

REPORT

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA

DECEMBER 31, 2014

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
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INDEPENDENT AUDITOR'S REPORT

June 2, 2015

To the Board of Trustees
Louisiana Public Facilities Authority
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the business type activity and each of the discretely presented component units of the Louisiana Public Facilities Authority, a component unit of the State of Louisiana, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Index.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activity and each of the discretely presented component units of the Louisiana Public Facilities Authority, as of December 31, 2014, and the respective changes in financial position, and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana Public Facilities Authority's basic financial statements. The schedule of per diem paid to trustees and the "Annual Financial Statements" as required by the Louisiana Division of Administration is presented for purposes of additional analysis and is not a required part of the financial statements of the Louisiana Public Facilities Authority. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Annual Financial Statement Reporting Packet and the schedule of compensation, benefits and other payments to agency head or Chief Executive Officer, presented as other supplementary information, is not a required part of the basic financial statements, but is supplementary information required by Louisiana's Office of Statewide Reporting and Accounting Policy and the Louisiana Legislative Auditor. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Annual Financial Statement Reporting Packet and the schedule of compensation, benefits and other payments to agency head or Chief Executive Officer are fairly stated in all material respects in relation to the financial statements as a whole.

Duplantier, Hrapmann, Hogan & Maher, LLP

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2014

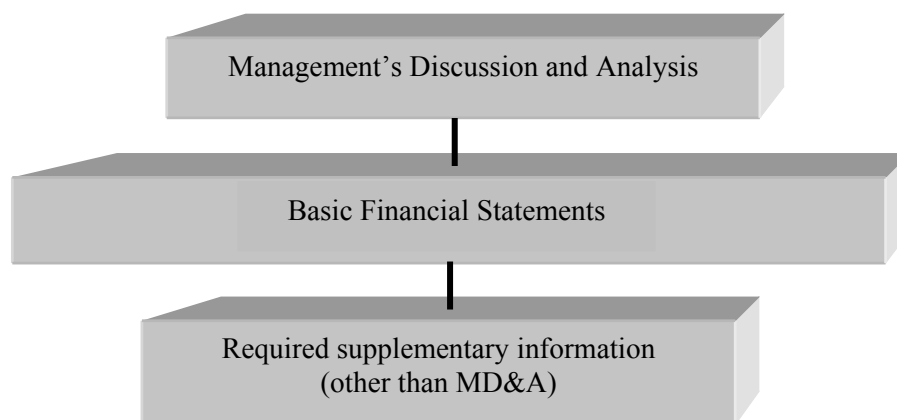
The following Management's Discussion and Analysis (MD&A) of the Louisiana Public Facilities Authority's activities and financial performance provides the reader with an introduction and overview to the financial statements of the Louisiana Public Facilities Authority (Authority) for the fiscal year ended December 31, 2014. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements that follow this section.

Following this MD&A are the basic financial statements of the Authority together with the notes thereto which are essential to a full understanding of the data contained in the financial statements. In addition to the basic financial statements and accompanying notes, these financial statements also present certain required supplementary information about the Authority.

FINANCIAL HIGHLIGHTS

- The Authority's total assets decreased by \$259,379 or approximately 0.88%. Likewise, total net position decreased by \$131,130 or approximately 0.45%.
- Total cash and investments at December 31, 2014 represent approximately 71.73% of the Authority's total assets.
- Operating revenues decreased over the prior year primarily because of a decrease in the amount of Program Administrative Fees.
- Operating expenses were slightly less than the prior year due to decreases in Casual Labor, unreimbursed Project Costs, and Third Party Services.
- Non-operating revenues decreased from the prior year due to a decrease in unrealized gains in value on the Authority's investments.

OVERVIEW OF THE FINANCIAL STATEMENTS



LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2014

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

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

Basic Financial Statements

The Authority's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Balance Sheet includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues and Expenses and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority was profitable and its credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing and financial activities, and provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting period. The cash flow statement 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.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2014

The following is a condensed Balance Sheet at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u> (restated)
Current and Other Noncurrent Assets	\$ 29,071,686	\$ 29,333,638
Net Capital Assets	<u>35,137</u>	<u>32,564</u>
Total Assets	<u>\$ 29,106,823</u>	<u>\$ 29,366,202</u>
Current Liabilities	<u>\$ 299,502</u>	<u>\$ 427,751</u>
Total Liabilities	<u>\$ 299,502</u>	<u>\$ 427,751</u>
Net Position:		
Invested in Capital Assets, Net of Debt	\$ 35,137	\$ 32,564
Unrestricted	<u>28,772,184</u>	<u>28,905,887</u>
Total Net Position	<u>\$ 28,807,321</u>	<u>\$ 28,938,451</u>

FINANCIAL ANALYSIS OF THE AUTHORITY

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position, and the Statement of Revenues and Expenses and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net assets of the Authority and changes in them. You can think of the Authority's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions and new or changed government legislation, both state and federal.

The following is a condensed statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u> (restated)
Operating revenues	\$ 1,877,669	\$ 2,122,790
Operating expenses	<u>(2,313,129)</u>	<u>(2,320,742)</u>
Operating loss	(435,460)	(197,952)
Non-operating revenues	<u>304,330</u>	<u>60</u>
Decrease in net position	<u>\$ (131,130)</u>	<u>\$ (197,892)</u>

As detailed in the above summary, the Authority's net position decreased by \$131,130 in fiscal year 2014.

LOUISIANA PUBLIC FACILITIES AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2014

One of the highest priorities of the Board of Trustees and management of the Authority is the preservation of the Authority's assets. Another priority is utilizing these assets for the betterment of the citizens of Louisiana while at the same time preserving the assets for future use by the Authority. With this in mind, the Authority has developed programs where it makes direct loans, primarily to small local governments, at a zero percent interest rate to help buy down the cost of financing for the borrower. Under this philosophy, the Authority restricts the amount of grants it makes and instead focuses on loans where the capital is returned to the Authority in a reasonable amount of time.

