



SOUTHEASTERN

L O U I S I A N A U N I V E R S I T Y

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2018

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SOUTHEASTERN LOUISIANA UNIVERSITY
STATEMENT OF NET POSITION
FISCAL YEAR ENDED JUNE 30, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$39,355,833
Investments	17,114,528
Receivables, net	6,828,981
Due from state treasury	184,858
Due from federal government	2,414,016
Inventories	751,754
Prepaid expenses and advances	357,349
Notes receivable	239,738
	<u>67,247,057</u>
Total current assets	<u>67,247,057</u>

Noncurrent Assets

Restricted assets:	
Cash and cash equivalents	17,988,377
Investments	23,247,121
Notes receivable (net)	1,699,506
Capital assets, net (including capital leases)	244,025,274
	<u>286,960,278</u>
Total noncurrent assets	<u>286,960,278</u>

Total assets	<u>354,207,335</u>
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Deferred Outflows of Resources

Deferred outflows relating to pensions	20,709,754
Deferred outflows relating to OPEB	3,784,410
	<u>24,494,164</u>
Total deferred outflows of resources	<u>24,494,164</u>

Total assets and deferred outflows	<u><u>\$378,701,499</u></u>
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LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	11,945,942
Due to state treasury	8,551
Unearned revenues	4,048,179
Amounts held in custody for others	1,604,106

(Continued)

The accompanying notes are an integral part of this statement

SOUTHEASTERN LOUISIANA UNIVERSITY
STATEMENT OF NET POSITION
FISCAL YEAR ENDED JUNE 30, 2018

Current Portion of Noncurrent Liabilities	
Compensated absences payable	\$576,777
Capital lease obligations	510,000
Bonds payable	4,470,000
Other current liabilities	<u>5,192</u>
Total current liabilities	<u>23,168,747</u>
Long-term Portion of Noncurrent Liabilities	
Compensated absences payable	6,946,834
Capital lease obligations	1,595,000
Bonds payable	110,676,927
Net pension liability	142,754,133
Net OPEB liability	<u>142,880,003</u>
Total noncurrent liabilities	<u>404,852,897</u>
Total liabilities	<u>428,021,644</u>
Deferred Inflows of Resources	
Deferred inflows relating to pensions	8,844,074
Deferred inflows relating to OPEB	<u>8,411,620</u>
Total deferred outflow of resources	<u>17,255,694</u>
Net Position	
Net investment in capital assets	143,866,059
Restricted for:	
Nonexpendable	12,793,747
Expendable	35,727,420
Unrestricted	<u>(258,963,065)</u>
Total net position	<u>(66,575,839)</u>
Total liabilities, deferred inflows, and net position	<u><u>\$378,701,499</u></u>

(Concluded)

The accompanying notes are an integral part of this statement

**SOUTHEASTERN LOUISIANA UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2018**

Operating Revenues	
Student tuition and fees	\$100,727,351
Less scholarship allowances	(\$27,553,388)
Net student tuition and fees	<u>\$73,173,963</u>
Federal grants and contracts	7,868,498
State and local grants and contracts	3,497,493
Nongovernmental grants and contracts	307,536
Sales and services of educational departments	557,362
Auxiliary enterprise revenues (net of allowances of \$4,953,949)	24,208,678
Less scholarship allowances	<u>(4,953,949)</u>
Net auxiliary revenues	19,254,729
Other operating revenues	<u>2,884,410</u>
Total operating revenues	<u>107,543,991</u>
Operating Expenses	
Educational and general:	
Instruction	59,937,983
Research	948,717
Public service	3,007,655
Academic support	12,930,189
Student services	10,046,970
Institutional support	12,981,353
Operations and maintenance of plant	15,535,809
Depreciation	9,737,466
Scholarships and fellowships	12,973,006
Auxiliary enterprises	14,115,816
Other operating expenses	<u>1,282,083</u>
Total operating expenses	<u>153,497,047</u>
Operating income (loss)	<u>(45,953,056)</u>

(Continued)

The accompanying notes are an integral part of this statement

**SOUTHEASTERN LOUISIANA UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2018**

Nonoperating Revenues (Expenses)	
State appropriations	\$29,501,265
Gifts	1,132,338
Federal nonoperating revenues (expenses)	23,267,396
Net investment income (loss)	1,159,662
Interest expense	(2,981,808)
Other nonoperating revenues (expenses)	1,469,901
Net nonoperating revenues (expenses)	<u>53,548,754</u>
Income (loss) before other revenues, expenses, gains and losses	<u>7,595,698</u>
Capital appropriations	24,640,110
Capital grants and gifts	3,908,644
Additions to permanent endowments	120,000
Increase (decrease) in net position	<u>36,264,452</u>
Net position at the beginning of the year, restated	<u>(102,840,291)</u>
Net position at the end of the year	<u><u>(\$66,575,839)</u></u>

(Concluded)

