



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 FISCAL YEAR ENDED
June 30, 2017

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

Assets	
Current Assets	
Cash and cash equivalents	\$ 20,009,563
Investments	36,550,269
Receivables, net	6,541,884
Due from State Treasury	522,673
Due from Federal Government	3,030,450
Inventories	739,680
Prepaid expenses and advances	387,954
Notes receivable	270,008
Other current assets	
Total current assets	<u>68,052,481</u>
Noncurrent Assets	
Restricted assets:	
Cash and cash equivalents	29,300,316
Investments	28,712,822
Notes receivable, net	1,883,501
Capital assets, net	194,662,366
Other noncurrent assets	
Total noncurrent assets	<u>254,559,005</u>
Total assets	<u>322,611,486</u>
Deferred Outflows of Resources	
Deferred amounts related to pensions	<u>31,538,870</u>
Total deferred outflows of resources	<u>31,538,870</u>
Total assets and deferred outflow of resources	<u><u>\$354,150,356</u></u>

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

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	\$ 7,019,017
Due to State Treasury	9,226
Unearned revenues	3,660,324
Amounts held in custody for others	1,205,596
Compensated absences payable	430,053
Capital lease obligations	500,000
Bonds payable	4,295,000
Other current liabilities	4,568
Total current liabilities	<u>17,123,784</u>

Long-term Portion of Noncurrent Liabilities:

Compensated absences payable	6,412,151
Capital lease obligations	2,105,000
Net pension liability	163,072,827
OPEB payable	93,508,753
Bonds payable	115,711,057
Total noncurrent liabilities	<u>380,809,788</u>
Total liabilities	<u>397,933,572</u>

Deferred Inflows of Resources

Deferred amounts related to pensions	6,435,011
Total deferred Inflows of resources	<u>6,435,011</u>

Net Assets

Net investment in capital assets	114,497,705
Restricted for Nonexpendable	12,654,178
Expendable	34,785,266
Unrestricted	<u>(212,155,375)</u>
Total net position	<u>(50,218,226)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$354,150,357</u>

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

Operating Revenues	
Student tuition and fees	\$ 95,391,342
Less scholarship allowances	<u>(25,335,729)</u>
Net student tuition and fees	<u>70,055,613</u>
Federal appropriations	
Federal grants and contracts	8,799,006
State and local grants and contracts	3,549,821
Nongovernmental grants and contracts	498,829
Sales and services of educational departments	498,678
Auxiliary enterprise revenues	28,209,286
Less scholarship allowances	<u>(4,589,938)</u>
Net auxiliary revenues	23,619,348
Other operating revenues	<u>3,645,868</u>
Total operating revenues	<u>110,667,163</u>
Operating Expenses	
Education and general	
Instruction	63,459,781
Research	1,214,290
Public service	2,938,882
Academic support	12,579,567
Student services	10,218,338
Institutional support	13,528,549
Operations and maintenance of plant	16,657,743
Depreciation	8,261,119
Scholarships and fellowships	12,304,096
Auxiliary enterprises	14,000,005
Other operating expenses	<u>712,438</u>
Total operating expenses	<u>155,874,808</u>
Operating income (loss)	<u>(45,207,645)</u>

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

Nonoperating Revenues (Expenses)	
State appropriations	28,793,731
Gifts	880,612
Federal nonoperating revenues (expenses)	20,640,684
Net investment income (loss)	1,481,838
Interest expense	(2,970,902)
Other nonoperating revenues (expenses)	(3,092,243)
Net nonoperating revenues (expenses)	<u>45,733,720</u>
Income (loss) before other revenues, expenses, gains, losses	<u>526,075</u>
Capital appropriations	11,690,033
Capital grants and gifts	23,425
Additions to permanent endowments	400,000
Increase (decrease) in net position	<u>12,639,533</u>
Net position at beginning of the year, as restated	<u>(62,857,759)</u>
Net position at end of the year	<u>\$ (50,218,226)</u>

SOUTHEASTERN LOUISIANA UNIVERSITY
SIMPLIFIED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
\$ (158,845,710)	\$ 94,173,639	\$13,247,656	\$ 11,713,458	\$ (39,710,957)

General revenues:

State appropriations	28,793,731
Grants and contributions not restricted to specific programs	21,521,296
Interest	1,481,838
Miscellaneous	553,625
Total general revenues, special items, and transfers	52,350,490
Change in net position	12,639,533
Net position, beginning of year	(62,857,759)
Net position, end of year	\$ (50,218,226)