There was a slight decrease in operating revenues from fiscal year 2014. The decrease in operating revenues resulted primarily from a \$331,550 decrease in Program Administrative Fees.

There was a slight decrease in Operating Expenses due to decreases in Casual Labor, Unreimbursed Project Costs, and Third Party Services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

As of December 31, 2014, the Authority had \$627,959 invested in capital assets consisting mainly of office furniture and equipment. This amount did not change over last year.

Debt:

The Authority had no outstanding debt as of December 31, 2014.

VARIATIONS BETWEEN ACTUAL AND FINAL BUDGET

The Joint Legislative Committee on the Budget approves the annual operating budget of the Authority.

The following is a summary of the budget adopted by the Authority's Board of Trustees and approved by the Joint Legislative Committee on the Budget for the fiscal year ending on December 31, 2014, compared to the actual operating results for said fiscal year.

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Operating revenues	\$ 2,370,000	\$ 1,877,669	\$ (492,331)
Operating expenses	<u>(2,645,610)</u>	<u>(2,313,129)</u>	<u>332,481</u>
Operating Income or (Loss)	(275,610)	(435,460)	(159,850)
Non-operating revenues	<u>500,000</u>	<u>304,330</u>	<u>(195,670)</u>
Net increase (decrease) in net position	\$ <u>224,390</u>	\$ <u>(131,130)</u>	\$ <u>(355,520)</u>

LOUISIANA PUBLIC FACILITIES AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2014

The 2014 budget also authorizes the purchase of \$29,400 in capital assets for the Authority. The cost of these capital assets will be capitalized and written off over the estimated useful life of the assets through depreciation expenses.

Operating Revenues were slightly less than the budgeted amount primarily due to the amounts collected for Direct Loan Servicing Fees and Multifamily Annual Fees.

Operating Expenses were less than expected because of decreases in Casual Labor, Unreimbursed Project Costs, and Third Party Services.

Non-operating revenues were below the amount budgeted due to unrealized loss in value on the Authority's investments. The Authority does not budget for gains or losses on the value of investments due to the uncertain nature of market conditions that determine such gains or losses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority submits a budget at the beginning of each year for approval by the Authority's Board of Trustees and the Joint Legislative Committee on the Budget. The following is a summary of the budget adopted by the Authority's Board of Trustees and approved by the Joint Legislative Committee on the Budget for the fiscal year ending December 31, 2015.

Operating revenues	\$ 2,370,000
Operating expenses	<u>(2,645,610)</u>
Operating income (loss)	(275,610)
Non-operating revenues	<u>500,000</u>
Net increase in net assets	\$ <u>224,390</u>

The 2015 budget also authorizes the purchase of \$29,400 in capital assets for the Authority. The cost of these capital assets will be capitalized and written off over the estimated useful life of the assets through depreciation expenses.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens of Louisiana with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Authority at 2237 South Acadian Thruway, Suite 650, Baton Rouge, Louisiana 70808, or visit the Authority's web site at www.lpfa.com.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	<u>ASSETS</u>		
	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 3,855,200	\$ 1,324,876	\$ 5,180,076
Certificates of Deposit	1,028,490	-	1,028,490
Receivables:			
Advanced Costs-Projects	1,533	-	1,533
Program Administrative Fees	115,529	-	115,529
Annual Issuer Fees	2,978	-	2,978
Financing Application Fees	500	-	500
Accrued Interest and Dividend Receivable	54,615	5,048	59,663
Local Government Bond Bank	380,290	-	380,290
Rural Development Loan Program	5,053,542	-	5,053,542
Loans to Nonprofit Organizations	138,798	-	138,798
Direct Lending Servicing Fees	30,296	-	30,296
Mortgage Loans Receivable	-	204,308	204,308
Other Receivables	-	50,000	50,000
Prepaid Insurance	11,069	-	11,069
Total Current Assets	<u>10,672,840</u>	<u>1,584,232</u>	<u>12,257,072</u>
NONCURRENT ASSETS:			
Capital Assets:			
Office Furniture and Equipment	618,082	-	618,082
Leasehold Improvements	9,877	-	9,877
Less: Accumulated Depreciation	<u>(592,822)</u>	<u>-</u>	<u>(592,822)</u>
Net Capital Assets	35,137	-	35,137
OTHER ASSETS:			
Fixed Income Securities:			
U. S. Agencies	6,846,380	-	6,846,380
Municipal Government Bonds	222,000	-	222,000
Certificates of Deposit	7,724,197	5,310,443	13,034,640
Investment in Limited Partnerships	1,201,972	-	1,201,972
Receivables:			
Local Government Bond Bank	656,240	-	656,240
Rural Development Loan Program	148,571	-	148,571
Loans to Nonprofit Organizations	1,599,486	-	1,599,486
Student Loans Receivable	-	2,045,886	2,045,886
Student Loans Accrued Interest	-	434,435	434,435
Total Other Assets	<u>18,398,846</u>	<u>7,790,764</u>	<u>26,189,610</u>
TOTAL ASSETS	<u>\$ 29,106,823</u>	<u>\$ 9,374,996</u>	<u>\$ 38,481,819</u>

See accompanying notes.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

LIABILITIES AND NET POSITION

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
CURRENT LIABILITIES:			
Accounts Payable	\$ 299,502	\$ 2,312	\$ 301,814
Mortgage Loans Payable	-	204,308	204,308
	<u>299,502</u>	<u>206,620</u>	<u>506,122</u>
TOTAL CURRENT LIABILITIES			
NET POSITION:			
Invested in Capital Assets (net of related debt)	35,137	-	35,137
Unrestricted	<u>28,772,184</u>	<u>9,168,376</u>	<u>37,940,560</u>
	<u>28,807,321</u>	<u>9,168,376</u>	<u>37,975,697</u>
TOTAL NET POSITION			
TOTAL LIABILITIES AND NET POSITION	<u>\$ 29,106,823</u>	<u>\$ 9,374,996</u>	<u>\$ 38,481,819</u>