The accompanying notes are an integral part of this statement

SOUTHEASTERN LOUISIANA UNIVERSITY
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows From Operating Activities	
Tuition and fees	\$72,791,352
Grants and contracts	12,728,212
Sales and services of educational departments	570,092
Auxiliary enterprise receipts	19,835,369
Payments for employee compensation	(73,123,863)
Payments for benefits	(29,650,729)
Payments for utilities	(4,633,516)
Payments for supplies and services	(33,561,699)
Payments for scholarships and fellowships	(8,019,057)
Loans to students	(37,500)
Collection of loans to students	251,765
Other receipts (payments)	<u>3,627,095</u>
Net cash provided (used) by operating activities	<u>(39,222,479)</u>
Cash Flows From Non-Capital Financing Activities	
State appropriations	29,839,080
Gifts and grants for other than capital purposes	1,132,338
Pell Grant receipts	22,959,707
Private gifts for endowment purposes	120,000
TOPS receipts	24,040,621
TOPS disbursements	(24,077,067)
Direct lending receipts	46,086,976
Direct lending disbursements	(46,072,278)
Other receipts (payments)	<u>1,817,763</u>
Net cash provided (used) by noncapital financing sources	<u>55,847,140</u>
Cash Flows From Capital Financing Activities	
Purchases of capital assets	(23,880,205)
Principal paid on capital debt and leases	(6,306,213)
Interest paid on capital debt and leases	<u>(4,465,017)</u>
Net cash provided (used) by capital financing activities	<u>(34,651,435)</u>

(Continued)

The accompanying notes are an integral part of this statement.

SOUTHEASTERN LOUISIANA UNIVERSITY
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows From Investing Activities

Proceeds from sales and maturities of investments	\$32,683,369
Interest received on investments	1,157,594
Purchases of investments	<u>(7,779,859)</u>
 Net cash provided (used) by investing activities	 <u>26,061,104</u>
 Net increase (decrease) in cash and cash equivalents	 8,034,330
Cash and cash equivalents at the beginning of the year	<u>49,309,880</u>
 Cash and cash equivalents at the end of the year	 <u><u>\$57,344,210</u></u>

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

Operating income (loss)	(\$45,953,056)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation expense	9,737,466
Retirement contributions paid by third parties	382,315
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Decrease in accounts receivable, net	351,085
Increase in inventories	(12,074)
Decrease in prepaid expenses and advances	30,605
Decrease in other assets	214,265
Decrease in deferred outflows related to pensions	10,829,116
Increase in deferred outflows related to OPEB	(192,948)
Decrease in accounts payable and accrued liabilities	(295,592)
Increase in unearned revenue	387,855
Increase in amounts held in custody for others	398,510
Increase in compensated absences	681,407
Decrease in net pension liability	(20,318,694)
Decrease in net OPEB liability	(6,283,422)
Increase in deferred inflows related to pensions	2,409,063
Increase in deferred inflows related to OPEB	<u>8,411,620</u>
 Net cash provided (used) by operating activities:	 <u><u>(\$39,222,479)</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

SOUTHEASTERN LOUISIANA UNIVERSITY
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2018

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position	
Cash and cash equivalents classified as current assets	\$39,355,833
Cash and cash equivalents classified as noncurrent assets	<u>17,988,377</u>
Total cash and cash equivalents	<u><u>\$57,344,210</u></u>

Schedule of Noncash Investing, Capital, and Financing Activities	
Capital appropriations	\$24,640,110
Change in fair market value of investments	\$2,068
Capital gifts and grants	\$3,908,644
Capital assets acquired through capital leases, notes, and accounts payable	\$6,172,251
Retirement contributions paid by third parties	\$382,315

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

Southeastern Louisiana University (University), a publicly supported institution of higher education, is a component unit of the University of Louisiana System (System). The System is a component unit of the State of Louisiana within the executive branch of government. The University is under the management and supervision of the University of Louisiana System Board of Supervisors; however, the annual budget of the System and the University and changes to the degree programs, departments of instruction, *et cetera*, of the University requires the approval of the Board of Regents for Higher Education. The Board of Supervisors is comprised of 15 members appointed for staggered six-year terms by the Governor, with the consent of the Senate, and one student member appointed for a one-year term by a council composed of the student body presidents of the universities within the System. As a state university, operations of the University's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature. The chief executive officer of the System is the president. In addition, the chief executive officer of the University is the university president.

The university had approximately 14,308 students enrolled during the fall semester of the 2017/2018 academic year and employed approximately 1,584 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The System is considered a component unit of the State of Louisiana because the State exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the majority of the members of the governing board are appointed by the Governor; (2) the State has control and exercises authority over budget matters; (3) the State issues bonds to finance certain construction; and (4) the universities within the 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 basic financial statements, which include the activity contained in the accompanying financial statements. The System's financial statements are audited by the Louisiana Legislative Auditor.

