



SOUTHEASTERN
LOUISIANA UNIVERSITY

Annual Financial Statements

**for the fiscal year ended
June 30, 2006**

STATE OF LOUISIANA
COLLEGE AND UNIVERSITY SYSTEMS
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STATE OF LOUISIANA
COLLEGE AND UNIVERSITY SYSTEMS
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UNIVERSITY OF LOUISIANA SYSTEM
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2006

The Management's Discussion and Analysis of Southeastern Louisiana University's financial performance presents a narrative overview and analysis of Southeastern's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with Southeastern's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

Southeastern Louisiana University's net assets overall changed from \$107,550,042 to \$110,419,279 or 2.67% from July 1, 2005 to June 30, 2006. The overall reasons for this change included:

- ◆ Increase in capital appropriations
- ◆ Decrease in bonds payable

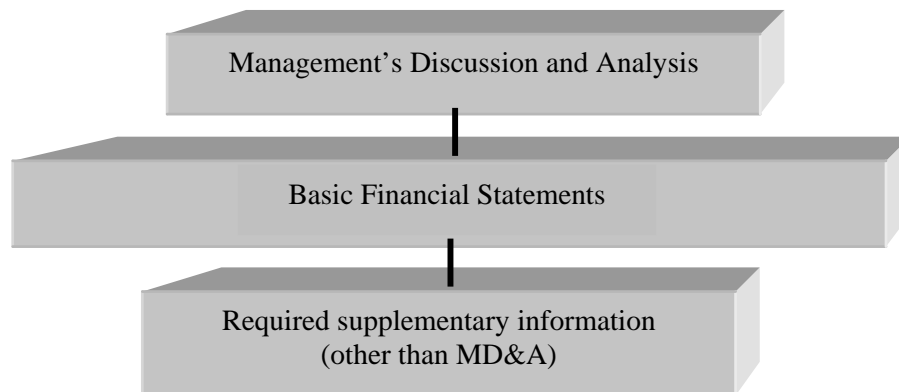
Enrollment changed from 35,471 (Summer 5,536, Fall 15,472, Spring 14,463) to 35,761 (Summer 5,599, Fall 16,068, Spring 14,094) from July 1, 2005 to June 30, 2006, a change of 0.82%. The reason for this change is attributed to the transfer of students due to Hurricane Katrina and the early implementation of new admission standards.

Southeastern Louisiana University's operating revenues changed from \$83,471,828 to \$86,405,700 or 3.51% from July 1, 2005 to June 30, 2006. Operating expenses, however, changed by 1.98% to \$132,428,212 for the year ended June 30, 2006. The changes in enrollment as discussed above and the increase in tuition and fees are the primary reasons for this change.

Nonoperating revenues (expenses) fluctuate depending upon levels of state operating and capital appropriations. The change to \$45,646,241 in 2006 from \$44,971,882 in 2005 is attributed to an increase in state appropriation, an increase in investment income, and a decrease in interest expense.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

UNIVERSITY OF LOUISIANA SYSTEM
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2006

Basic Financial Statements

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

The Statement of Net Assets (page 1) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of Southeastern Louisiana University is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (SRECNA) (page 2) presents information showing how Southeastern Louisiana University's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 4 -5) presents information showing how Southeastern's cash changed as a result of current year operations. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

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

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

UNIVERSITY OF LOUISIANA SYSTEM
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2006

FINANCIAL ANALYSIS

**Statement of Net Assets
as of June 30, 2006
(in thousands)**

	Total	
	2006	2005
Current and other assets	\$ 61,214	\$ 65,110
Capital assets	146,518	144,036
Total assets	207,732	209,146
Other liabilities	10,858	13,569
Long-term debt outstanding	86,455	87,491
Total liabilities	97,313	101,060
Net assets:		
Invested in capital assets, net of debt	59,035	61,242
Restricted	50,240	46,990
Unrestricted	1,144	(146)
Total net assets	\$ 110,419	\$ 108,086

This schedule is prepared from the Southeastern Louisiana University's Statement of Net Assets as shown on page 1, which is presented on an accrual basis of accounting. Significant Statement of Net Asset changes from 2006 include:

- ◆ A decrease in construction-in-progress.
- ◆ An increase in buildings.
- ◆ An increase in non-depreciable land improvements.

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

UNIVERSITY OF LOUISIANA SYSTEM
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2006

Statement of Revenues, Expenses, and Changes in Net Assets
(in thousands)

	2006	2005
Operating Revenues:		
Student tuition and fees, net	\$ 44,606	\$ 41,869
Grants and contracts	26,740	26,744
Auxiliary	13,100	12,360
Other	1,960	2,499
Total operating revenues	\$ 86,406	\$ 83,472
Operating Expenses:		
Education and general:		
Instruction	\$ 49,283	\$ 48,069
Research	2,184	2,149
Public service	3,184	3,182
Academic support	10,692	10,531
Student services	7,964	8,041
Institutional support	11,514	11,058
Operations and maintenance of plant	11,080	10,980
Depreciation	7,043	6,437
Scholarships and fellowships	12,245	12,262
Other operating expenses	17,240	17,150
Total operating expenses	132,429	129,859
Operating income (loss)	\$ (46,023)	\$ (46,387)
Nonoperating Revenues (Expenses)		
State appropriations	\$ 46,015	\$ 45,635
Gifts	1,186	90
Other nonoperating revenues (expenses)	(1,555)	(753)
Net nonoperating revenues (expenses)	45,646	44,972
Income (loss) before other revenues, exp, gains, losses	\$ (377)	\$ (1,415)
Capital appropriations	\$ 2,430	\$ 624
Capital grants and gifts		
Additions to permanent endowments	280	200
Other additions, net		
Change in Net Assets	\$ 2,333	\$ (591)
Net assets at the beginning of the year, restated	108,086	108,141
Net assets at the end of the year	\$ 110,419	\$ 107,550

Non-operating revenues increased by 1.5% to \$46 million, primarily attributable to an increase in state appropriation, an increase in donations, an increase in investment income and a decrease in interest expense.

State appropriations changed from \$45.6 to \$46 million due to an increase in the mandated costs, such as civil service merit increases, group insurance, retirement, and risk management adjustments. Appropriations were decreased due to Executive Order KBB2005-82, which mandated a reduction in expenditures.