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

Cash flow from operating activities	
Tuition and fees	\$ 69,655,705
Grants and contracts	12,536,240
Sales and services of educational departments	346,587
Auxiliary enterprise receipts	23,108,954
Payments for employee compensation	(70,115,323)
Payments for benefits	(30,328,474)
Payments for utilities	(4,665,019)
Payments for supplies and services	(28,717,678)
Payments for scholarships and fellowships	(7,694,510)
Loans to students	(116,871)
Collection of loans to students	193,736
Other receipts (payments)	3,119,802
Net cash provided (used) by operating activities	<u>(32,676,851)</u>
Cash flows from non-capital financing activities	
State appropriations	28,960,466
Gifts and grants for other than capital purposes	880,612
Pell Grant receipts	20,346,253
Private gifts for endowment purposes	400,000
TOPS receipts	16,427,654
TOPS disbursements	(16,425,090)
Direct lending receipts	45,638,773
Direct lending disbursements	(45,650,012)
Other receipts (payments)	(3,163,836)
Net cash provided (used) by non-capital financing activities	<u>\$ 47,414,820</u>

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

Cash flows from capital financing activities	
Proceeds from capital debt	\$ 40,981,609
Purchases of capital assets	(4,062,527)
Principal paid on capital debt and leases	(6,316,888)
Interest paid on capital debt and leases	(3,428,931)
Capital gifts and grants	
Proceeds from sale of capital assets	
Other sources	(983,797)
Net cash provided (used) by capital financing activities	<u>26,189,466</u>
Cash flows from investing activities	
Proceeds from sales and maturities of investments	10,348,679
Interest received on investments	576,473
Purchases of investments	(49,021,005)
Net cash provided (used) by investing activities	<u>(38,095,853)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,831,582</u>
Cash and cash equivalents at beginning of year	<u>46,478,298</u>
Cash and cash equivalents at end of year	<u>\$ 49,309,880</u>

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

Net Cash Provided (Used) by Operating Activities:

Operating income (loss)	\$ (45,207,645)
Adjustments to reconcile net income (loss) to net cash:	
Depreciation expense	8,261,119
Nonemployer contributing entity revenue	375,739
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables, net	(1,690,842)
(Increase) decrease in inventories	(60,647)
(Increase) decrease in prepaid expenses and advances	(338,131)
(Increase) decrease in notes receivable	76,865
(Increase) decrease in deferred inflows	791,103
(Increase) decrease in deferred outflows	(12,699,270)
(Increase) decrease in net pension liability	13,497,433
Increase (decrease) in accounts payable and accrued liabilities	(490,234)
Increase (decrease) in unearned revenue	201,330
Increase (decrease) in amounts held in custody for others	242,131
Increase (decrease) in compensated absences	(134,067)
Increase (decrease) in OPEB payable	4,498,265
Net cash provided (used) by operating activities:	<u><u>\$ (32,676,851)</u></u>

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

Capital appropriations for construction of capital assets	\$ 11,690,033
Capital grants and gifts	23,425
Net increase in the fair value of investments	905,365
Nonemployer contributing entity revenue	375,739
	<u><u>\$ 12,994,562</u></u>

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

Cash and cash equivalents classified as current assets	\$ 32,607,680
Cash and cash equivalents classified as noncurrent assets	16,702,200
Total cash and cash equivalents	<u><u>\$ 49,309,880</u></u>

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

Other - Cash flow from operating activities:

Other operating revenues	\$ 3,645,868
Increase in funds held for others	242,131
Increase in other current liabilities	(3,421)
Increase in prepaid expenses and advances	(338,131)
Increase in other accounts payable	(197,138)
Civil Service transfers	(74,191)
State Procurement Office transfer	(2,695)
System Office assessments	(270,760)
Decrease in other deferred revenue	118,139
	<u>\$ 3,119,802</u>

Other - Cash flows from non-capital financing activities:

Federal non-operating receipts (less Pell)	\$ 294,431
Other non-operating revenues (expenses)	(3,467,982)
Adjustment for retirement of capital assets	9,715
	<u>\$ (3,163,836)</u>

Other - Cash flows from capital financing activities:

Increase in Bond issue costs	\$ (983,797)
	<u>\$ (983,797)</u>

INTRODUCTION

Southeastern Louisiana University (University) is a publicly supported institution of higher education. The University is a component unit of the State of Louisiana, within the executive branch of government. The University is under the management and supervision of the University of Louisiana System Board of Supervisors; however, the annual budget of the University and changes to the degree programs, departments of instruction, et cetera, require the approval of the Board of Regents for Higher Education. The Board of Supervisors is comprised of 15 members appointed for staggered six-year terms by the governor, with the consent of the Senate, and one student member appointed for a one-year term by a council composed of the student body presidents of the universities within the System. As a state university, operations of the University's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature. The chief executive officer of the University is the president. The University had approximately 14,499 students enrolled during the fall semester of the 2016-2017 academic year and employed approximately 1,383 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The University is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the majority of the members of the governing board are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) the state issues bonds to finance certain construction; and (4) the University primarily serves state residents. The accompanying financial statements present information only as to the transactions of the programs of the University as authorized by Louisiana statutes and administrative regulations.

Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements. The financial statements are audited by the Louisiana Legislative Auditor.

B. REPORTING ENTITY continued**Blended Component Units**

The University Facilities, Inc. is a Louisiana nonprofit corporation that is considered a blended component unit of Southeastern Louisiana University.

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

- The majority of its revenue comes from the leasing of facilities to the university.

To obtain the corporation's latest audit reports, write to:

- University Facilities, Inc., c/o Mr. Sam Domiano, Southeastern Louisiana University, SLU Box 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. 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. The financial statements of the University have been prepared on the accrual basis of accounting.

D. BUDGET PRACTICES

The State of Louisiana's appropriation is an annual lapsing appropriation established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive branches of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget.

D. BUDGET PRACTICES continued

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; and (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.

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. 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 average cost under a periodic inventory system using the consumption method.

G. NONCURRENT RESTRICTED ASSETS

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

H. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. The University's capitalization policy provides that movable property items with a unit cost of \$5,000 or more and an estimated useful life greater than one year and buildings and improvements with a cost of \$100,000 or more are capitalized. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, 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, 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.

J. COMPENSATED ABSENCES continued

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

K. NONCURRENT LIABILITIES

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

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

L. NET POSITION

The University's net position is classified as follows:

(1) Net Investment in Capital Assets

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

(2) Restricted Net Position - Expendable

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

L. NET POSITION continued**(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 and expenses as either operating or non-operating according to the following criteria:

- (1) 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.
- (2) Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, and investment income.
- (3) 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.
- (4) 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

GASB Statement 72, *Fair Value Measurement and Application*, is effective for the fiscal year ended June 30, 2017. The objective of this pronouncement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The statement will impact the University's financial statements.

2. CASH AND CASH EQUIVALENTS

At June 30, 2017, the University had cash and cash equivalents (book balances) of \$49,309,880 as follows:

Petty cash	\$27,250
Demand deposits	21,691,170
Certificates of deposit	14,703,573
UFI	12,887,887
	<hr/>
Total	<u><u>\$49,309,880</u></u>

2. CASH AND CASH EQUIVALENTS continued

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

As of June 30, 2017, none of the University's bank balance of \$52,903,892 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

3. INVESTMENTS

At June 30, 2017, the University had investments totaling \$65,263,091. The University did not have any restricted cash equivalents reported on the Statement of Net Position as of June 30, 2017. The University follows state law (R.S. 49:327) as applicable to institutions of higher education in establishing investment policy. State law authorizes the University to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds. A summary of the University's investments follows:

3. INVESTMENTS continued

<u>Type of Investment</u>	<u>Percentage of Investments</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
U.S. government securities:			
U.S. Treasury Notes	3.08%	AAA	\$ 2,013,139
Federal Home Loan Mortgage Corporation	0.61%	AAA	398,352
Federal National Mortgage Association	1.70%	AAA	1,108,103
Federal Home Loan Bank	0.00%		
Federal Farm Credit Bank	0.00%		
Common and preferred stock	14.02%		9,146,996
Corporate bonds and bond funds	0.11%	AAA	72,349
Corporate bonds and bond funds	0.37%	AA	241,704
Corporate bonds and bond funds	1.74%	A	1,137,274
Corporate bonds and bond funds	0.57%	Baa	373,801
Mutual funds	0.79%	AAA	517,973
Mutual funds	0.53%	A	347,673
Mutual funds	0.00%		2,024
Money market accounts	1.30%	FDIC	848,742
Equity funds	0.83%		540,715
Louisiana Asset Management Pool	0.00%		
Investments held by foundations in external investment pools	0.00%		
Investments held by foundations (component units)			
UFI	74.34%		\$ 48,514,246
	<u>100.0%</u>		<u>\$ 65,263,091</u>