Blended Component Units

University Facilities, Inc. is a Louisiana nonprofit corporation that is considered a blended component unit of the University. This component unit is included in the reporting entity because it is fiscally dependent on the university. The purpose of the organization is to promote, assist, and benefit the mission of the University through the acquisition, construction, development, management, leasing or otherwise assisting in the acquisition, construction, development, management, or leasing of student housing or other facilities on behalf of the University. Although this facility corporation is legally separate, it is reported as a part of the University because:

- The majority of its revenue comes from leasing facilities to the university, and/or
- In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and 34*, if a component unit's total outstanding debt, including leases, is expected to be repaid entirely or almost entirely with the resources of its primary government, then that component unit shall be blended with its primary government.

To obtain the corporations' latest audit reports, write to:

- University Facilities, Inc., c/o Mr. Sam Domiano, Southeastern Louisiana University, SLU 10709, Hammond, Louisiana 70402

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 within a single proprietary (enterprise) fund. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-system transactions have been eliminated.

D. BUDGET PRACTICES

The State of Louisiana's appropriation is an annual lapsing appropriation established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive branches of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to

the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; and (4) inventories are recorded as expenditures at the time of purchase.

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes cash on hand (petty cash), demand deposits, and interest-bearing demand deposits. Cash equivalents include 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. Cash equivalents reported on the Statement of Net Position include all negotiable certificates of deposit, regardless of maturity.

In accordance with Louisiana Revised Statute (R.S.) 49:327, the University is authorized to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, and money market funds. In addition, funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture. Investments are maintained in investment accounts in external foundations as authorized by policies and procedures established by the Board of Regents and are reported at fair value in accordance with GASB Statement No. 31, as amended by GASB Statement No. 72. Changes in the carrying value of investments, resulting from unrealized gains and losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. For purposes of the Statement of Cash Flows, the University considers all highly-liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. INVENTORIES

Inventories are valued at the lower of cost or market. The University uses periodic and perpetual inventory systems and values its various other inventories using the first in, first out and weighted-average valuation methods. Adjustments are made at fiscal year-end to account for inventories using the consumption method.

G. NONCURRENT RESTRICTED ASSETS

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

H. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. 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. 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, three to 10 years for most movable property, three years for software with an acquisition cost of \$1,000,000 or more, and three to 10 years for internally generated software with development costs of \$1,000,000 or more.

I. UNEARNED REVENUES

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

J. COMPENSATED ABSENCES

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

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

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

K. NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of revenue bonds payable, notes payable, capital lease obligations with contractual maturities greater than one year, amounts for accrued compensated absences, the University's proportionate shares of the LASERS and Teachers' Retirement System of Louisiana (TRSL) actuarially accrued net pension liability, the actuarially accrued liability for Other Postemployment Benefits (OPEB), and other liabilities that will not be paid within the next fiscal year.

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

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense and information about changes in the Office of Group Benefit's (OGB) OPEB liabilities have been determined on the same basis as they are reported by the health care system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The OGB plan is not administered through trusts and, therefore, no assets for the plans have been accumulated.

L. NET POSITION

The University's net position is classified as follows:

(1) Net Investment in Capital Assets

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

(2) Restricted Net Position - Expendable

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

(3) Restricted Net Position - Nonexpendable

Restricted nonexpendable net position consists of endowment and similar type funds that donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing

present and future income, which may either be expended or added to principal.

(4) Unrestricted Net Position

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses and for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward unrestricted resources, and then toward restricted resources.

M. CLASSIFICATION OF REVENUES AND EXPENSES

The University has classified its revenues as either operating or non-operating according to the following criteria:

- (a) Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and (3) most federal, state, and local grants and contracts, and federal appropriations.
- (b) Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, and investment income.
- (c) Operating expenses generally include transactions resulting from providing goods or services, such as (1) payment to vendors for goods or services; (2) payments to employees for services; and (3) payments for employee benefits.
- (d) Non-operating expenses include transactions resulting from financing activities, capital acquisitions, and investing activities.

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

O. USE OF ESTIMATES

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

P. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2018, the University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 was issued in June 2017 and is effective for fiscal years beginning after June 15, 2017. Statement No. 75 addresses accounting and financial reporting for OPEB for health care and life insurance that are provided to employees of state and local governmental employers. In addition, Statement No. 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

The cumulative effect of applying Statement No. 75 is reported as a restatement of beginning net position for fiscal year 2018 (see note 16). The restatement of all prior year deferred outflows and inflows was not practical, so only deferred outflows related to fiscal year 2017 OGB contributions were recorded at implementation.

2. CASH AND CASH EQUIVALENTS

At June 30, 2018, the University has cash and cash equivalents of \$57,344,210, as follows:

Demand Deposits	\$28,043,795
Certificates of Deposit	14,733,978
Petty Cash	12,250
Blended Component Unit Cash	14,554,187
Total Cash	<u>\$57,344,210</u>

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

As of June 30, 2018, the University’s bank balance totaled \$59,522,838.