Southeastern Louisiana University's operating revenues decreased by \$2,933,872 or 3.51%.

UNIVERSITY OF LOUISIANA SYSTEM
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2006

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2006, Southeastern Louisiana University had invested approximately \$146,518,463 in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$3,230,979 or 2.25% over the previous fiscal year. More detailed information about the University's capital assets is presented in Note E to the financial statements.

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

	2006	2005
Land	\$ 4,219	\$ 4,219
Non-depreciable Land Improvements	2,792	-
Capitalized Collections	205	205
Construction in Progress	2,729	20,533
Infrastructure	-	-
Land Improvements	492	-
Buildings	130,009	112,748
Equipment	4,129	4,184
Library Materials	1,943	2,147
	\$ 146,518	\$ 144,036
Totals	\$ 146,518	\$ 144,036

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

- ◆ An increase in non-depreciable land improvements of \$2.8 million.
- ◆ An increase in buildings from \$112 to \$130 million.

Debt

Southeastern Louisiana University had \$82.6 million in bonds and notes outstanding at year-end, compared to \$83.9 million last year, a decrease of 1.57% as shown in the table below.

**Outstanding Debt at Year-end
(in thousands)**

	2006	2005
General Obligation Bonds	\$ -	\$ -
Capital Lease Obligations	2	31
Revenue Bonds and Notes	82,635	83,896
	\$ 82,637	\$ 83,927
Total	\$ 82,637	\$ 83,927

UNIVERSITY OF LOUISIANA SYSTEM
SOUTHEASTERN LOUISIANA UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2006

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

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

- ◆ Increase in Tuition and Fees
- ◆ Increase in State Appropriation

CONTACTING THE SOUTHEASTERN LOUISIANA UNIVERSITY'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of Southeastern Louisiana University's finances and to show Southeastern's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nettie L. Burchfield at (985) 549-2088.

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

Assets	<u>2006</u>	<u>Component Units</u>
Current Assets		
Cash and cash equivalents (Note C)	\$ 17,526,488	\$
Investments (Note C)	6,880,482	
Receivables, net (Note D)	7,927,544	
Pledges receivable		
Due from State Treasury		
Due from Federal Government (Note D)		
Inventories	648,388	
Deferred charges and prepaid expenses	89,217	
Notes receivable	470,013	
Other current assets	1,745,743	
Total current assets	<u>\$ 35,287,875</u>	<u>\$ -</u>
Noncurrent Assets		
Restricted assets:		
Cash and cash equivalents (Note C)	8,856,560	
Investments (Note C)	12,580,039	
Accounts Receivable, net (Note D)		
Notes Receivable, net	1,415,364	
Other		
Investments (Note C)		
Pledges receivable		
Notes receivable, net		
Capital assets, net (Note E)	146,518,463	
Other noncurrent assets	3,073,433	
Total noncurrent assets	<u>172,443,859</u>	<u>-</u>
Total assets	<u>\$ 207,731,734</u>	<u>\$ -</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 4,410,308	\$
Due to State Treasury		
Due to Federal Government		
Deferred revenues	4,664,371	
Compensated absences payable (Note I)	522,368	
Capital lease obligations (Note I)	2,476	
Claims and litigation payable (Note I)		
Amounts held in custody for others (Note I)	605,706	
Notes payable (Note I)	127,096	
Contracts payable (Note I)		
Bonds payable (Note I)	520,000	
Other current liabilities	5,450	
Total current liabilities	<u>\$ 10,857,775</u>	<u>\$ -</u>
Noncurrent Liabilities		
Compensated absences payable	3,605,343	
Capital lease obligations		
Claims and litigation payable		
Amounts held in custody for others		
Notes payable	302,789	
Contracts payable		
Bonds payable	82,115,000	
Other noncurrent liabilities	431,548	
Total noncurrent liabilities	<u>86,454,680</u>	<u>-</u>
Total liabilities	<u>\$ 97,312,455</u>	<u>\$ -</u>
Net Assets		
Invested in capital assets, net of related debt	59,035,062	
Restricted for: Nonexpendable	6,159,654	
Expendable	44,080,592	
Unrestricted	1,143,971	
Total net assets	<u>110,419,279</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 207,731,734</u>	<u>\$ -</u>

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

Operating Revenues	2006	Component Unit
Student tuition and fees	\$ 52,917,432	\$
*Less scholarship allowances	(8,311,859)	
Net student tuition and fees	<u>44,605,573</u>	<u>-</u>
Gifts received by the foundations (<i>for comp. units only</i>)		
Endowment income (<i>for comp. units only</i>)		
Federal appropriations		
Federal grants and contracts	24,554,107	
State and local grants and contracts	1,992,621	
Nongovernmental grants and contracts	193,379	
Sales and services of educational departments	274,810	
Hospital income		
Auxiliary enterprise revenues, (see note CC for revenue amounts pledged as security for bond issues)	<u>13,852,512</u>	
*Less scholarship allowances	(752,235)	
Net auxiliary revenues	<u>13,100,277</u>	<u>-</u>
Other operating revenues	<u>1,684,933</u>	
Total operating revenues	<u>\$ 86,405,700</u>	<u>\$ -</u>
Operating Expenses		
Education and general:		
Instruction	\$ 49,283,220	\$
Research	2,183,632	
Public service	3,184,139	
Academic support	10,691,532	
Student services	7,964,405	
Institutional support	11,513,472	
Operations and maintenance of plant	11,079,846	
Depreciation	7,043,423	
Scholarships and fellowships	12,245,012	
Auxiliary enterprises	17,277,927	
Hospital		
Other operating expenses	<u>(38,396)</u>	
Total operating expenses	<u>\$ 132,428,212</u>	<u>\$ -</u>
Operating income (loss)	<u>(46,022,512)</u>	<u>-</u>
Nonoperating Revenues (Expenses)		
State appropriations	\$ 46,015,098	\$
Gifts	1,185,609	
Net investment income (loss)	2,064,853	
Interest expense	(3,297,503)	
Payments to or on behalf of the university		
Other nonoperating revenues (expenses)	<u>(321,816)</u>	
Net nonoperating revenues (expenses)	<u>45,646,241</u>	<u>-</u>
Income (loss) before other revenues, exp. gains, losses	<u>(376,271)</u>	<u>-</u>
Capital appropriations	2,429,614	
Capital grants and gifts		
Additions to permanent endowments	280,000	
Other additions, net		
Extraordinary item - loss on impairment of capital assets		
Increase (decrease) in Net Assets	<u>2,333,343</u>	<u>-</u>
Net assets at the beginning of the year, restated	<u>108,085,936</u>	
Net assets at the end of the year	<u>\$ 110,419,279</u>	<u>\$ -</u>