3. INVESTMENTS continued

Type of Investment	Investment Maturities in Years					
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 30 Years
U.S. Treasury Notes	\$ 2,013,139	\$ 225,750	\$ 1,129,306	\$ 658,083	\$ -	\$ -
Federal National Mortgage Association	398,352				6,502	391,850
Federal Home Loan Mortgage Corporation	1,108,103			115,664	107,569	884,870
Corporate bonds and bond funds	1,825,128	292,053	916,065	617,010		
Mutual Funds	865,645		472,418	393,227		
Money Market	7,592	7,592				
Total	<u>\$ 6,217,959</u>	<u>\$ 525,395</u>	<u>\$ 2,517,789</u>	<u>\$ 1,783,984</u>	<u>\$ 114,071</u>	<u>\$1,276,720</u>

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

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

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

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

3. INVESTMENTS continued

INVESTMENTS - FAIR VALUE MEASUREMENT

The University implemented GASB Statement No. 72, *Fair Value Measurement and Application*, which is effective for the year ended June 30, 2017. GASB 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

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

Fair values of assets and liabilities measured on a recurring basis at June 30, 2017 are as follows:

<u>Type of Investment</u>	Fair Value	Quoted	Other	Significant
		Prices in Active Markets for Identical Assets Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3
U.S. government securities:				
U.S. Treasury Notes/U.S. Government Obligations	\$2,013,139		\$2,013,139	
Federal National Mortgage Association	1,108,103		1,108,103	
Federal Home Loan Bank	398,352		398,352	
Federal Farm Credit Bank				
Common and preferred stock	9,146,996	9,146,996		
Corporate bonds and bond funds	1,825,128		1,825,128	
Mutual funds	867,670	867,670		
Louisiana Asset Management Pool				
Money market accounts	848,742	848,742		
Equity funds	540,715	540,715		
	<u>\$16,748,845</u>	<u>\$11,404,123</u>	<u>\$5,344,722</u>	

4. RECEIVABLES

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

	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Student tuition and fees	\$ 5,146,669	\$ (882,358)	\$ 4,264,311
Auxiliary enterprises	1,268,030		1,268,030
Contributions and gifts			
Federal, State and private grants and contracts	3,295,589	(3,194)	3,292,395
Insurance Recoveries	94,150		94,150
Other miscellaneous	653,448		653,448
Total	\$ 10,457,886	\$ (885,552)	\$ 9,572,334

5. CHANGES IN CAPITAL ASSETS

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

	Balance July 1, 2016	Additions	Transfers	Retirements	Balance June 30, 2017
Capital assets not being depreciated:					
Land	\$1,464,209				\$1,464,209
Land improvements	6,008,993		19,800		6,028,793
Capitalized collections	314,621				314,621
Construction-in-progress	11,082,885	14,985,677	(\$6,245,798)		19,822,764
Total assets not being depreciated	18,870,708	14,985,677	(6,225,998)	0	27,630,387
Capital assets being depreciated:					
Land improvements	1,806,396				1,806,396
Buildings	279,324,530	901,725	6,225,998	(200,000)	286,252,253
Equipment (including library books)	20,608,098	1,501,519		(1,142,503)	20,967,114
Software (internally generated and purchased)	1,066,242				1,066,242
Total capital assets being depreciated	302,805,266	2,403,244	6,225,998	(1,342,503)	310,092,005
Less accumulated depreciation:					
Land improvements	(567,471)	(90,320)			(657,791)
Buildings	(118,159,210)	(6,685,817)		200,000	(124,645,027)
Equipment	(16,338,772)	(1,484,982)		1,132,788	(16,690,966)
Software (internally generated and purchased)	(1,066,242)				(1,066,242)
Total accumulated depreciation	(136,131,695)	(8,261,119)	-	1,332,788	(143,060,026)
Total capital assets, net	\$185,544,279	\$9,127,802	\$ -	(\$9,715)	\$194,662,366

5. CHANGES IN CAPITAL ASSETS continued

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, 2017:

Vendor payables	\$4,479,867
Accrued salaries and payroll deductions	1,401,891
Accrued interest	<u>1,137,259</u>
Total payables	<u><u>\$7,019,017</u></u>

7. COMPENSATED ABSENCES

At June 30, 2017, employees of the University have accumulated and vested annual, sick, and compensatory leave of \$3,276,211, \$3,367,221, and \$198,772, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

8. PENSION LIABILITY

The University of Louisiana System annual financial report for the fiscal year ended June 30, 2017 will disclose the pension liability for all nine universities and the University of Louisiana System Board of Supervisors in that report. No disclosure is being made on the university level.