3. INVESTMENTS

At June 30, 2018, the University has investments totaling \$40,361,649. The University follows state law (R.S. 49:327) as applicable to institutions of higher education in establishing investment policy. State law authorizes the University to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

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

Fair values of assets measured on a recurring basis at June 30, 2018, are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments held by foundations:				
U.S. government securities:				
U.S. Treasury Notes	\$2,257,958		\$2,257,958	
Federal Home Loan Mortgage Corporation	691,061		691,061	
Federal National Mortgage Association	1,031,443		1,031,443	
Mutual funds	841,161	\$841,161		
Money market accounts	20,234	20,234		
Equity funds	507,194	507,194		
Common and preferred stock	9,453,209	9,453,209		
Corporate bonds/obligations	1,830,678		1,830,678	
Other	692,461			\$692,461
Subtotal	17,325,399	\$10,821,798	\$5,811,140	\$692,461
Blended component unit cash	23,036,250			
Total	\$40,361,649			

Fair values for the University's investments categorized in Level 1 (e.g., equity securities, certain mutual funds, money market accounts) have been obtained using quoted prices from active markets in which these securities are traded (e.g., New York Stock Exchange). Fair values for investments categorized in Level 2 (e.g., United States government securities, certain mutual funds, corporate bonds and obligations) have been provided by the University's investment advisors, financial institutions, or other sources and are based on other observable inputs. Fair values for investments categorized in Level 3 have been provided by the University's investment advisors, financial institutions, or other sources and are based on other available information.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State law as applicable to institutions of higher education does not address interest rate risk. In addition, the University does not have policies to limit interest rate risk. The University's fixed-income investments and maturities at June 30, 2018, follow:

	Percentage of Investments	Fair Value	Investment Maturities in Years				
			Less Than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 20 Years
Investments held by foundations:							
US Government Securities:							
US Treasury Notes	5.59%	\$2,257,958	\$114,938	\$1,357,176	\$785,844		
Federal Home Loan Mortgage Corporation	1.71%	691,061				\$14,061	\$677,000
Federal National Mortgage Association	2.56%	1,031,443			99,080	88,661	843,702
Mutual Funds	2.08%	841,161		459,478	381,683		
Money Market Accounts	0.05%	20,234					
Equity Funds	1.26%	507,194					
Common and Preferred Stock	23.42%	9,453,209					
Corporate Bonds/Obligations	4.54%	1,830,678	58,428	1,293,827	433,932	44,491	
Other	1.72%	692,461					
Held by Blended Component Units	57.07%	23,036,250					
Totals	100.00%	\$40,361,649	\$173,366	\$3,110,481	\$1,700,539	\$147,213	\$1,520,702

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For U.S. Treasury obligations and U.S. government agency obligations, the University's investment policies generally require that issuers must provide the University with safekeeping receipts, collateral agreements, and custodial agreements.

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

The University's foundation holds and manages funds received by the University as state matching funds for the Endowed Chairs, Endowed Professorship, and Endowed Scholarship programs.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the University's investments to U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds. The University does not have policies to further limit credit risk.

<u>Rating Agency</u>	<u>Ratings</u>	<u>Fair Value</u>
Standard & Poor's	AAA	\$4,503,508
Standard & Poor's	AA+	180,587
Standard & Poor's	AA	122,092
Standard & Poor's	AA-	232,482
Standard & Poor's	A+	126,294
Standard & Poor's	A	388,439
Standard & Poor's	A-	367,207
Standard & Poor's	BBB+	432,411
Standard & Poor's	BBB	253,291
Standard & Poor's	BBB-	53,679
Unrated		<u>33,701,659</u>
Totals		<u><u>\$40,361,649</u></u>

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2018. These receivables are composed of the following:

Account	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Student tuition and fees	\$8,566,798	(\$3,498,277)	\$5,068,521
Auxiliary enterprises	700,364		700,364
Federal, state, and private grants and contracts	305,051	(15,968)	289,083
Insurance recoveries	128,483		128,483
Other	644,599	(2,069)	642,530
Accounts Receivable	\$10,345,295	(\$3,516,314)	\$6,828,981

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2018, follows:

Description	Balance July 1, 2017	Prior Period Adjustment	Restated Balance July 1, 2017	Additions	Transfers	Retirements	Balance June 30, 2018
Capital assets not being depreciated:							
Land	\$1,464,209		\$1,464,209				\$1,464,209
Land improvements	6,028,793		6,028,793	\$117,820		(\$416,231)	5,730,382
Capitalized collections	314,621		314,621				314,621
Construction-in-progress	19,822,764	(\$95,020)	19,727,744	53,838,359	(\$40,266,111)		33,299,992
Total assets not being depreciated	27,630,387	(95,020)	27,535,367	53,956,179	(40,266,111)	(416,231)	40,809,204
Capital assets being depreciated:							
Land improvements	1,806,396		1,806,396	401,000			2,207,396
Buildings	286,252,253	(678,666)	285,573,587	4,281,019	40,266,111		330,120,717
Equipment (including library books)	20,967,114	348,412	21,315,526	1,443,519		(1,174,049)	21,584,996
Software	1,066,242		1,066,242				1,066,242
Total capital assets being depreciated	310,092,005	(330,254)	309,761,751	6,125,538	40,266,111	(1,174,049)	354,979,351
Less accumulated depreciation:							
Land improvements	(657,791)		(657,791)	(110,370)			(768,161)
Buildings	(124,645,027)	55,142	(124,589,885)	(8,102,212)			(132,692,097)
Equipment	(16,690,966)	(188,723)	(16,879,689)	(1,524,884)		1,167,792	(17,236,781)
Software	(1,066,242)		(1,066,242)				(1,066,242)
Total accumulated depreciation	(143,060,026)	(133,581)	(143,193,607)	(9,737,466)	0	1,167,792	(151,763,281)
Total capital assets, net	\$194,662,366	(\$558,855)	\$194,103,511	\$50,344,251	\$0	(\$422,488)	\$244,025,274