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
SIMPLIFIED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	(-) Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	Component Units	Combined Total
		Charges for Services	Operating Grants and Contributions			
System	\$ (135,725,715)	\$ 57,980,660	\$ 28,205,716	\$		\$ (49,539,339)
Component Units						-
Eliminations						-
Combined Total	\$ (135,725,715)	\$ 57,980,660	\$ 28,205,716	\$ -		\$ (49,539,339)
General revenues:						
State appropriations				\$ 46,015,098		\$ 46,015,098
Grants and contributions not restricted to specific programs						-
Interest				2,064,853		2,064,853
Miscellaneous				3,792,731		3,792,731
Special items						-
Extraordinary item - loss on impairment of capital assets						
Total general revenues, special items, and transfers				<u>51,872,682</u>	<u>-</u>	<u>51,872,682</u>
Change in net assets				<u>2,333,343</u>	<u>-</u>	<u>2,333,343</u>
Net assets - beginning				<u>108,085,936</u>		<u>108,085,936</u>
Net assets - ending				\$ <u>110,419,279</u>	\$ <u>-</u>	\$ <u>110,419,279</u>

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2006

	2006
Cash flow from operating activities	
Tuition and fees	\$ 42,972,958
Federal appropriations	
Grants and contracts	27,235,833
Sales and services of educational departments	398,444
Hospital income	
Auxiliary enterprise receipts	13,603,333
Payments for employee compensation	(64,376,496)
Payments for benefits	(18,187,118)
Payments for utilities	(3,444,796)
Payments for supplies and services	(4,892,516)
Payments for scholarships and fellowships	(12,238,231)
Loans to students	(404,773)
Collection of loans to students	636,538
Other receipts (payments)	(23,388,199)
Net cash provided (used) by operating activities	\$ (42,085,023)
Cash flows from non-capital financing activities	
State appropriations	\$ 46,266,380
Gifts and grants for other than capital purposes	
Private gifts for endowment purposes	280,000
TOPS receipts	8,551,062
TOPS disbursements	(8,769,493)
Direct lending receipts	
Direct lending disbursements	
Federal Family Education Loan Program receipts	40,561,543
Federal Family Education Loan Program disbursements	(40,566,802)
Other receipts (payments)	11,553
Net cash provided by noncapital financing sources	\$ 46,334,243
Cash flows from capital financing activities	
Proceeds from capital debt	\$
Capital appropriations received	2,429,614
Capital grants and gifts received	
Proceeds from sale of capital assets	
Purchases of capital assets	(8,673,202)
Principal paid on capital debt and leases	(860,303)
Interest paid on capital debt and leases	(3,297,503)
Deposit with trustees	
Other sources	78,166
Net cash used by capital financing activities	\$ (10,323,228)
Cash flows from investing activities	
Proceeds from sales and maturities of investments	\$
Interest received on investments	2,064,853
Purchase of investments	10,570,823
Net cash provided (used) by investing activities	\$ 12,635,676
Net increase (decrease) in cash and cash equivalents	6,561,668
Cash and cash equivalents at beginning of the year	19,821,380
Cash and cash equivalents at the end of the year	\$ 26,383,048

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2006

	2006
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ (46,022,512)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation expense	7,043,423
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables, net	(945,579)
(Increase) decrease in inventories	(33,994)
(Increase) decrease in deferred charges and prepaid expenses	(24,746)
(Increase) decrease in notes receivable	231,765
(Increase) decrease in other assets	492,560
Increase (decrease) in accounts payable and accrued liabilities	(3,633,094)
Increase (decrease) in deferred revenue	598,269
Increase (decrease) in amounts held in custody for others	315,596
Increase (decrease) in compensated absences	(106,711)
Increase (decrease) in other liabilities	-
Net cash provided (used) by operating activities:	\$ (42,085,023)

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

None

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

Cash and cash equivalents classified as current assets	\$ 17,526,488
Cash and cash equivalents classified as noncurrent assets	8,856,560
	\$ 26,383,048

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NOTES TO FINANCIAL STATEMENT

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STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In July of 1984, the GASB issued Statement 1, which provided that all statements and interpretations issued by the National Council on Governmental Accounting (NCGA) continue as generally accepted accounting principles until altered, amended, supplemented, revoked or superseded by subsequent GASB pronouncements.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. As a component unit of the State of Louisiana, Southeastern Louisiana University is required to report its financial statements in accordance with GASB 34 and 35 as amended by GASB 37 and 38. Financial statement presentation required by GASB 34 and 35 provides a comprehensive, entity-wide perspective of the institution's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, and replaces the fund-group perspective previously required.

The GASB Code Section 2100 has defined the governmental reporting entity to be the State of Louisiana. Therefore, the accompanying financial statements of the university contain sub-account information of the various funds of the State of Louisiana. As such, the accompanying financial statements present information only as to the transactions of the programs of the university as authorized by Louisiana statutes and administrative regulations.

2. REPORTING ENTITY

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

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

3. BASIS OF ACCOUNTING

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

The institution has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The institution has elected not to apply FASB pronouncements issued after the applicable date.

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

4. CASH EQUIVALENT

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

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

5. INVESTMENTS

Southeastern Louisiana University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in the carrying value of investments resulting in unrealized gains or losses are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets.

6. INVENTORIES

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

7. NONCURRENT CASH AND INVESTMENTS

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

8. CAPITAL ASSETS

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

9. DEFERRED REVENUES

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

10. NONCURRENT LIABILITIES

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

11. NET ASSETS

Southeastern Louisiana University's net assets are classified as follows:

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

This represents Southeastern'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.