9. OPTIONAL RETIREMENT SYSTEM

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

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

9. OPTIONAL RETIREMENT SYSTEM continued

Total contributions by the University are 26.5% of the covered payroll for fiscal year 2017. The participant's contribution (8.0%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRSL pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by the actuarial committee. The TRSL retains the balance of the employer contribution for application to the unfunded accrued liability of the University. Benefits payable to participants are not the obligations of the State of Louisiana or the TRSL. (Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made.) Employer and employee contributions to the optional retirement plan totaled \$5,554,659 and \$1,675,397, respectively, for the year ended June 30, 2017.

**10. POSTEMPLOYMENT HEALTH CARE
AND LIFE INSURANCE BENEFITS**

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

11. LEASE OBLIGATIONS**Operating Leases**

For the year ended June 30, 2017, the total rental expense for all operating leases was \$187,967. The following is a schedule by years of future minimum annual rental payments required under operating leases:

11. LEASE OBLIGATIONS continued

	Office Space	Equipment	Total Minimum Future Rentals
FY2018	14,402	49,344	63,746
FY2019	2	49,344	49,346
FY2020	2	35,169	35,171
FY2021	2		2
FY2022	2		2
FY2023 - 2027	10		10
FY2028 - 2032	10		10
FY2033 - 2037	10		10
FY2038 - 2042	10		10
FY2043 - 2047	10		10
Thereafter	46		46
Total Minimum Future Rentals	<u>\$ 14,506</u>	<u>\$ 133,857</u>	<u>\$ 148,363</u>

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, 2017, consist of various leases as follows:

Nature of Lease	Buildings
Gross amount of leased assets (historical cost)	\$5,523,464
Remaining interest to end of lease	145,034
Remaining principal to end of lease	2,605,000

11. LEASE OBLIGATIONS continued

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, 2017:

<u>Fiscal Year Ending June 30</u>	
2018	\$551,575
2019	550,515
2020	549,237
2021	547,739
2022-2026	550,968
Total minimum lease payments	<u>2,750,034</u>
Less - amount representing executory costs	<u>-</u>
Net minimum lease payments	2,750,034
Less - amount representing interest	<u>145,034</u>
Present value of net minimum lease payments	<u><u>\$2,605,000</u></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, 2017:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Office space	\$ 14,586,250	\$ (1,602,682)	\$ 12,983,568
Total	<u>\$ 14,586,250</u>	<u>\$ (1,602,682)</u>	<u>\$ 12,983,568</u>

11. LEASE OBLIGATIONS continued

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

	Office Space
2018	\$ 977,341
2019	974,969
2020	972,889
2021	970,851
2022	968,854
2023-2027	1,491,972
Total minimum future rentals	<u>\$ 6,356,876</u>

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume or customer usage of services provided. Contingent rentals received from operating leases of office space and buildings for the year ended June 30, 2017, were \$425,971.

12. LONG-TERM LIABILITIES

The following is a summary of bond and other long-term debt transactions of the University for the year ended June 30, 2017:

Southeastern Louisiana University	Year ended June 30, 2017						Balance at June 30, 2017	Amounts due within one year
	Balance June 30, 2016	Adjustments	Balance June 30, 2016 Restated	Additions	Reductions			
Notes & bonds payable:								
Notes payable								
Bonds payable	\$ 86,682,994	\$ (2,070,226)	\$ 84,612,768	\$ 40,972,414	\$ 5,579,125	\$ 120,006,057	\$ 4,295,000	
Total bonds and notes payable	86,682,994	(2,070,226)	84,612,768	40,972,414	5,579,125	120,006,057	4,295,000	
Other liabilities:								
Compensated absences payable	6,976,270		6,976,270	304,414	438,480	6,842,204	430,053	
Capital lease obligations	3,095,000		3,095,000		490,000	2,605,000	500,000	
Net Pension Liability	149,575,394		149,575,394	13,497,433		163,072,827		
OPEB payable	89,010,488		89,010,488	8,095,931	3,597,666	93,508,753		
Total other liabilities	248,657,152		248,657,152	21,897,778	4,526,146	266,028,784	930,053	
Total long-term liabilities	\$ 335,340,146	\$ (2,070,226)	\$ 333,269,920	\$ 62,870,192	\$ 10,105,271	\$ 386,034,841	\$ 5,225,053	