Southeastern Louisiana University is the only university within the System that capitalizes its collections, which include various works of art and historical items, including sculptures, statues, portraits, murals, book collections, war artifacts, and maps.

6. PAYABLES

The following is a summary of payables and accrued expenses at June 30, 2018:

Vendor payables	\$7,275,887
Accrued salaries and payroll deductions	2,971,368
Accrued interest	1,698,687
Total payables	<u>\$11,945,942</u>

7. COMPENSATED ABSENCES

At June 30, 2018, employees of the University have accumulated and vested annual, sick, and compensatory leave, the balances of which were computed in accordance with GASB Codification Section C60 and are recorded in the accompanying financial statements. The following is a summary of the leave balances at June 30, 2018, by type:

Annual Leave	\$3,416,674
Sick Leave	4,046,915
Compensatory Leave	60,022
Total compensated absences	<u>\$7,523,611</u>

8. PENSION LIABILITY

The University participates in two State public employee retirement systems, the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL). The University of Louisiana System includes the required disclosures for LASERS and TRSL in its audited financial statements.

9. OPTIONAL RETIREMENT SYSTEM

TRSL administers an optional retirement plan (ORP), which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. 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 ORP rather than TRSL and purchase retirement and death benefits through fixed and/or variable annuity contracts provided by designated companies. Benefits payable to participants are not the obligation of the State of Louisiana or TRSL. Such benefits and other rights of ORP are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

R.S. 11:927 sets the contribution requirements of the ORP plan members and the employer. Each plan member shall contribute monthly to ORP an amount equal to the contribution rates established

for the regular retirement plan of TRSL as disclosed in note 8. Effective July 1, 2014, each higher education board created by Article VII of the Constitution of Louisiana is required to establish, by resolution, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount). In addition, effective July 1, 2014, the employer contribution rate for amounts credited to the ORP participants who are not employed in higher education must be the greater of: (1) the employer normal cost contribution for the TRSL Regular Plan; or (2) 6.2%.

Employer ORP contributions to TRSL for fiscal year 2018 totaled \$6,006,510, which represents pension expense for the University. Employee contributions totaled \$1,713,148. The active member and employer contribution rates were 8% and 5.8%, respectively, with an additional employer contribution of 22.2% made to the TRSL defined benefit plan.

10. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The University provides certain continuing health care and life insurance benefits for its retired employees. Substantially, all University employees become eligible for these benefits if they reach normal retirement age while working for the University. The University offers its employees the opportunity to participate in the State's Office of Group Benefits (OGB), which also offers a life insurance plan.

The University of Louisiana System includes the required disclosures for the OPEB plans in its audited financial statements.

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2018, the total rental expense for all operating leases is \$112,997. The following is a schedule, by years, of future minimum annual rental payments required under operating leases:

Fiscal Year Ending June 30,	Office Space	Equipment	Total Minimum Payments Required
2019	\$57,602	\$58,263	\$115,865
2020	14,402	44,088	58,490
2021	2	2,973	2,975
2022	2		2
2023	2		2
2024-2028	10		10
2029-2033	10		10
2034-2038	10		10
2039-2043	10		10
2044-2048	6		6
Thereafter	45		45
Total	\$72,101	\$105,324	\$177,425

Capital Leases

The University records items under capital leases as assets and obligations in the accompanying financial statements. The University's capital leases at June 30, 2018, consist of various leases as follows:

<u>Nature of Lease</u>	<u>Buildings</u>
Gross amount of leased assets (historical cost)	\$5,523,464
Remaining interest to end of lease	\$93,459
Remaining principal to end of lease	\$2,105,000

The following is a schedule of future minimum lease payments under these capital leases, together with the present value of minimum lease payments at June 30, 2018:

<u>Fiscal Year Ending June 30,</u>	<u>Totals</u>
FY 2019	\$550,515
FY 2020	549,237
FY 2021	547,739
FY 2022	550,968
Total minimum lease payments	2,198,459
Less - amount representing executory costs	-
Net minimum lease payments	2,198,459
Less - amount representing interest	(93,459)
Present value of net minimum lease payments	<u>\$2,105,000</u>

Lessor - Operating Leases

The University's leasing operations consist primarily of leasing property for providing food services to students; bookstore operations; and office space for postal services, banking services, and vending operations.