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(b) RESTRICTED NET ASSETS – EXPENDABLE

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

(c) RESTRICTED NET ASSETS – NONEXPENDABLE

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

(d) UNRESTRICTED NET ASSETS

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

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

12. CLASSIFICATION OF REVENUES

Southeastern Louisiana University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

- (a) OPERATING REVENUE - Operating activity include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most Federal, state, and local grants and contracts and Federal appropriations.
- (b) NONOPERATING REVENUE – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions.

13. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

14. ELIMINATING INTERFUND ACTIVITY

Activities between Southeastern Louisiana University and the institution's service units are eliminated for purposes of preparing the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Net Assets.

15. COMPONENT UNITS

Southeastern Louisiana University does not have any reportable component units.

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B. BUDGETARY PRACTICES

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

State law provides that appropriations lapse at the end of the fiscal year with the exception noted in Note H, General Fund. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting with some exceptions. The following is a list of exceptions, but is not all inclusive, (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; and (4) certain capital leases are not recorded.

1. BUDGETARY COMPARISON

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

	<u>Budgeted</u>		<u>Actual</u>	<u>Adjustment to Budget Basis</u>	<u>Actual on Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>				
REVENUES:						
Appropriated by Legislature:						
State General Fund (Direct)	\$ 45,684,448	\$ 43,992,026	\$ 43,992,026	\$	\$	\$ 0
State General Fund by Self-Generated Revenues	46,105,017	46,072,232	44,812,425			(1,259,807)
State General Fund by Interagency Transfers						0
Interim Emergency Board						
Federal Funds						
Other (Include Stat. Dedications)	1,776,072	2,023,072	2,023,072			0
Total Revenues	93,565,537	92,087,330	90,827,523			(1,259,807)
EXPENDITURES:						
Program Expenditures	93,565,537	92,087,330	90,810,020			1,277,310
Total Expenditures	93,565,537	92,087,330	90,810,020			1,277,310
UNEXPENDED APPROPRIATION						
-CURRENT YEAR	\$	\$	\$ 17,503	\$	\$	\$ 17,503

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. Deposits with Financial Institutions

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

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As reflected on the Statement of Net Assets, the institution had deposits in bank accounts totaling \$26,338,738 at June 30, 2006. Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

The deposits at June 30, 2006, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits per Statement of Net Assets (SNA)	\$ 9,038,738	\$ 17,300,000	\$	\$ 26,338,738
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized				-
b. Uninsured and collateralized with securities held by the pledging institution				-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entity's name-UFI</u>	4,495,030			4,495,030
Total Bank Balances of All Deposits	\$ 12,669,174	\$ 17,300,000	\$ -	\$ 29,969,174

At year-end, the deposits reflected in the bank accounts totaled \$29,969,174. Of the bank balances, \$4,495,030 was held in the name of University Facilities, Inc. (UFI), a blended component. UFI's cash balances are deposited with high quality, credit worthy, financial institutions. Management monitors the soundness of these financial institutions and considers the custodial credit risk insignificant.

Petty cash totaling \$44,310 is included in the Statement of Net Assets but is excluded from the note above.

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

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Parish National Bank</u>	<u>Disbursement-Operating Acct</u>	<u>\$5,174,056</u>
2. <u>Parish National Bank</u>	<u>Payroll</u>	<u>85,014</u>
3. <u>Parish National Bank</u>	<u>Nursing Loan</u>	<u>301</u>
4. <u>Parish National Bank</u>	<u>Perkins / NDSL</u>	<u>717,755</u>
5. <u>Parish National Bank</u>	<u>Endowed Professorships & Chairs</u>	<u>80,324</u>
6. <u>Parish National Bank</u>	<u>Charge Card Processing Acct</u>	<u>1,440,031</u>
7. <u>J.P. Morgan</u>	<u>Certificates of Deposit</u>	<u>10,400,000</u>
8. <u>Capital One</u>	<u>Certificates of Deposit</u>	<u>5,600,000</u>
9. <u>First Guaranty Bank</u>	<u>Certificates of Deposit</u>	<u>1,300,000</u>
10. <u>First Guaranty Bank</u>	<u>Charge Card Processing Acct</u>	<u>28,087</u>
11. <u>First Guaranty Bank</u>	<u>UFI - Operating Acct</u>	<u>6,821</u>
12. <u>First Guaranty Bank</u>	<u>UFI - NOW Account</u>	<u>186,994</u>
13. <u>AmSouth Bank</u>	<u>UFI - Project Account</u>	<u>216,515</u>
14. <u>Parish National Bank</u>	<u>UFI - Operating Acct</u>	<u>(4,521)</u>
15. <u>Parish National Bank</u>	<u>UFI - Rental Revenue</u>	<u>220,737</u>
16. <u>Parish National Bank</u>	<u>UFI - Petty Cash Deposit Account</u>	<u>230</u>
17. <u>Bank of New York</u>	<u>UFI - Student Housing Debt Service 2004A</u>	<u>11</u>
18. <u>Bank of New York</u>	<u>UFI - Student Housing Debt Service Prin 2004C</u>	<u>187,500</u>
19. <u>Bank of New York</u>	<u>UFI - Student Housing Receipts 2004A</u>	<u>2,709,914</u>
20. <u>Bank of New York</u>	<u>UFI - Student Housing Debt Service Int 2004A</u>	<u>949,425</u>
21. <u>Bank of New York</u>	<u>UFI - Student Housing Debt Service Int 2004C</u>	<u>10,417</u>
22. <u>Federated Money Market</u>	<u>UFI - Federated Money Mkt</u>	<u>10,987</u>
23. <u>U.S. Bank</u>	<u>Federal Loan Billing Service</u>	<u>2,304</u>
24. <u>Hancock Bank</u>	<u>98 Stu Rec Center Bonds Reserve</u>	<u>591,309</u>
25. <u>Hancock Bank</u>	<u>98 Stu Rec Center Bonds Principle</u>	<u>29,163</u>
26. <u>Hancock Bank</u>	<u>98 Stu Rec Center Bonds Int</u>	<u>25,400</u>
27. <u>J.P. Morgan</u>	<u>96 Parking Bonds Sinking Fund</u>	<u>400</u>
	Total	<u>\$29,969,174</u>

2. Investments

Southeastern Louisiana University maintains investment accounts as authorized by Louisiana Revised Statute 49:327. These investments are stated at fair market value. All investment income, including changes in the fair market value of investments, is reported as revenue on the financial statements.