See accompanying notes.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
OPERATING REVENUES:			
Project and Program Administrative Fees:			
Finance Acceptance Fees	\$ 163,668	\$ -	\$ 163,668
Multi-Family Annual Issuer Fees	63,582	-	63,582
Program Administrative Fees	1,643,899	-	1,643,899
Financing Application Fees	4,500	-	4,500
Other Income	2,020	1,426	3,446
Interest	-	131,144	131,144
Total Operating Revenues	<u>1,877,669</u>	<u>132,570</u>	<u>2,010,239</u>
OPERATING EXPENSES:			
Administrative Services	97,737	-	97,737
Bad Debt	-	8,505	8,505
Business Promotions and Economic Development	93,263	-	93,263
Depreciation	15,265	-	15,265
Employee's Salaries and Benefits	1,363,486	-	1,363,486
Grant Expense	212,500	-	212,500
Insurance	30,890	-	30,890
Interest - Mortgage Loans	-	12,722	12,722
Legal and Accounting Services	36,689	990	37,679
Office Expense	106,703	-	106,703
Other	20,028	160,059	180,087
Printing, Publications, Dues and Subscriptions	73,243	-	73,243
Rent	195,220	-	195,220
Travel	58,705	-	58,705
Trustee Per Diems	9,400	-	9,400
Total Operating Expenses	<u>2,313,129</u>	<u>182,276</u>	<u>2,495,405</u>
Operating Loss	(435,460)	(49,706)	(485,166)
NON-OPERATING REVENUES:			
Interest Income, Net	399,954	24,864	424,818
Realized and Unrealized Loss on Investments	<u>(95,624)</u>	<u>-</u>	<u>(95,624)</u>
Total Non-Operating Revenues	<u>304,330</u>	<u>24,864</u>	<u>329,194</u>
CHANGE IN NET POSITION	(131,130)	(24,842)	(155,972)
NET POSITION - Beginning of year as previously stated	29,167,135	9,193,218	38,360,353
Prior period adjustment	<u>(228,684)</u>	<u>-</u>	<u>(228,684)</u>
NET POSITION - Beginning of year as restated	<u>28,938,451</u>	<u>9,193,218</u>	<u>38,131,669</u>
NET POSITION - End of year	<u>\$ 28,807,321</u>	<u>\$ 9,168,376</u>	<u>\$ 37,975,697</u>

See accompanying notes.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received for Services	\$ 1,876,526	\$	\$ 1,876,526
Collections on Program Loans	4,655,974	483,808	5,139,782
Cash Payments for Program Loans Issued	(7,143,097)	(716,872)	(7,859,969)
Cash received for interest on loans	-	126,128	126,128
Cash Payments to Suppliers for Goods and services	(1,063,458)	(182,627)	(1,246,085)
Cash Paid to Employees for Services	(1,363,486)	-	(1,363,486)
Other Operating Expenses	-	(32)	(32)
Net cash used by operating activities	<u>(3,037,541)</u>	<u>(289,595)</u>	<u>(3,327,136)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Collections on Mortgage Loans	-	66,456	66,456
Payments on Mortgage Loans	<u>-</u>	<u>(66,456)</u>	<u>(66,456)</u>
Net cash provided in noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investment Securities and Certificates of Deposit	(1,666,704)	(3,475,000)	(5,141,704)
Proceeds from Redemptions of Investment Securities and Certificates of Deposit	1,974,743	2,355,000	4,329,743
Investment Income and Interest on Certificates of Deposit	<u>313,768</u>	<u>23,989</u>	<u>337,757</u>
Net cash provided (used) by investing activities	<u>621,807</u>	<u>(1,096,011)</u>	<u>(474,204)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Purchase of Property and Equipment	<u>(17,840)</u>	<u>-</u>	<u>(17,840)</u>
Net cash used in capital financing activities	<u>(17,840)</u>	<u>-</u>	<u>(17,840)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,433,574)	(1,385,606)	(3,819,180)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,288,774</u>	<u>2,710,482</u>	<u>8,999,256</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,855,200</u>	<u>\$ 1,324,876</u>	<u>\$ 5,180,076</u>

(Continued)

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	\$ (435,460)	\$ (49,706)	\$ (485,166)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	15,265	-	15,265
Bad Debt	-	8,505	8,505
Change in receivables	(1,142)	(248,734)	(249,876)
Change in accounts payable and accrued liabilities	(128,250)	340	(127,910)
Change in prepaid insurance	(831)	-	(831)
Change in loans to local governments and non-profits	<u>(2,487,123)</u>	<u>-</u>	<u>(2,487,123)</u>
 NET CASH USED BY OPERATING ACTIVITIES	 <u>\$ (3,037,541)</u>	 <u>\$ (289,595)</u>	 <u>\$ (3,327,136)</u>

See accompanying notes.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
COMBINING STATEMENT OF NET POSITION
ALL DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2014

ASSETS

	<u>Louisiana Capital Funding Corporation</u>	<u>Louisiana Equipment Finance Corporation</u>	<u>LPFA Housing Assistance Program</u>	<u>LPFA SuperTop Loan Program</u>	<u>Total</u>
CURRENT ASSETS:					
Cash and Cash Equivalents	\$ 8,745	\$ 11,937	\$ 110,459	\$ 1,193,735	\$ 1,324,876
Receivables:					
Accrued Interest and Dividend Receivable	-	-	-	5,048	5,048
Mortgage Loans Receivable	-	-	204,308	-	204,308
Other Receivable	-	-	-	50,000	50,000
Total Current Assets	<u>8,745</u>	<u>11,937</u>	<u>314,767</u>	<u>1,248,783</u>	<u>1,584,232</u>
NONCURRENT ASSETS:					
Certificates of Deposit	-	-	-	5,310,443	5,310,443
Receivables:					
Student Loan Receivable, net of allowance	-	-	-	2,045,886	2,045,886
Student Loans Accrued Interest	-	-	-	434,435	434,435
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,790,764</u>	<u>7,790,764</u>
TOTAL ASSETS	<u>\$ 8,745</u>	<u>\$ 11,937</u>	<u>\$ 314,767</u>	<u>\$ 9,039,547</u>	<u>\$ 9,374,996</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:					
Accounts Payable	\$ -	\$ -	\$ -	\$ 2,312	\$ 2,312
Mortgage Loans Payable	-	-	204,308	-	204,308
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>204,308</u>	<u>2,312</u>	<u>206,620</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>204,308</u>	<u>2,312</u>	<u>206,620</u>
NET POSITION:					
Unrestricted	<u>8,745</u>	<u>11,937</u>	<u>110,459</u>	<u>9,037,235</u>	<u>9,168,376</u>
Total Net Position	<u>8,745</u>	<u>11,937</u>	<u>110,459</u>	<u>9,037,235</u>	<u>9,168,376</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 8,745</u>	<u>\$ 11,937</u>	<u>\$ 314,767</u>	<u>\$ 9,039,547</u>	<u>\$ 9,374,996</u>