The following schedule provides an analysis of the University's investment in property on operating leases and property held for lease by major classes as of June 30, 2018:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Buildings	\$14,586,250	(\$1,959,851)	\$12,626,399

The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of June 30, 2018:

<u>Fiscal Year Ending June 30,</u>	<u>Buildings</u>
2019	\$1,100,828
2020	1,110,657
2021	1,120,427
2022	1,130,317
2023	1,016,949
2024-2028	<u>774,619</u>
Total minimum future rentals	<u>\$6,253,797</u>

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume or customer usage of services provided. Contingent rentals received from operating leases of buildings for the year ended June 30, 2018, were \$360,307.

12. LONG-TERM LIABILITIES

The following is a summary of bond and other long-term debt transactions of the University for the year ended June 30, 2018:

	Balance June 30, 2017	Adjustments	Balance June 30, 2017 Restated	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
Bonds payable	\$120,006,057	\$0	\$120,006,057	\$0	(\$4,859,130)	\$115,146,927	\$4,470,000
Other liabilities:							
Accrued compensated absences payable	6,842,204		6,842,204	1,205,946	(524,539)	7,523,611	576,777
Capital lease obligations	2,605,000		2,605,000		(500,000)	2,105,000	510,000
Pension liability	163,072,827		163,072,827		(20,318,694)	142,754,133	
OPEB payable	93,508,753	55,654,672	149,163,425		(6,283,422)	142,880,003	
Total other liabilities	<u>266,028,784</u>	<u>55,654,672</u>	<u>321,683,456</u>	<u>1,205,946</u>	<u>(27,626,655)</u>	<u>295,262,747</u>	<u>1,086,777</u>
Total	<u>\$386,034,841</u>	<u>\$55,654,672</u>	<u>\$441,689,513</u>	<u>\$1,205,946</u>	<u>(\$32,485,785)</u>	<u>\$410,409,674</u>	<u>\$5,556,777</u>

Details of all debt outstanding at June 30, 2018, are as follows:

Bonds Payable

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2017	Issued (Redeemed)	Principal Outstanding June 30, 2018	Maturities	Interest Rates	Interest Outstanding June 30, 2018
Southeastern Louisiana University								
Student Recreation and Activity								
Center Revenue Bonds - Series 2011 University Facilities, Inc. (blended component unit):	December 7, 2011	\$3,650,000	\$1,340,000	(\$435,000)	\$905,000	2020	2.00 - 3.375%	\$44,956
Student Housing, Intermodal Parking and Stadium - Series 2004	August 13, 2004	15,000,000	15,000,000		15,000,000	2035	Variable	1,608,416
Intermodal Parking - Series 2007 A and B	March 14, 2007	8,035,000	4,180,000	(210,000)	3,970,000	2037	4.0 - 4.375%	1,390,874
Student Union - Series 2010	November 17, 2010	31,255,000	27,685,000	(680,000)	27,005,000	2041	.80 - 5.00%	17,478,795
Student Housing - Series 2013 Refunding Bonds	November 13, 2013	40,910,000	32,620,000	(2,970,000)	29,650,000	2027	4.00 - 5.25%	5,713,356
Housing Project - Series 2017 Revenue Bonds	June 6, 2017	35,465,000	35,465,000		35,465,000	2049	5.00%	28,101,000
Total		<u>134,315,000</u>	<u>116,290,000</u>	<u>(4,295,000)</u>	<u>111,995,000</u>			<u>\$54,337,397</u>
Premiums/discounts, net			6,767,025	(723,010)	6,044,015			
Deferred loss on refunding			0	0	0			
Bond issuance and insurance costs			(3,050,968)	158,880	(2,892,088)			
Total		<u>\$134,315,000</u>	<u>\$120,006,057</u>	<u>(\$4,859,130)</u>	<u>\$115,146,927</u>			

The annual requirements to amortize all University bonds outstanding at June 30, 2018, are as follows:

	Principal	Interest	Total
FY 2019	\$4,470,000	\$4,619,135	\$9,089,135
FY 2020	4,685,000	4,406,326	9,091,326
FY 2021	4,415,000	4,184,271	8,599,271
FY 2022	4,625,000	3,971,082	8,596,082
FY 2023	4,855,000	3,746,914	8,601,914
FY 2024-2028	28,745,000	15,234,058	43,979,058
FY 2029-2033	23,390,000	9,187,226	32,577,226
FY 2034-2038	20,605,000	5,690,510	26,295,510
FY 2039-2043	10,790,000	2,604,375	13,394,375
FY 2044-2048	5,415,000	693,500	6,108,500
Sub-total	<u>111,995,000</u>	<u>54,337,397</u>	<u>166,332,397</u>
Unamortized Discount/ Premium/Issuance Costs	<u>3,151,927</u>		<u>3,151,927</u>
Total	<u>\$115,146,927</u>	<u>\$54,337,397</u>	<u>\$169,484,324</u>

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2018:

Bond Issue	Reserves Available	Reserve Requirement	Excess/ (Deficiency)
University Facilities, Inc., Revenue Bonds 2004	\$1,521,191	\$1,500,000	\$21,191
University Facilities, Inc., Revenue Bonds 2007	389,751	386,138	3,613
University Facilities, Inc., Revenue Bonds 2010A	1,582,225	1,578,569	3,656
University Facilities, Inc., Revenue Bonds 2010B	359,371	358,540	831
University Facilities, Inc., Revenue Bonds 2013	2,069,183	2,045,500	23,683
Total	\$5,921,721	\$5,868,747	\$52,974

13. REFUNDING OF BONDS

Not applicable for the fiscal year ending June 30, 2018.