12. LONG-TERM LIABILITIES continued

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

Bonds Payable

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/16	(Redeemed) Issued	Principal Outstanding 6/30/17	Interest Rates	Interest Outstanding 6/30/17
UFI Revenue Bonds Series 2004	August 13, 2004	\$ 15,000,000	\$ 15,000,000		\$ 15,000,000	Variable	\$ 1,715,821
UFI Revenue Bonds Series 2007, Series A&B	March 14, 2007	8,035,000	4,380,000	(200,000)	\$ 4,180,000	4.000-4.375%	1,567,012
UFI Revenue Bonds Series 2010, Series A&B	November 17, 2010	31,255,000	28,340,000	(655,000)	\$ 27,685,000	0.80-5.00%	18,734,686
Student Recreation & Activity Center Revenue Bonds	December 7, 2011	3,650,000	1,760,000	(420,000)	\$ 1,340,000	2.000-3.375%	87,437
UFI Revenue Bonds Series 2013	November 13, 2013	40,910,000	35,475,000	(2,855,000)	\$ 32,620,000	4.00-5.25%	7,162,743
UFI Revenue Bond 2017	June 6, 2017	35,465,000		35,465,000	35,465,000	5.00%	30,140,238
Unamortized discounts and premiums:							
Series:							
2007			(71,374)	4,204	(67,170)		
2010			(6,808)	6,150	(658)		
2013			1,806,176	(468,383)	1,337,793		
2017				5,497,060	5,497,060		
Debt Issuance Cost			(2,070,226)	(980,742)	(3,050,968)		
Total		\$ 134,315,000	\$ 84,612,768	\$ 35,393,289	\$ 120,006,057		\$ 59,407,937

12. LONG-TERM LIABILITIES continued

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

	Principal	Interest	Total
2018	4,295,000	5,070,540	\$ 9,365,540
2019	4,470,000	4,619,135	9,089,135
2020	4,685,000	4,406,326	9,091,326
2021	4,415,000	4,184,271	8,599,271
2022	4,625,000	3,971,082	8,596,082
2023-2027	28,670,000	16,437,477	45,107,477
2028-2032	22,505,000	10,264,487	32,769,487
2033-2037	23,865,000	6,259,369	30,124,369
2038-2042	12,155,000	3,171,500	15,326,500
2043-2047	6,605,000	1,023,750	7,628,750
Sub-Total	<u>116,290,000</u>	<u>59,407,937</u>	<u>175,697,937</u>
Unamortized			
Discount/Premium	6,767,025		6,767,025
Debt Issuance	(3,050,968)		(3,050,968)
Total	<u>\$ 120,006,057</u>	<u>\$ 59,407,937</u>	<u>\$ 179,413,994</u>

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

<u>Bond Issue</u>	<u>Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
University Facilities, Inc. Revenue Bonds 2004	\$1,506,916	\$1,500,000	\$6,916
University Facilities, Inc. Revenue Bonds 2007	386,138	386,138	
University Facilities, Inc. Revenue Bonds 2010A	1,579,681	1,578,569	1,112
University Facilities, Inc. Revenue Bonds 2010B	358,793	358,540	253
University Facilities, Inc. Revenue Bonds 2013	2,049,772	2,045,500	4,272
Total	<u>\$5,881,300</u>	<u>\$5,868,747</u>	<u>\$12,553</u>

13. REFUNDING OF BONDS

Not applicable

14. INTEREST RATE SWAP AGREEMENTS

Not applicable

15. REVENUE USED AS SECURITY FOR REVENUE BONDS

Pledged revenues are specific revenues that have been formally committed to directly collateralize or secure debt of the pledging government, or directly or indirectly collateralize or secure debt of a component unit. Pledged revenues must be disclosed for each period in which the secured debt remains outstanding and for each secured debt issued.

The 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 bond was originally issued for \$3,650,000. As of June 30, 2017, principal and interest outstanding was \$1,340,000 and \$87,437, 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 equal to \$25 per student per regular semester and \$12.50 per student per summer semester.