See accompanying notes.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
COMBINING STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN NET POSITION
ALL DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Louisiana Capital Funding Corporation	Louisiana Equipment Finance Corporation	LPFA Housing Assistance Program	LPFA SuperTop Loan Program	Total
OPERATING REVENUES:					
Interest:					
Student Loans	\$ -	\$ -	\$ -	\$ 118,422	\$ 118,422
Mortgage Loans	-	-	12,722	-	12,722
Other Income	-	-	-	1,426	1,426
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>12,722</u>	<u>119,848</u>	<u>132,570</u>
OPERATING EXPENSES:					
Bad Debt	-	-	-	8,505	8,505
Interest - Mortgage Loans	-	-	12,722	-	12,722
Legal and Accounting Services	495	495	-	-	990
Other	14	18	724	159,303	160,059
Total Operating Expenses	<u>509</u>	<u>513</u>	<u>13,446</u>	<u>167,808</u>	<u>182,276</u>
Operating Loss	(509)	(513)	(724)	(47,960)	(49,706)
NON-OPERATING REVENUES:					
Interest Income, Net	-	-	-	24,864	24,864
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,864</u>	<u>24,864</u>
Change in Net Position	(509)	(513)	(724)	(23,096)	(24,842)
Net Position - Beginning of Year	<u>9,254</u>	<u>12,450</u>	<u>111,183</u>	<u>9,060,331</u>	<u>9,193,218</u>
NET POSITION - END OF YEAR	<u>\$ 8,745</u>	<u>\$ 11,937</u>	<u>\$ 110,459</u>	<u>\$ 9,037,235</u>	<u>\$ 9,168,376</u>

See accompanying notes.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
COMBINING STATEMENT OF CASH FLOWS
ALL DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Louisiana Capital Funding Corporation</u>	<u>Louisiana Equipment Finance Corporation</u>	<u>LPFA Housing Assistance Program</u>	<u>LPFA SuperTop Loan Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Interest on Loans	\$ -	\$ -	\$ 13,445	\$ 112,683	\$ 126,128
Cash Payments to Suppliers for					
Goods and Services	(495)	(495)	(14,169)	(167,468)	(182,627)
Collections on Student Loans	-	-	-	483,808	483,808
Cash Payments for Student Loans Issued	-	-	-	(716,872)	(716,872)
Other Operating Expenses	(14)	(18)	-	-	(32)
Net Cash Used by Operating Activities	<u>(509)</u>	<u>(513)</u>	<u>(724)</u>	<u>(287,849)</u>	<u>(289,595)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Collections on Mortgage Loans	-	-	66,456	-	66,456
Payments on Mortgage Loans	-	-	(66,456)	-	(66,456)
Net Cash Provided by (used in) Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of Certificates of Deposit	-	-	-	(3,475,000)	(3,475,000)
Proceeds from Redemption of Certificates of Deposit	-	-	-	2,355,000	2,355,000
Interest on Certificates of Deposit	-	-	-	23,989	23,989
Net Cash Used in Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,096,011)</u>	<u>(1,096,011)</u>
Decrease in Cash and Cash Equivalents	(509)	(513)	(724)	(1,383,860)	(1,385,606)
Cash and Cash Equivalents - Beginning of Year	<u>9,254</u>	<u>12,450</u>	<u>111,183</u>	<u>2,577,595</u>	<u>2,710,482</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 8,745</u>	<u>\$ 11,937</u>	<u>\$ 110,459</u>	<u>\$ 1,193,735</u>	<u>\$ 1,324,876</u>

(Continued)

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
COMBINING STATEMENT OF CASH FLOWS
ALL DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Louisiana Capital Funding Corporation</u>	<u>Louisiana Equipment Finance Corporation</u>	<u>LPFA Housing Assistance Program</u>	<u>LPFA SuperTop Loan Program</u>	<u>Total</u>
Reconciliation of Operating Loss to					
Net Cash Used by Operating Activities:					
Operating Loss	\$ (509)	\$ (513)	\$ (724)	\$ (47,960)	\$ (49,706)
Adjustments to Reconcile Operating Loss					
to Net Cash Used by Operating Activities:					
Bad Debt	-	-	-	8,505	8,505
Changes in Assets and Liabilities:					
Increase in Receivables	-	-	-	(248,734)	(248,734)
Increase in Accounts Payable	-	-	-	340	340
NET CASH USED BY					
OPERATING ACTIVITIES	<u>\$ (509)</u>	<u>\$ (513)</u>	<u>\$ (724)</u>	<u>\$ (287,849)</u>	<u>\$ (289,595)</u>

See accompanying notes.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

INTRODUCTION:

Louisiana Public Facilities Authority (the Authority), was created on August 21, 1974 by the Public Facilities Corporation, a Louisiana corporation, as settler under an Indenture of Trust in accordance with the provisions of the Louisiana Public Trust Act R.S. 9:2341 et seq. The Authority operates under a Board of Trustees.