14. INTEREST RATE SWAP AGREEMENTS

Not applicable for the fiscal year ending June 30, 2018.

15. REVENUE USED AS SECURITY FOR REVENUE BONDS

Board of Supervisors for the University of Louisiana System Revenue Refunding Bonds (Southeastern Louisiana University Student Recreation and Activity Center Project) Series 2011

Revenue pledged for this bond includes all revenue related to the Student Recreation and Activity Center, including student fees, membership fees, and other miscellaneous revenue related to the Recreation Center. The original principal on the bonds totaled \$3,650,000, and the debt secured by the pledge is \$1,340,000. The approximate remaining amount of the pledge is \$949,956 at June 30, 2018, representing principal and interest totaling \$905,000 and \$44,956, respectively. The revenue was pledged for the purpose of this bond through June 2020.

The debt secured by the revenue pledged was for the purpose of providing funds to refund the \$4,100,000 outstanding Board of Trustees for State Colleges and Universities, State of Louisiana Revenue Bonds (Southeastern Louisiana University Student Recreation and Activity Center Project), Series 1998; to fund a debt service reserve fund, if necessary; and to pay the costs of issuance of the bonds. Pledged revenue related to this bond includes all revenue derived by the University from the levy and collection of the pledged student fee; any other student fees levied and collected to pay for the Recreation Center pledged to the payment of bonds from time to time; and membership fees imposed by the University from time to time on Recreation Center users other than Southeastern Louisiana University students. The pledged student fee is \$25 per student per regular semester and \$12.50 per student per summer semester.

For the year ended June 30, 2018, principal and interest requirements were \$435,000 and \$42,481, respectively. Pledged revenues recognized for the period totaled \$819,934.

16. RESTATEMENT OF BEGINNING NET POSITION

The beginning net position as reflected on the Statement of Revenues, Expenses, and Changes in Net Position has been restated to reflect the following changes:

Description	Amount
Prior Year Ending Net Position (Audited)	(\$50,218,226)
Other Postemployment Benefits Obligation	(52,063,210)
Capital Assets	(558,855)
	<u>(\$102,840,291)</u>

The restatements decreased the University's beginning net position by \$52,622,065. Had the error correction and restatement for the OPEB obligation affecting fiscal year 2017 been included in the June 30, 2017, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of \$12,639,533 would have totaled (\$39,982,532).

17. RESTRICTED NET POSITION

The University has the following restricted expendable net position at June 30, 2018:

Account Title	Amount
Endowments	\$5,395,799
Student Fees	6,837,408
Student Loan Fund	2,935,980
Auxiliary Enterprises	10,406,912
Grants and Contracts	32,674
Maintenance Reserves	1,767,519
Capital Construction/Plant Projects	8,417
Debt Service/Retirement of Indebtedness	3,330,592
Scholarships	120,721
Other	4,891,398
Total expendable	<u>\$35,727,420</u>

The University's restricted nonexpendable net position totaling \$12,793,747 as of June 30, 2018, was comprised entirely of endowment funds.

Of the total net position reported on the Statement of Net Position for the year ended June 30, 2018, \$6,837,408 was restricted by enabling legislation.

18. CONDENSED FINANCIAL INFORMATION

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

Statement of Net Position	University Facilities, Inc.
Assets:	
Current Assets	\$33,271,384
Capital Assets	122,422,665
Other Assets	5,921,722
Total assets	<u>\$161,615,771</u>
Liabilities:	
Current Liabilities	\$11,124,874
Long-term Liabilities	110,216,927
Total liabilities	<u>\$121,341,801</u>
Net Position:	
Net Investment in Capital Assets	\$25,273,450
Restricted Net Position - Expendable	10,406,912
Unrestricted Net Position	4,593,608
Total net position	<u>\$40,273,970</u>
Statement of Revenues, Expenses, and Changes in Net Position	University Facilities, Inc.
Operating revenues	\$16,384,251
Operating expenses	(7,129,445)
Depreciation expense	(3,241,599)
Net operating income	<u>6,013,207</u>
Nonoperating revenues (expenses):	
Investment income	329,257
Interest expense	<u>(2,887,752)</u>
Changes in net position	3,454,712
Net position beginning of the year	<u>36,819,258</u>
Net position end of the year	<u>\$40,273,970</u>