For the year ending June 30, 2017, principal and interest requirements were \$420,000 and \$55,081 respectively. Pledged revenues recognized for the period were \$1,245,554.

16. RESTATEMENT OF BEGINNING NET POSITION

Not applicable for the year ended June 30, 2017.

17. RESTRICTED NET POSITION

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

Loans	\$3,086,958
Endowments	4,911,037
Capital Projects	2,188,269
Debt Service	2,997,105
Auxiliary	12,314,730
Student Fees	5,091,442
Other	<u>4,195,725</u>
Total expendable	<u><u>\$34,785,266</u></u>

The University's restricted nonexpendable net position totaling \$12,654,178, as of June 30, 2017, was comprised entirely of endowment funds.

Of the total net position reported on Statement A for the year ended June 30, 2017, \$5,091,442 was restricted by enabling legislation.

18. CONDENSED FINANCIAL INFORMATION

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

Condensed Statement of Net Position

	University Facilities, Inc.
Assets	
Current assets	\$56,895,657
Capital assets	96,106,555
Other assets	5,881,300
	<u> </u>
Total assets	<u>\$158,883,512</u>
Liabilities	
Current liabilities	\$6,794,362
Long-term liabilities	114,806,057
	<u> </u>
Total liabilities	<u>\$121,600,419</u>
Net Position	
Net investment in capital assets	\$19,886,894
Restricted net position - expendable	12,314,730
Unrestricted net position	5,081,469
	<u> </u>
Total net position	<u>\$37,283,093</u>

**Condensed Statement of Revenues, Expenses,
and Changes in Net Position**

	University Facilities, Inc.
Operating revenues	\$19,857,287
Operating expenses	(6,241,438)
Depreciation expense	(3,149,001)
	<u> </u>
Net operating income (loss)	10,466,848
Nonoperating revenues (expenses):	
Investment income	91,907
Interest expense	(2,853,406)
Other (net)	
Capital contributions/additions to permanent and term endowments	
	<u> </u>
Changes in net position	7,705,349
Net position beginning of the year	29,577,744
	<u> </u>
Net position end of the year	<u>\$37,283,093</u>

18. CONDENSED FINANCIAL INFORMATION continued**Condensed Statement of Cash Flows**

	<u>University Facilities, Inc.</u>
Net cash flows provided (used) by:	
Operating activities	\$11,463,900
Noncapital financing	
Capital and related financing	31,214,906
Investing activities	<u>(42,693,447)</u>
Net increase (decrease) in cash	(14,641)
Cash, beginning of the year	<u>201,157</u>
Cash, end of the year	<u><u>\$186,516</u></u>

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 39,260,354	\$ 18,115,297		\$ 5,536,768	\$ 547,362		\$ 63,459,781
Research	557,718	143,245		513,327			1,214,290
Public service	1,608,453	706,422		624,007			2,938,882
Academic support	5,776,377	2,882,607		3,920,583			12,579,567
Student services	5,660,320	2,744,172		1,813,846			10,218,338
Institutional support	6,698,290	3,870,802		2,959,458			13,528,549
Operations and maintenance of	4,900,579	3,662,911	2,982,229	5,112,024			16,657,743
Scholarships and fellowships		19,648			12,284,448		12,304,096
Auxiliary enterprises	5,053,824	3,245,235	1,240,191	5,829,937	(1,369,182)		14,000,005
Depreciation						8,261,119	8,261,119
Other	31,012	(123,441)		790,670	14,197		712,438
Total operating expenses	\$ 69,546,927	\$ 35,266,897	\$ 4,222,420	\$ 27,100,620	\$ 11,476,825	\$ 8,261,119	\$ 155,874,808

20. CONTINGENT LIABILITIES AND RISK MANAGEMENT

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

21. ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS

On-behalf payments for salaries and fringe benefits are direct payments made by one entity to a third-party recipient for the employees of another, legally separate entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends. For example, a nongovernmental fund-raising foundation affiliated with a governmental university may supplement salaries of certain university employees. Those payments constitute on-behalf payments for purposes of reporting by the University.

Southeastern Louisiana University did not have on-behalf payments for fringe benefits and salaries for the year ended June 30, 2017.

22. DONOR RESTRICTED ENDOWMENTS

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

At June 30, 2017, net appreciation of donor restricted endowments was equal to \$1,609,879, 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

23. FOUNDATIONS continued

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

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 - NONE

Not applicable.

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.