Investments held by the Bond Trustees for University Facilities, Inc. are primarily stated at cost, which approximates market value. Investment income in excess of capitalized interest is reflected as a change in net assets.

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The market values of investments at June 30, 2006 are as follows:

<u>Type of Investment</u>	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Regardless of Custodial Credit Risk Exposure</u>	
	<u>Uninsured, Unregistered, and Held by Counterpart</u>	<u>Uninsured, Unregistered, and Held by Counterparty's Trust Dept. or Agent not in Entity's Name</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government securities	_____	_____	_____	_____
U.S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial Paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other:	_____	_____	_____	_____
Mutual Funds:	_____	_____	_____	_____
Vanguard Inflation-Protected Securities Fund	_____	_____	586,231	586,231
Vanguard Federal Money Market Fund	_____	_____	888,522	888,522
Vanguard Wellesley Fund	_____	_____	2,339,130	2,339,130
Vanguard Wellington Fund	_____	_____	2,118,399	2,118,399
Guaranteed Investment Contracts	12,146,320	_____	12,146,320	12,146,320
Held by Foundation	_____	_____	1,381,919	1,381,919
Total investments	\$ 12,146,320	\$ -	\$ 19,460,521	\$ 19,460,521

The cost of these investments at June 30, 2006 was \$19,092,860.

The market value of investments at June 30, 2006 total \$19,460,521. Of this amount, \$1,381,919 are held by the Southeastern Development Foundation and mainly consists of money market funds, mutual funds, and U.S. Government and Agency obligations. Investments related to the 2004 Series Bond Issuance are valued at \$12,146,320 and are held by bond trustees for University Facilities, Inc. These funds are invested under the terms of the various trust indentures. These documents direct the types of investments and collateralization requirements, and work to mitigate the credit risk of these investments.

3. Derivatives

Southeastern does not invest in derivatives as part of its investment policy.

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

A. Credit Risk of Debt Investments

<u>Rating</u>	<u>Fair Value</u>
Aaa	\$ 1,474,753
Aa2	2,118,399
Aa3	2,339,130
A2	6,880,482
Unrated	5,265,838
Total	\$ 18,078,602

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The credit ratings reported above were assigned by the major credit rating agencies such as, Standard & Poor's and Moody's Investors Service. University Facilities, Inc. has a \$5,265,838 investment agreement issued by XL Asset Funding Company (XLAF). XLAF is non-rated entity; however, the investment agreement is credit enhanced with a financial guaranty policy from XL Capital Assurance, Inc. XL Capital Assurance, Inc. has an AAA credit rating.

B. Interest rate Risk

Type of Debt Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Government obligations	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Agency obligations	_____	_____	_____	_____	_____
U.S. Treasury obligations	_____	_____	_____	_____	_____
Mortgage backed securities	_____	_____	_____	_____	_____
Collateralized mortgage obligations	_____	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____	_____
Other bonds	_____	_____	_____	_____	_____
Mutual funds:					
Vanguard Inflation-Protected Fund	586,231	586,231			
Vanguard Federal Money Market Fund	888,522	888,522			
Vanguard Wellesley Fund	2,339,130	2,339,130			
Vanguard Wellington Fund	2,118,399	2,118,399			
Other:					
Guaranteed Investment Contracts	12,146,320	6,880,482		5,265,838	
Total debt investments	\$ 18,078,602	\$ 12,812,764	\$ -	\$ 5,265,838	\$ -

C. Concentration of Credit Risk

Of the \$12,146,320 in investments held by bond trustees for University Facilities, Inc., \$6,880,482 is invested in guaranteed investment contracts issued by Hypo Real Estate Bank International and \$5,265,838 is invested in a guaranteed investment contract issued by XL Asset Funding Company, LLC.

D. Foreign Currency Risk

All investments are denominated in U.S. Currency and are not exposed to foreign currency risk.

5. Policies

Endowments are maintained in investment accounts as authorized by policies and procedures established by the Board of Regents. To reduce overall volatility of investment returns and to provide a hedge against the effects of economic downturns, these policies require that at least 40% of assets be invested in fixed income funds. No more than 60% of funds may be invested in equities. The fixed income funds are diversified among various sectors of the fixed income market. The overall average quality of debt investments must be "AA" and, with the exception of the U.S. government and its agencies, no more than 5% of the fixed income fund may be invested in the securities of any one issuer. Investments in foreign stocks and foreign fixed income are limited to 15% and 5% of the equity and fixed income funds, respectively.

The funds held by the Bond Trustees for University Facilities, Inc. are invested in accordance with the trust indentures, which govern the types of investments and collateralization requirements.

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6. Other Disclosures Required for Investments

Southeastern does not directly participate in reverse repurchase agreements and does not have any unrealized investment losses.

D. ACCOUNTS RECEIVABLE

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

	<u>Accounts Receivable</u>	<u>Doubtful Accounts</u>	<u>Net Accounts Receivable</u>	<u>Amts. not scheduled for collection within a year</u>
Student tuition and fees	\$ 6,656,034	\$ (1,852,380)	\$ 4,803,654	\$ -
Auxiliary enterprises	815,777	(400,000)	415,777	
Contributions and gifts			-	
Federal, state, and private grants and contracts	1,568,061		1,568,061	
Other Miscellaneous	1,140,052		1,140,052	
Statutory Dedication	-		-	
Total	<u>\$ 10,179,924</u>	<u>\$ (2,252,380)</u>	<u>\$ 7,927,544</u>	<u>\$ -</u>

E. CAPITAL ASSETS

Capital assets and assets under capital lease activity for the year ended June 30, 2006 were as follows:

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SCHEDULE OF CAPITAL ASSETS
(schedule includes capital leases)