Statement of Cash Flows	University Facilities, Inc.
Net cash flows provided (used) by:	
Operating Activities	\$9,563,642
Capital and Related Financing Activities	(33,831,670)
Investing Activities	24,285,009
Net Increase (Decrease) in Cash	16,981
Cash, Beginning of the Year	186,516
Cash, End of the Year	\$203,497

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Totals
Instruction	\$41,364,865	\$13,577,852		\$4,962,107	\$33,159		\$59,937,983
Research	479,661	109,105		359,951			948,717
Public Service	1,716,779	574,188		716,688			3,007,655
Academic Support	6,069,346	2,192,881		4,667,962			12,930,189
Student Services	5,875,225	2,102,893		2,068,852			10,046,970
Institutional Support	7,261,595	2,904,294	\$576,111	2,239,353			12,981,353
Operations and Maintenance of Plant	5,022,354	2,610,359	3,223,920	4,679,176			15,535,809
Depreciation						\$9,737,466	9,737,466
Scholarships and Fellowships					12,973,006		12,973,006
Auxiliary Enterprises	5,317,417	2,492,672	2,055,471	5,906,587	(1,656,331)		14,115,816
Other	31,670	626,652		623,761			1,282,083
Total operating expenses	<u>\$73,138,912</u>	<u>\$27,190,896</u>	<u>\$5,855,502</u>	<u>\$26,224,437</u>	<u>\$11,349,834</u>	<u>\$9,737,466</u>	<u>\$153,497,047</u>

20. CONTINGENT LIABILITIES AND RISK MANAGEMENT

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

21. ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS

Southeastern Louisiana University did not have on-behalf payments for fringe benefits and salaries for the year ended June 30, 2018.

22. DONOR RESTRICTED ENDOWMENTS

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

At June 30, 2018, net appreciation of donor-restricted endowments is equal to \$576,554, which is available to be spent for restricted purposes. The University limits endowment spending to the income earned in a given year for purposes specified by donors. The donated portion of the endowments is reported in restricted net position - nonexpendable in the Statement of Net Position; the endowment income is reported in restricted net position - expendable.

23. FOUNDATIONS

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

Lion Athletic Association
Southeastern Louisiana University Foundation
Southeastern Louisiana University Alumni Association, Inc.

These foundations are separate corporations whose financial statements are subject to audit by other independent certified public accountants.

The University has contracted with Southeastern Louisiana University Foundation to invest the University's Endowed Chair/Professorship Program endowment funds in accordance with the Board of Regents for Higher Education's investment policies. The Endowed Chair endowment funds are established for \$1,000,000 each, with \$600,000 of private contributions and \$400,000 of state matching portion allocated by the Board of Regents for Higher Education (Regents). The Endowed Professorship Program endowment funds are established for \$100,000 each. Effective July 1, 2017, universities with fewer than 15 Endowed Professorship slots with \$60,000 of private contributions receive \$40,000 of State matching portion allocated by Regents (60% non-State/40% State ratio), and universities with more than 15 Endowed Professorship slots with \$80,000 of private contributions receive \$20,000 of State matching portion allocated by Regents (80% non-State/20% State ratio). Once a university has received State match for 15 Endowed Professorship slots, that university will be eligible only for the 80% non-State/20% State ratio. At June 30, 2018, the foundations held in custody \$17,325,399 of Endowed Chair and Endowed Professorship Program funds. Amounts invested by private foundations are included as investments held by private foundations in the disclosures in note 3.

24. DEFERRED COMPENSATION PLAN

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

25. COOPERATIVE ENDEAVOR AGREEMENTS

Southeastern Louisiana University/Livingston Parish School Board

General

In October 2017, Southeastern Louisiana University (University) accepted from the Southeastern Educational Foundation, which is a subsidiary of the Southeastern Louisiana University Foundation (Foundation), its leasehold estate, authority, sublease and all other rights to the Livingston Parish Literacy and Technology Center (Livingston Center) pursuant to the terms of the Livingston Educational Public Benefit Agreement dated June 18, 2002. The construction and operation of the 39,000 square foot Livingston Center stems from a collaboration between the University and the Livingston Parish School Board (School Board) and was funded through a \$4.5 million 1999 settlement grant to the Foundation from the United States District Court for the Western District of Louisiana. Since its completion, the facility has been utilized by the parties for education programming, including collegiate credit courses and non-credit courses and other programming provided by the University.

Obligations

Pursuant to the cooperative endeavor agreement, the facility is maintained and operated in accordance with guidelines jointly developed by the parties in accordance with the Court Order, with the University serving as a critical operational participant. The Foundation held a leasehold estate in the facility, while the School Board owns the land on which the facility was constructed. Pursuant to the original terms, at the termination of the agreement on June 18, 2027, full ownership of the building reverts to the School Board.

26. SUBSEQUENT EVENTS

No events of a material nature have occurred subsequent to the Statement of Net Assets date that would require adjustments to, or disclosure in, the accompanying financial statements.