principal and interest remaining to be paid on the bonds at June 30, 2008, are $1,385,000 and $338,135, respectively. Principal and interest paid for the year ended June 30, 2008, were $115,000 and $72,991, respectively. Total revenues, student vehicle use fees, and interest earned for the year ended June 30, 2008, were $356,481. These bonds are payable from vehicle use fees which are collected each year. The debt service requirement is the first item budgeted for these funds each year. The total debt service requirements range from $189,000 to $194,000.

Bonds Payable - Series 2007

On October 1, 2007, the Louisiana Local Government Environmental Facilities and Community Development Authority issued $2,045,000 in Revenue Bonds (Series 2007). The proceeds of the bond issue were loaned to the Facilities for the following purposes: (i) demolishing and/or renovating certain existing buildings and developing, constructing, and equipping a student learning enhancement facility [the Clarke M. Williams Student Success Center (the "Student Success Center")], related facilities, and other campus improvements and (ii) to pay bond issuance costs. The Series 2007 bond proceeds were loaned to the Facilities pursuant to a Loan and Assignment Agreement by and between the Facilities and the Authority dated October 1, 2007.

The principal and interest payments on the loan are required to be the amount equal to the principal and interest amounts of the underlying bonds. As such, the loan bears interest at a rate of 5.40% per annum and matures on October 1, 2028. Interest is payable on the loan on April 1 and October 1 of each year and principal is payable on October 1 of each year. To secure the Facilities' obligations under the Loan and Assignment Agreement, the Facilities transferred, assigned, and pledged unto the Authority, all right, title, and interest of the Facilities in, to and under the Agreement to Lease With Option to Purchase dated October 1, 2007, between the Facilities and the Board of Supervisors for the University of Louisiana System, and any leases, subleases and use agreements or other similar agreements relating to the Student Success Center, all rents, issues, receipts and profits derived from the use or occupancy of the Student Success Center, and any and all additional revenues, income, receipts and other payments, including, but not limited to, insurance proceeds, grants, donations, sale proceeds received by the Facilities for or relating to the Student Success Center. The total principal and interest remaining to be paid on the bonds at June 30, 2008, are $2,045,000 and $1,294,245, respectively. Only interest was paid for the year ended June 30, 2008, in the amount of $47,853. The facility did not open until August of the 2008-2009 fiscal year. These bonds are payable from the Student Success Center Fee net of operating expenses. If necessary, an increase in this fee may be requested. The total debt service requirements range from $164,000 to $171,000.

Reimbursement Contract Payable - PE Complex - Series 1992-A

The Physical Education Complex Bonds, Series 1992-A are general obligation bonds of the state and are serviced by the state treasury. These bonds were issued on March 1, 1992. The proceeds of this bond issue were used to construct the university's recreation center complex.

These bonds bear interest at a rate of 6.50% per annum as of June 30, 2008, and mature on June 30, 2012. Interest is payable on these bonds on November 1 and May 1 of each year and principal is payable on May 1 of each year. The total principal and interest remaining to be paid on the bonds at June 30, 2008, are $840,000 and $140,725, respectively. The principal and interest paid for the year ended June 30, 2008, were $180,000 and $66,300, respectively. Total revenues, recreational facility use fees, and student fees for the year ended June 30, 2008, were $906,476. These bonds are payable solely from these revenues (recreational facility use fees and student fees) net of operating expenses. Annual principal and interest payments on these bonds are expected to require less than 24% of net revenues. The total debt service requirements range from $244,000 to $247,250.

16. RESTRICTED NET ASSETS

The university has the following restricted net assets at June 30, 2008:

Nonexpendable - endowments	$21,819,378
Expendable:	
Grants and contracts	$3,347,328
Endowment earnings	1,125,770
Student technology fees	518,086
Student loans	6,964,457
University plant projects	7,060,559
Total	$19,016,200

Of the net assets reported in the Statement of Net Assets for the year ended June 30, 2008, total of $2,616,458 is restricted by enabling legislation.

17. RESTATEMENT OF BEGINNING NET ASSETS

The beginning net assets as reflected on the Statement of Revenues, Expenses, and Changes in Net Assets have been restated to reflect the following adjustments:

Net assets at June 30, 2007, as previously reported	$119,399,377
Correction of errors for:	
Unrecorded capital assets	253,218
Capital assets capitalized in error	(176,902)
Overstatement of revenues and/or receivables	(93,545)
Net assets at June 30, 2007, as restated	$119,382,148

18. CONTINGENT LIABILITIES AND RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are considered state liabilities and paid upon appropriation by the legislature and not the university. The university is involved in one lawsuit at June 30, 2008. In the opinion of the legal counsel of the university, there is no exposure to the university. This does not include any lawsuits filed with the university system or the Office of Risk Management, the agency responsible for the state's risk management program.

19. DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the Board of Regents 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, 2008, net appreciation of $1,125,770 is available to be spent and is restricted to specific purposes.

20. ON-BEHALF PAYMENTS

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 (such as University of Louisiana at Monroe) 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.

The amount of on-behalf payments for salaries and fringe benefits included in the university's accompanying financial statements for fiscal year ended June 30, 2008, was $676,808.

21. AFFILIATED ORGANIZATIONS

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

University of Louisiana at Monroe Foundation, Inc.
University of Louisiana at Monroe Athletic Foundation
University of Louisiana at Monroe Alumni Foundation

The affiliated organizations are not included in the university's financial statements as component units since they do not meet the criteria for inclusion established by the Division of Administration, Office of Statewide Reporting and Accounting Policy. The organizations are separate corporations whose financial statements are subject to audit by independent certified public accountants.

However, the accompanying financial statements do include the University of Louisiana at Monroe Facilities, Inc. accounts. These accounts are audited by an independent auditor and the audited financial information has been included in the accompanying financial statements and notes of the university.

22. DEFERRED COMPENSATION PLAN

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

23. SUBSEQUENT EVENTS

On July 1, 2008, the university purchased the property and improvements at 4508 and 4520 Bon Aire Drive, Monroe, Louisiana, from the University of Louisiana at Monroe Foundation for use as the university president's residence for $342,385. The Board of Supervisors for the University of Louisiana System approved the university's request to make this purchase in its June 26, 2008, meeting.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for OPEB Plan

The schedule of funding progress is required supplementary information that presents certain specific data regarding the funding progress of the OPEB plan, including the unfunded actuarial accrued liability.

UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA

Schedule of Funding Progress of the OPEB Plan
Fiscal Year Ended June 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2007	NONE	$179,546,400	$179,546,400	0.0%	$46,619,852	385.1%

Note to the Schedule:

GASB Statement 45 was implemented prospectively during the fiscal year ended June 30, 2008; therefore, only one year of information is available to present.

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Management Letter

LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

September 30, 2008

UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Monroe, Louisiana

We have reviewed the financial statements of the University of Louisiana at Monroe, as of and for the year ended June 30, 2008, and have issued our accountant's review report thereon dated September 30, 2008. The University of Louisiana at Monroe is a university within the University of Louisiana System, a component unit of the State of Louisiana. The university's accounts are an integral part of the University of Louisiana System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the objective of which is the expression of an opinion regarding the basic financial statements. Accordingly, we did not express such an opinion in our accountant's review report referred to previously.

We did not review the financial statements of the University of Louisiana at Monroe Facilities Corporation, a blended component unit of the university, which are included in the university's financial statements. The financial statements of this component unit were audited by another auditor whose report thereon has been furnished to us, and the results of our review expressed herein, insofar as it relates to the amounts included for that component unit, is based solely upon the report of the other auditor.

Our review of the financial statements did not disclose any transactions entered into by the university during the year that were both significant and unusual or transactions for which there is a lack of authoritative guidance.

For purposes of this letter, a disagreement with management is defined as a matter, whether or not resolved to our satisfaction, concerning a financial accounting or reporting matter that could be significant to the university's financial statements or the accountant's report. No such disagreements arose during our review procedures.

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In our prior management letter on the University of Louisiana at Monroe for the year ended June 30, 2006, we reported two findings relating to unlocated movable property and failure to make immediate notification of misappropriated assets. These findings have been substantially resolved by management.

Because our review procedures were substantially less in scope than an audit in accordance with *Government Auditing Standards*, identifying matters affecting the University of Louisiana at Monroe's internal control, compliance with applicable laws and regulations, and operational efficiencies was not an objective of our procedures. Accordingly, our review procedures cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. However, during our review procedures, we noted no significant matters requiring recommendations to management concerning internal control, compliance, or operational efficiencies.

A separate audit report for the University of Louisiana at Monroe Facilities Corporation is available at the address listed in note 1-B to the financial statements.

This management letter is intended for the information and use of the University of Louisiana at Monroe and its management, others within the university, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

BAC:WJR:BQD:THC:dl

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