	Balance 6/30/2005	Prior Period Adjustment	Restated Balance 6/30/2005	Additions	Transfers	Retirements	Balance 6/30/2006
Capital assets not being depreciated							
Land	\$ 4,218,936	\$ -	\$ 4,218,936	\$ -	\$ -	\$ -	\$ 4,218,936
Non-depreciable land improvements	-	-	-	2,791,647			2,791,647
Capitalized collections	205,002	-	205,002				205,002
Livestock			-				-
Construction in progress	19,935,091	598,478	20,533,569	7,625,654	(25,430,141)		2,729,082
Total capital assets not being depreciated	<u>\$ 24,359,029</u>	<u>\$ 598,478</u>	<u>\$ 24,957,507</u>	<u>\$ 10,417,301</u>	<u>\$ (25,430,141)</u>	<u>\$ -</u>	<u>\$ 9,944,667</u>
Other capital assets							
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less accumulated depreciation							
Total infrastructure	-	-	-	-	-	-	-
Depreciable land improvements				515,551			515,551
Less accumulated depreciation				(23,629)			(23,629)
Total land improvements	-	-	-	491,922	-	-	491,922
Buildings	169,009,131	46,886	169,056,017	22,222,337			191,278,354
Less accumulated depreciation	(56,306,639)	(1,277)	(56,307,916)	(4,961,544)			(61,269,460)
Total buildings	112,702,492	45,609	112,748,101	17,260,793	-	-	130,008,894
Equipment	14,880,485		14,880,485	1,036,648		(353,738)	15,563,395
Less accumulated depreciation	(10,801,651)	104,873	(10,696,778)	(1,083,016)		345,753	(11,434,041)
Total equipment	4,078,834	104,873	4,183,707	(46,368)	-	(7,985)	4,129,354
Library books	5,191,334		5,191,334	771,731		(1,086,895)	4,876,170
Less accumulated depreciation	(3,044,205)		(3,044,205)	(975,234)		1,086,895	(2,932,544)
Total library books	2,147,129	-	2,147,129	(203,503)	-	-	1,943,626
Total other capital assets	<u>\$ 118,928,455</u>	<u>\$ 150,482</u>	<u>\$ 119,078,937</u>	<u>\$ 17,502,844</u>	<u>\$ -</u>	<u>\$ (7,985)</u>	<u>\$ 136,573,796</u>
Capital Asset Summary:							
Capital assets not being depreciated	\$ 24,359,029	\$ 598,478	\$ 24,957,507	\$ 10,417,301	\$ (25,430,141)	\$ -	\$ 9,944,667
Other capital assets, at cost	189,080,950	46,886	189,127,836	24,546,267	-	(1,440,633)	212,233,470
Total cost of capital assets	213,439,979	645,364	214,085,343	34,963,568	(25,430,141)	(1,440,633)	222,178,137
Less accumulated depreciation	(70,152,495)	103,596	(70,048,899)	(7,043,423)	-	1,432,648	(75,659,674)
Capital assets, net	<u>\$ 143,287,484</u>	<u>\$ 748,960</u>	<u>\$ 144,036,444</u>	<u>\$ 27,920,145</u>	<u>\$ (25,430,141)</u>	<u>\$ (7,985)</u>	<u>\$ 146,518,463</u>

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F. COLLECTIONS (WORKS OF ART and HISTORICAL TREASURES)

Southeastern Louisiana University does capitalize collections. These collections include the following:

- ◆ Works of art - such as murals, sculptures, statues, portraits, etc.
- ◆ Historical items - such as book collections, war artifacts, an antique piano, maps, etc.

G. DUE FROM PRIVATE FOUNDATIONS

The amount of matching funds received by the university from the State pursuant to the endowed chair and professorship program and the related unexpended earnings from private foundations is \$1,381,919 at June 30, 2006. These funds are held and invested by the university's foundation under an agreement with the university. Amounts invested by private foundations for the university are included as *other* in the disclosures in Note C.

H. GENERAL FUND

At June 30, 2006, the General Fund had no unexpended appropriation due to the State Treasury. However, the university did have \$17,503 unexpended, which will be reappropriated as required by law and outlined below.

As provided by Louisiana Revised Statute 17:3386(A), the university adopted a building and facility preventative maintenance program, which was approved by the Louisiana Board of Regents. This program allows the university to retain any funds appropriated or allocated that were unexpended and unobligated at the end of the fiscal year. At least 50% of the retained funds will be maintained in a preventative maintenance reserve fund and will be used solely for preventative maintenance purposes in accordance with the approved plan, subject to approval by the supervisory board, the Louisiana Board of Regents, and the Joint Legislative Committee on the Budget. All retained funds will be spent for non-recurring projects. As shown in the Statement of Net Assets at June 30, 2006, included in restricted net assets are amounts totaling \$8,752, which will be retained for these purposes.

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

The following is a summary of bond reimbursement contracts and other long-term debt transactions of the university for the year ended June 30, 2006:

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Southeastern Louisiana University

	<u>Year ended June 30, 2006</u>				
	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2006</u>	<u>Amounts due within one year</u>
Notes & bonds payable:					
Notes payable	\$ 821,305	\$ -	\$ 391,420	\$ 429,885	\$ 127,096
Bonds payable	83,075,000	-	440,000	82,635,000	520,000
Total bonds and notes payable	<u>83,896,305</u>	<u>-</u>	<u>831,420</u>	<u>83,064,885</u>	<u>647,096</u>
Other liabilities:					
Compensated absences payable	4,234,422	429,162	535,873	4,127,711	522,368
Capital lease obligations	31,359	-	28,883	2,476	2,476
Claims and litigation payable	-	25,000	25,000	-	-
Amounts held in custody for others	295,369	55,800,118	55,489,781	605,706	605,706
Contracts payable	-	-	-	-	-
Total other liabilities	<u>4,561,150</u>	<u>56,254,280</u>	<u>56,079,537</u>	<u>4,735,893</u>	<u>1,130,550</u>
Total long-term liabilities	<u>\$ 88,457,455</u>	<u>\$ 56,254,280</u>	<u>\$ 56,910,957</u>	<u>\$ 87,800,778</u>	<u>\$ 1,777,646</u>
Component Units					
Notes & bonds payable:					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-	-
Total bonds and notes payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other liabilities:					
Compensated absences payable	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Claims and litigation payable	-	-	-	-	-
Amounts held in custody for others	-	-	-	-	-
Contracts payable	-	-	-	-	-
Total other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Combined Total					
Notes & bonds payable:					
Notes payable	\$ 821,305	\$ -	\$ 391,420	\$ 429,885	\$ 127,096
Bonds payable	83,075,000	-	440,000	82,635,000	520,000
Total bonds and notes payable	<u>83,896,305</u>	<u>-</u>	<u>831,420</u>	<u>83,064,885</u>	<u>647,096</u>
Other liabilities:					
Compensated absences payable	4,234,422	429,162	535,873	4,127,711	522,368
Capital lease obligations	31,359	-	28,883	2,476	2,476
Claims and litigation payable	-	25,000	25,000	-	-
Amounts held in custody for others	295,369	55,800,118	55,489,781	605,706	605,706
Contracts payable	-	-	-	-	-
Total other liabilities	<u>4,561,150</u>	<u>56,254,280</u>	<u>56,079,537</u>	<u>4,735,893</u>	<u>1,130,550</u>
Total long-term liabilities	<u>\$ 88,457,455</u>	<u>\$ 56,254,280</u>	<u>\$ 56,910,957</u>	<u>\$ 87,800,778</u>	<u>\$ 1,777,646</u>