The purposes of the Authority are to promote, encourage and further the accomplishment of all activities which are or may become of benefit to the State of Louisiana and which have a public purpose. To accomplish these purposes, the Authority issues bonds that provide the proceeds for the furtherance and accomplishment of various public purposes. The issuance of such obligations has been accounted for through trustee accounts maintained with various banks appointed as trustees. The obligations are limited and special obligations of the Authority and, as such, the Authority does not normally have any claims to assets or liabilities relating to the Bond issues. Accordingly, such transactions are not included in the accompanying financial statements until such time as an asset or liability has been determined to exist relating to residual amounts. Total bond principal outstanding at December 31, 2014, for Programs and Projects was approximately \$744,142,933 and \$5,731,034,658, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Scope of Reporting Entity:

For reporting purposes, the State of Louisiana is the financial reporting entity. The financial reporting entity consists of (a) the primary government (state), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Louisiana Public Facilities Authority is considered a component unit of the State of Louisiana because the state has financial accountability over the Authority in that the Louisiana Joint Legislative Committee on the Budget has the authority to approve and amend the Authority's budget and the governor appoints all the Board of Trustees and can impose his/her will on the Authority. The accompanying financial statements present information only on the funds maintained by the Louisiana Public Facilities Authority and do not present information on the state, the general governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

On January 1, 2013, the Authority adopted provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, which established criteria for determining which component units should be considered part of the Authority for financial reporting purposes. The basic criteria are as follows:

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: Continued)

Scope of Reporting Entity: (Continued)

- a. Appointing a voting majority of an organization's governing body, and
 - 1) The ability of the Authority to impose its will on that organization and/or
 - 2) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Authority.
- b. Organizations for which the Authority does not appoint a voting majority but are fiscally dependent on the Authority.
- c. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition to the basic criteria above, GASB 61 adds that the financial benefit/burden relationship must also exist between the reporting entity and the potential component units before it is included as a component unit of the reporting entity. The financial benefit/burden relationship, which was not amended by GASB 61 is defined in GASB 14 as existing if any one of the following conditions are present:

- a. The primary government is legally entitled to or can otherwise access the entity's resources.
- b. The primary government is legally obligated or has otherwise assumed the obligations to finance the deficits of, or provide financial support to the entity.
- c. The primary government is obligated in some manner for the debt of the entity

Based on the previous criteria, the Authority's management has included the following discretely presented component units in the financial reporting entity:

- The Louisiana Capital Funding Corporation (LCFC) is a nonprofit Louisiana Corporation that was organized to promote, support, aid and assist the Authority's Local Government Capital Funding program. The LCFC has a December 31, 2014 year end.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Scope of Reporting Entity: (Continued)

- The Louisiana Equipment Finance Corporation (LEFC) is a nonprofit Louisiana Corporation that was organized to promote, support, aid and assist with the Authority's programs. The LEFC has a January 31, 2015 fiscal year end.
- In March 2003, the Authority created the LPFA Housing Assistance Corporation (LHAC) for the purpose of assisting persons of low to moderate income with the purchase of homes through a lease-purchase program. LHAC has a December 31, 2014 year end. The Authority issued its LPFA Variable Rate Lease Purchase Revenue Bonds, Series 2003, to fund this lease-purchase program. Under the program, a participant (the Participant) works with the independent program administrators and a financial institution to become qualified to participate in the program. Once the participant has been approved by a financial institution, the Participant then identifies a house for purchase. LHAC then purchases the house identified by the Participant and leases the house to the Participant. LHAC pays the purchase price of the house by signing a mortgage (the Mortgage) in an amount equal to approximately 97% of the purchase price negotiated by the seller and the Participant. The remaining approximately 3% of the purchase price is paid from the proceeds of the Lease Purchase Revenue Bonds as part of the down payment and closing costs assistance provided to the Participant by the program. The lease terms are 39 months and the Participant assumes the Mortgage at the expiration of the lease.

The approximately 3% of the purchase price paid from the proceeds of the Lease Purchase Revenue Bonds is treated as a grant from the Lease Purchase Revenue Bonds to LHAC and then a grant by LHAC to the Participant. The mortgage loan receivable and related payments are recorded on the balance sheet of the component unit financial statement. In effect, LHAC is merely a conduit in assisting individuals purchase their personal residences and therefore mortgage loans receivable will equal mortgage loans payable. During the year ended December 31, 2014, the LHAC generated a net loss as a result of grants to tenants on properties held being more than the net gains from selling homes at fair market value where the participant decided to not continue in the program or converted the financing from a lease to a mortgage loan and the program receiving less in lease payments during the year than mortgage payments due that represent repayments or grants originally awarded.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Scope of Reporting Entity: (Continued)

- On June 10, 1993, the Louisiana Public Facilities Authority created the Louisiana Public Facilities Authority Trust Origination Program (the Super Top Trust) as part of the Authority's Student Loan Program (the Program). The Super Top Trust and trust agreement were amended on January 1, 1995, amended and restated on December 1, 1997, and amended again on April 20, 2011. The December 1, 1997 restatement included a name change to the Louisiana Public Facilities Authority Super Trust Origination Program. The Super Top Trust was created to serve as a loan origination mechanism for the Program under a 1992 Master Trust and a 1999 Master Trust, with the principal and income in the Program pledged to the bonds issued under those Master Trusts. Upon termination of the Super Top Trust, the assets and net income, if any, are to be distributed to the Authority. In April 2011, the Program was refinanced with a new, separate Taxable Backed Bonds Trust, Series 2011A (the 2011A Program) that no longer required the same Program principal and income guaranty. As a result, after the refinancing of the Program, the residual funds remaining were to remain in the Super Top Trust. In addition, the 2011A Program would not allow student loans that were in default and/or uninsured, to be part of the Series 2011A Program. Thus, such loans were transferred from the Program into the Super Top Trust. Additionally, the Series 2011A Program prohibited the repurchase of any Program loans prior to the refinancing date, April 20, 2011. The federal Department of Education identifies these loans as "mandatory repurchases" and lenders are required to repurchase such loans. Thus funds in the Super Top Trust are used for such mandatory repurchases related to the Program. The Authority's Board authorized the development of a private loan program to originate loans with the funds held in the Super Top Trust.