STATE OF LOUISIANA
 SOUTHEASTERN LOUISIANA UNIVERSITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2006

J. SHORT-TERM DEBT

Not Applicable.

K. COMPENSATED ABSENCES

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

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

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

The liability for unused annual leave, sick leave, and compensatory leave at June 30, 2006, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.104 – C60.105, is estimated to be \$1,859,830, \$2,091,660, and \$176,221 respectively. The leave payable is recorded in the accompanying financial statement.

Southeastern Louisiana University's liability for compensated absences (annual, sick, and compensatory leave) at June 30, 2006 is as follows:

Current liability – estimated to be paid within one year	\$ 522,368
Long-term liability	<u>3,605,343</u>
Total liability for compensated absences	<u>\$4,127,711</u>

L. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

Southeastern Louisiana University does not have any on-behalf payments for fringe benefits and salaries.

M. CONTINGENT LIABILITIES

Southeastern Louisiana University does not have any contingent liabilities as of June 30, 2006. Legal fees of \$25,000 were incurred in the current year for a settlement with the Office of Risk Management and are reflected in the accompanying financial statements.

N. RELATED PARTY TRANSACTIONS

Not Applicable.

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

O. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

Not Applicable.

P. LEASES

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

Operating Leases

Total operating lease expenditures for fiscal year 2005-06 amounted to \$1,171,487. The annual rental payments for the next five years are presented as follows:

Nature of lease:	a. Office Space	b. Equipment	c. Land	d. Other	Total Minimum Future Rentals
FY2007	219,905	15,773		619,681	855,359
FY2008	42,995			620,156	663,151
FY2009	41,964			622,080	664,044
FY2010	2			622,886	622,888
FY2011	2			622,996	622,998
FY2012 - 2016	10			3,105,375	3,105,385
FY2017 - 2021	10			3,100,670	3,100,680
FY2022 - 2026	10			310,635	310,645
FY2027 - 2031	10			-	10
FY2032 - 2036	10			-	10
Total Minimum Future Rentals	\$ 304,918	\$ 15,773	\$ -	\$ 9,624,479	\$ 9,945,170

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

Capital Leases

Southeastern Louisiana University records items that are above the capitalization threshold under capital leases as an asset and an obligation in the accompanying financial statements.

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

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

SOUTHEASTERN'S CAPITAL LEASES:

<u>Nature of lease</u>	<u>Date of lease</u>	<u>University gross amount of leased assets (historical cost)</u>	<u>Last payment date</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space		\$		\$	\$
b. Equipment	04/02/01	131,004	8/1/2006	11	2,476
c. Land					
Total assets under cap. lease		\$ 131,004		\$ 11	\$ 2,476

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2006:

<u>Year ending June 30, 2006:</u>	<u>Future minimum lease payment:</u>		
	<u>Southeastern:</u>	<u>Component Units:</u>	<u>Total:</u>
2007	2,487		2,487
Total minimum lease payments	2,487	-	2,487
Less: amounts representing executory costs	-		
Net minimum lease payments	2,487	-	2,487
Less: amounts representing interest	11		11
Present value - net minimum lease payments	2,476	-	2,476

Lessor Direct Financing Leases

Southeastern Louisiana University does not have any lessor direct financing leases as of and for the period ending June 30, 2006.

Lessor - Operating Lease

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

The following schedule provides the cost and carrying amount, if different, of property on lease or held for leasing organized by major class of property and the amount of accumulated depreciation as of June 30, 2006.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
a. Office space	\$ 2,569,738	\$ (2,092,976)	\$ 476,762
b. Equipment			
c. Land			
Total	\$ 2,569,738	\$ (2,092,976)	\$ 476,762

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

The following is a schedule of minimum future rentals on noncancellable operating lease(s) as of June 30, 2006:

Nature of lease	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012- FY2016	FY2017- FY2021
a. Office space	\$ 217,300	\$ 207,000	\$ 82,000	\$ _____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____	_____	_____	_____
c. Land	_____	_____	_____	_____	_____	_____	_____
d. Other	_____	_____	_____	_____	_____	_____	_____
Total minimum future rentals	\$ 217,300	\$ 207,000	\$ 82,000	\$ -	\$ -	\$ -	\$ -

Contingent rentals received from operating leases for the fiscal year were \$190,780 for office space.

Q. NET ASSETS

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

<u>Account title</u>	<u>Amount</u>
Instructional Department Use	\$ 7,456,429
Loans	2,919,975
Endowments	1,534,588
Capital Projects	8,621,027
Debt Service	4,466,778
Auxiliary and Other	19,081,795
Total	\$ 44,080,592

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

<u>Account title</u>	<u>Amount</u>
Endowments	\$ 6,159,654
Total	\$ 6,159,654

R. POST RETIREMENT HEALTH CARE

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

The university's cost of providing retiree health care and life insurance benefits is recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2006, the costs of retiree benefits for 385 retirees totaled \$2,258,163. The dependents of a retiree are counted as a single unit if the retiree is deceased and not counted if the retiree is alive. The cost of retirees' benefits is net of participants' contributions.

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

S. ACCOUNTING CHANGES

None.

T. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2006:

	Beginning net assets, July 1, 2006, previously reported	Adjustments + or (-)	Beginning net assets, July 1, 2006, as restated
Southeastern Louisiana University	\$ 107,550,042	\$ 535,894	\$ 108,085,936
Component Unit(s)			-
Total	\$ <u>107,550,042</u>	\$ <u>535,894</u>	\$ <u>108,085,936</u>

See Schedule 5 for explanation of changes.