Measurement Focus and Basis of Accounting:

Measurement Focus

Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Reserves and Net Position*, establishes standards for external financial reporting for all state and local governmental entities which includes a statement of net position, a statement of revenues and expenses and changes in net position and a statement of cash flows.

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

The Authority uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred or economic assets used.

Under the provisions of GASB Statement 20, "Accounting and Financial Reporting for Proprietary Fund Accounting", the Authority follows pronouncements of the GASB and has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989.

The LCFC, LEFC, LHAC and the Super Top Trust are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net position, temporarily restricted net position and permanently restricted net position as applicable. As of December 31, 2014, there were no temporary or permanently restricted net positions.

The financial statements of LCFC, LEFC, LHAC and the Super Top Trust have been prepared on the accrual basis in which revenue is recognized when earned and expenses are recognized when incurred.

Budgets and Budgetary Accounting

The Authority uses the following budgetary practices:

- The Authority prepared its annual operating budget based on what was expected to be collected during the fiscal year. Management presents the budget to the Board of Trustees for approval prior to the budget being submitted to the Louisiana Joint Legislative Committee on the Budget. In addition, certain expenses were approved as necessary by the Board of Trustees before payment. Any budget amendments necessary during the year must be approved by the Board of Trustees and the Louisiana Joint Legislative Committee on the Budget.
- The Authority is not required to present a budget comparison in its financial statements.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash, Cash Equivalents and Investments

Cash includes demand deposits and money market deposits in trust accounts. Investments and certificates of deposit are reported at fair value or at book value if fair value is not readily determinable as determined by the Authority's management. Fair value generally is considered to be the amount which the Authority might reasonably expect to receive for its investments if negotiations for sale were entered into on the valuation date. Valuations as of any particular date, however, are not necessarily indicative of the amount which the Authority ultimately may realize as a result of a future sale or other disposition of the investments.

In preparing the financial statements, the Authority's management is required to make significant judgments that affect the reported amounts of certain investments as of the date of the balance sheet and the change in unrealized appreciation (depreciation) for the period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the value that would have been used had a ready market for these investments existed and these differences could be material.

The process of valuing certain investments requires significant judgments that are particularly susceptible to change. The Authority's management believes that investment values are appropriate. While the Authority's management uses available information to recognize declines in investment values, future adjustments may be necessary based on changes in economic conditions or changes in the results of the operations of investee company. Fluctuations in the fair value of Investments and Interest Bearing Deposits are recorded as realized and unrealized gains (losses) in the statement of revenues and expenses and changes in net assets.

The Authority has two equity investments, one in Louisiana Fund I, L.P. and the other in Louisiana Fund II, L. P. which are reported at cost and adjusted for net investment income or loss. Subsequent adjustments to values will reflect meaningful third-party transactions in the private market or at fair market value reflecting, in any event, the investment's marketability, the business and prospects of the issuer of the investment and other relevant factors.

Receivables

Receivables are stated at their face value less the allowances for doubtful accounts as deemed necessary. These allowances are based on the Authority's periodic evaluation of the receivable portfolio and the Authority's past loss experience. The allowances for doubtful accounts are adjusted by charges to income and decreased by charge-offs (net of recoveries). The Authority feels that the current receivables are fully collectable as they are with local government agencies.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets

Depreciation of all capital assets used by the Authority is charged as an expense against its operations. Depreciation has been provided over the assets estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Office Furniture and Equipment	3 – 7 years
Leasehold Improvements	10 years

All fixed assets are stated at historical costs.

Equity Classifications

Equity is classified as net position and displayed in two components:

- Invested in capital assets, net of related debt – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that a portion of the debt is included in the same net position component as the unspent proceeds.
- Unrestricted net position – This component of net position consists of net assets, that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Operating Revenues

Program Investment Earnings

Program Investment Earnings consist primarily of residual funds of retired program bond issues. Residual proceeds represent cash and investment balances of a program bond issue that remain after the extinguishment of all obligations, including applicable arbitrage rebate to the federal government. The residuals are due to the Authority unless the issue’s Indenture of Trust identifies another recipient. The residual funds are recognized as income to the Authority upon the termination of the issue’s Indenture of Trust.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Operating Revenues (Continued)

Project and Program Administrative Fees:

Finance Acceptance Fee – The Authority requires a financing acceptance fee usually equal to one-twentieth of one percent of the face amount of issued bonds less the financing application fee. The financing application fee covers general administration expenses incurred by the Authority. This fee is due upon the closing of a bond issue and is recorded as revenue at such time.

Multi-Family Annual Issuer Fees – The Authority assesses an annual issuer fee on all multi-family bond issues. The fee is based upon a percentage of the outstanding bond principal balance as of January 1 of each year. The percentage usually is either one-twentieth of one percent for pre-1985 or one tenth of one percent for issues thereafter. The fee covers general administration expenses incurred by the Authority.

Program Administrative Fees – The Authority acts as the administrator for certain programs, including the 2011A Program. The Authority is compensated as administrator through a fee based upon a percentage of the outstanding loans or assets of the program. The fee is assessed to cover program administrative costs and general administration expenses incurred by the Authority.

The 2011A Program assesses a total to be paid for both Servicing and Program Administrative fees (total), equal to a percentage of the outstanding Pool Balance (loan principal plus expected interest to be capitalized) paid on a monthly basis. Thus, the monthly Program Administrative Fee received by the Authority is equal to the difference between the monthly total fee and the monthly servicing fees. The portion of the total fee representing the Servicing Fees is adjusted upward each January 1 by 3% to compounding factor in inflation.

For fiscal year 2014, the total fee was 0.801%. For fiscal year 2015 the total fee is 0.819%.

Direct Loan Servicing Fees - In 2012 the Authority began receiving Program Administrative fees as a servicer of federal direct student loans that are owned by the U.S. Department of Education (“Direct Student Loans”). The Health Care and Education Reconciliation Act of 2010 (HCERA) requires the U.S. Secretary of Education to contract with each eligible and qualified not-for-profit student loan servicer to service Direct Student Loans.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Operating Revenues (Continued)

Project and Program Administrative Fees (Continued)

The Authority qualifies as a not-for-profit student loan servicer under HCERA. HCERA directs the U.S. Secretary of Education to contract with eligible non-profit servicers to service 100,000 accounts each, although the U.S. Secretary of Education can adjust loan volume based on performance. The Authority has partnered with other qualified not-for-profit student loan servicers and Edfinancial Services, LLC for the servicing of such Direct Student Loans. Under this teaming arrangement, Edfinancial Services, LLC performs the servicing functions for the Direct Student Loan accounts allocated to the Authority and the Authority receives a portion of the servicing fees paid by the federal government. With this income the Authority supports its state wide education initiatives and assists Louisiana students with their quest for higher education.

Financing Application Fee – The Authority assesses a non-refundable financing application fee of \$500 on all project-financing applications formally submitted for consideration by the Authority’s Board of Trustees.

Income Taxes

No provision is made for income taxes because, as a public trust whose beneficiary is the State of Louisiana, the Authority is exempt from federal and state income taxes.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Estimates and Assumptions

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported period. Actual results could differ from those estimates.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

2. CASH, CASH EQUIVALENTS AND INVESTMENTS:

The Authority maintains cash, certificates of deposit and investment pools available for use by the Authority.

Fixed income investments and certificates of deposit as of December 31, 2014 are as follows:

Primary Government:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investments Maturities (in Years)</u>			
		<u>< than 1</u>	<u>1 to 5</u>	<u>6 to10</u>	<u>>Than 10</u>
U.S. Agencies	\$ 6,846,380	\$ -	\$ 5,165,263	\$ 100,492	\$ 1,580,625
Municipal Government Bonds	222,000	-	190,000	32,000	-
Certificates of Deposit	<u>8,752,687</u>	<u>1,028,490</u>	<u>5,700,270</u>	<u>2,023,927</u>	<u>-</u>
	<u>\$ 15,821,067</u>	<u>\$ 1,028,490</u>	<u>\$ 11,055,533</u>	<u>\$ 2,156,419</u>	<u>\$ 1,580,625</u>

Discretely Presented Component Units:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investments Maturities (in Years)</u>			
		<u>< than 1</u>	<u>1 to 5</u>	<u>6 to10</u>	<u>>Than 10</u>
Certificates of Deposit	\$ 5,310,443	\$ -	\$ 5,310,443	\$ -	\$ -
Total Component Units	<u>\$ 5,310,443</u>	<u>\$ -</u>	<u>\$ 5,310,443</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2014, the Authority had \$1,201,972 invested in limited partnerships, which are reported at cost and adjusted for net investment income or loss. A significant portion of these limited partnerships was invested in an early stage development company. Appreciation for this company is uncertain and therefore has not been recorded.

Interest Rate Risk

As a means of limiting its exposure to fair value changes arising from fluctuations in interest rates, the Authority attempts to ladder the maturities of its investments so that at least 15-20% of its investments mature or come due each year. The Authority typically buys and holds its investments until maturity or until called. Any exceptions to this policy will be based on recommendations of the Chief Executive Officer to the member of the Investment Committee.

Credit Risk

The Authority limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). As of December 31, 2014, the Authority held no investments in commercial paper or corporate bonds.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

2. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Custodial Credit Risk - Deposits

In the case of deposits and money market accounts, this is the risk that in the event of a bank failure, the Authority's funds may not be returned to it. As of December 31, 2014, deposits and money market funds totaling \$5,180,076 were fully secured by the FDIC, SIPC and pledged securities.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in fixed income securities in the amount of \$7,068,380 are held by custodial banks in the name of the Authority and therefore, not exposed to custodial credit risk. Investments in certificates of deposit totaling \$14,063,130 were fully insured by the FDIC as of December 31, 2014.

Cash, Cash Equivalents and Investments are included in the accompanying Balance Sheet under the following captions:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
Cash and Cash Equivalents	\$ 3,855,200	\$ 1,324,876	\$ 5,180,076
Certificates of Deposits – Current	1,028,490	-	1,028,490
Certificates of Deposits – Long-Term	7,724,197	5,310,443	13,034,640
Fixed Income Securities – Long-Term	7,068,380	-	7,068,380
Investment in Limited Partnerships	<u>1,201,972</u>	<u>-</u>	<u>1,201,972</u>
	<u>\$ 20,878,239</u>	<u>\$ 6,635,319</u>	<u>\$ 27,513,558</u>

As of December 31, 2014, the Authority had the following unfunded investment commitments:

The Authority has invested \$960,000 of a \$1,000,000 commitment for a limited partnership interest in Louisiana Fund I, L.P. The remaining commitment of \$40,000 will be paid according to the terms of the limited partnership agreement and will be funded with available cash or future revenues of the Authority.

During 2012, the Authority authorized an investment in Louisiana Fund II. The Authority has a \$2,000,000 commitment of which \$600,000 has been funded as of December 31, 2014.

LOUISIANA PUBLIC FACILITIES AUTHORITY
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

3. LEASES:

The Authority leases its office facilities under an operating lease agreement which expires on March 31, 2016. This lease was renewed on March 31, 2009 for an additional seven years. Rental expense applicable to the Authority's offices included in rent expense for 2014 was \$186,040.

Future minimum lease payments are as follows:

December 31, 2015	\$175,027
December 31, 2016	<u>43,995</u>
	<u>\$ 219,022</u>

4. EMPLOYEE RETIREMENT PLAN:

The Authority sponsors a defined contribution employee retirement plan which covers all employees who have over 500 hours of service with the Authority. Contributions to the plan are subject to a minimum funding requirement of 7.50% of eligible employee salaries. Amounts above the minimum requirements are discretionary, as determined by the Board of Trustees. The contribution percentage for the year ended December 31, 2014 was 11.2%. Total contributions are included in Employees' Salaries and Benefits in the accompanying financial statements. The Authority has no additional liability upon the retirement of an employee. The total contribution for the year ended December 31, 2014 was \$119,267.

5. LITIGATION:

Because of the Authority's status as an issuer of bonds, it is routinely named in various litigations related to the funded projects and programs. In the opinion of management and legal counsel for the Authority, these claims are without merit because of the Authority's limited position as only a conduit for the bond issues.

6. LOANS RECEIVABLE:

The Authority established its "Bond Bank" and "Rural Development" Programs whereby it can lower the cost of local governmental borrowings by making direct loans for a portion of the borrowing at a 0% interest rate. In addition, the Authority has loaned certain nonprofit organization funds at 0% interest so that these organizations could secure additional funding from other sources.

LOUISIANA PUBLIC FACILITIES AUTHORITY
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6. LOANS RECEIVABLE: (Continued)

The lost income for these Local Government Bond Bank Receivables, Rural Development Loan Program Receivables and Loans to Nonprofit Organizations are estimated using discounted cash flow analyses, with interest rates similar to the rate of return that the Authority receives on investments which was 1.49% for the year ended December 31, 2014. The terms used in calculating the discounted cash flows are estimated based upon the maturity dates of the bond issues in which monies were advanced for the Reimbursable Bond Issuance Costs and the actual loan maturity dates for the Local Bond Bank Receivables, Rural Development Loan Program Receivables and the Loans to Nonprofit Organizations. The estimated income lost due to the interest free receivables is \$100,282 in the current year and estimated to be \$351,768 to maturity of the receivables. Loan balances as of December 31, 2014 consisted of the following:

<u>Description</u>	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
Local Government Bond Bank Receivables	\$ 380,290	\$ 656,240	\$ 1,036,530
Rural Development Loan Program Receivables	5,053,542	148,571	5,202,113
Loans to Nonprofit Organizations	<u>138,798</u>	<u>1,599,486</u>	<u>1,738,284</u>
Total loans receivable	<u>\$ 5,572,630</u>	<u>\$ 2,404,297</u>	<u>\$ 7,976,927</u>

7. CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, <u>2014</u>
Office Furniture and Equipment	\$ 600,244	\$ 17,838	\$ -	\$ 618,082
Leasehold improvements	<u>9,877</u>	<u>-</u>	<u>-</u>	<u>9,877</u>
Total	<u>610,121</u>	<u>17,838</u>	<u>-</u>	<u>627,959</u>
Less accumulated depreciation:				
Office Furniture and Equipment	567,678	15,267	-	582,945
Leasehold improvements	<u>9,877</u>	<u>-</u>	<u>-</u>	<u>9,877</u>
Total accumulated depreciation	<u>577,555</u>	<u>15,267</u>	<u>-</u>	<u>592,822</u>
Net Capital Assets	<u>\$ 32,566</u>	<u>\$ 2,571</u>	<u>\$ -</u>	<u>\$ 35,137</u>

Total depreciation expense for the year ended December 31, 2014 is \$15,267.

LOUISIANA PUBLIC FACILITIES AUTHORITY
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8. CHANGES IN AMOUNTS INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT:

The change in amounts invested in capital assets net of related debt can be summarized as follows:

Balance at January 1, 2014	\$ 32,566
Change in capital assets	<u>2,571</u>
Balance at December 31, 2014	\$ <u>35,137</u>

9. COMPENSATED ABSENCES:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. Vacation and sick leave is paid to the employees upon termination. Employees have the option to receive payment of unused vacation and sick leave in December or can choose to use the accumulated vacation and sick leave in the future. The liability for unused compensated absences is \$20,070 and is reflected in these financial statements in the Accounts Payable balance.

10. PRIOR PERIOD ADJUSTMENT:

Net assets at the beginning of 2014 have been adjusted to correct the over accrual of interest income. The effect on net position for 2013 is a decrease in the amount of \$228,684.

11. SUBSEQUENT EVENTS

The Board of Trustees authorized and approved on April 7, 2015 the use of \$23 million dollars of the Authority's assets to fund three programs, the Bank Bond Program, the Rural Development Program and the EDEP Program (the "Programs") to provide loans to Louisiana colleges, universities and higher education facilities. The Board of Trustees restricts the use of these funds and intends to show the funds as restricted assets on the financial statements.

During the 2015 Legislative Session, HB566 effective July 1, 2015 was enacted by the Louisiana Legislature that directed the entity to deposit \$2,300,000 into the State Treasury Overcollections Fund. The Authority has been in communication with the State Treasurer's office regarding the timing of the transfer. As the date of this report, the transfer to the State Treasury had not been made. In anticipation of the impending transfer, unrestricted fund net assets in the amount of \$2,300,000 have been designated by the board for this purpose.

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SUPPLEMENTARY INFORMATION
SCHEDULE OF PER DIEM PAID TO TRUSTEES
FOR THE YEAR ENDED DECEMBER 31, 2014

Guy Campbell III - Chairman	\$ 800
Camille A. Cutrone - Vice Chairman	2,000
Peter Egan - Secretary/Treasurer	1,600
Dale Benoit - Member	1,600
Craig Charamie - Member	1,600
Lorin Crenshaw - Member	800
Hon Liew - Member	<u>1,000</u>
	<u>\$ 9,400</u>

LOUISIANA PUBLIC FACILITIES AUTHORITY
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SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2014

Agency head Name: James W. Parks II, CEO

Purpose	Amount
Salary	\$190,382.18
Benefits-insurance	21,534.06
Benefits-retirement	21,322.80
Reimbursements – Office Expenses	5,964.51
Reimbursements – Office Software and Equipment	10,615.59
Reimbursements - Mileage	1,622.31
Reimbursements - Travel – In State and Out of State	2,183.26
Reimbursements – Conference Travel	4,714.86
Travel – In State and Out of State	131.35
Registration fees	500.00
Total	<u>\$258,970.92</u>