U. PLEDGES OF GIFTS

Not Applicable.

V. SEGMENT INFORMATION

University Facilities, Inc. issues revenue bonds to finance certain of Southeastern's auxiliary enterprises. The revenues generated by the auxiliary enterprise are used to pay the interest and principal of these revenue bonds.

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

CONDENSED STATEMENT OF NET ASSETS

	<u>University Facilities, Inc.</u>
Assets	
Current assets	\$ 12,224,745
Due from other funds	-
Capital assets	54,287,010
Other assets	8,338,821
Total Assets	<u>74,850,576</u>
Liabilities	
Current liabilities	3,412,163
Due to other funds	
Long-term liabilities	77,116,098
Total Liabilities	<u>80,528,261</u>
Net Assets	
Invested in capital assets, net of related debt	
Restricted net assets - expendable	
Restricted net assets - nonexpendable	
Unrestricted net assets	(5,677,685)
Total Net Assets	<u>\$ (5,677,685)</u>

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

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

	<u>University Facilities, Inc.</u>
Operating Revenue	\$ 8,656,472
Operating Expenses	(6,684,237)
Depreciation Expense	<u>(1,961,728)</u>
Net Operating Income	<u>10,507</u>
Nonoperating Revenues (Expenses):	
Investment Income	558,586
Gifts of Equipment	
Gift Income	
Interest Expense	(3,279,112)
Other (net)	(108,134)
Capital contributions/additions to permanent and term endowments	
Changes in Net Assets	<u>(2,818,153)</u>
Net Assets - Beginning of the Year	<u>(2,859,532)</u>
Net Assets - End of the Year	<u>\$ (5,677,685)</u>

	<u>University Facilities, Inc.</u>
Net cash flows provided (used) by:	
Operating activities	\$ (916,085)
Noncapital financing	
Capital and related financing	(397,036)
Investing activities	<u>1,439,169</u>
Net increase (decrease) in cash	126,048
Cash - Beginning of the year	<u>461,809</u>
Cash - End of the year	<u>\$ 587,857</u>

CONDENSED STATEMENT OF CASH FLOWS

W. PER DIEM PAID BOARD MEMBERS

Southeastern Louisiana University made no per diem payments to board members.

X. PENSION PLANS

<u>Name of retirement system or plan</u>	<u>ID of the plan (A, B, or C see below)</u>	<u>Percentage of covered salaries that employees contribute</u>	<u>University's employer contributions to the plan for the year ended June 30, 2006</u>
LA State Employees' Retirement System	C	7.5	\$ 2,396,420.00
LA School Employees' Retirement System	C	7.5	\$ 7,216.00
Teachers' Retirement System of Louisiana	C	8.0	\$ 3,272,465.00

Substantially all of the employees of the university are members of the State Employees (LASERS), Teacher's (TRSL), or School Employee's Retirement Systems, all of which are cost sharing multiple employer defined benefit pension plans.

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

Identification of retirement plans:

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

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

LRS 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education which is a defined contribution plan that provides for full and immediate vesting of all contributions remitted on behalf of the participants. Participants contribute 8.0% and the university contributes 15.9 % of the covered payroll. Benefits payable to participants are not obligations of the State of Louisiana or the retirement systems; but are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled \$3,382,033 and \$1,689,290, respectively, for the year ended June 30, 2006.

Y. DEBT REFUNDING

Not Applicable.

Z. COOPERATIVE ENDEAVORS

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

Southeastern Louisiana University has no liability outstanding as of June 30, 2006 for cooperative endeavors.

AA. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

Not Applicable.

BB. DONOR RESTRICTED ENDOWMENTS

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

At June 30, 2006, net appreciation of \$412,468 is available to be spent and is restricted to specific purposes.

The maximum spending allowed is 5% of the market value of program assets averaged for the previous five-year period. The maximum spending rate may be used if the average annual real total return (investment return less fees less inflation) exceeds the annual spending level.

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

CC. REVENUE USED AS SECURITY FOR REVENUE BONDS

<u>Auxiliary enterprises</u>	<u>Revenue used as security for bonds (FY 2006)</u>	<u>Type of bonds</u>	<u>Year(s) bonds issued</u>
Residential life - apartments	\$ <u>7,743,604</u>	<u>UFI - Revenue Bonds</u>	<u>2004</u>
Student union services, including bookstore	<u>6,654,236</u>	<u>Revenue Refunding Bonds</u>	<u>1998</u>
Health, physical education, and recreation	<u>639,851</u>	<u>Revenue Bonds</u>	<u>1998</u>

DD. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2006, were as follows:

<u>Fund</u>	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other Payables</u>	<u>Total Payables</u>
Operating Fund	\$ 673,872	\$ 725,686	\$	\$	\$ 1,399,558
Revenue Fund	121,209	18,489			139,698
Restricted Fund	262,784	45,249			308,033
Plant Fund	80,076				80,076
Agency Fund	3,978	7,407			11,385
UFI	<u>742,477</u>	<u>76,518</u>	<u>1,209,563</u>	<u>443,000</u>	<u>2,471,558</u>
Total payables	<u>\$ 1,884,396</u>	<u>\$ 873,349</u>	<u>\$ 1,209,563</u>	<u>\$ 443,000</u>	<u>\$ 4,410,308</u>

EE. SUBSEQUENT EVENTS

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

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

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2006, \$50,240,246 are restricted by enabling legislation (which also includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation).

GG. IMPAIRMENT OF CAPITAL ASSETS

Southeastern has no impaired capital assets as of June 30, 2006.

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

HH. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2006, the cost of providing those benefits for 139 voluntary terminations totaled \$548,167. For 2006, the cost of providing those benefits for 20 involuntary terminations totaled \$71,827.

Southeastern has no liability for the accrued voluntary and involuntary terminations benefits payable at June 30, 2006. Termination benefits for annual, sick and compensated leave are accrued through compensated absences, as discussed in Note K. Health care termination benefits are not accrued because benefits are not estimable. However, Southeastern provides certain continuing health care benefits for its retired employees, as discussed in Note R. A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the entire premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

SCHEDULES

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STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF BONDS PAYABLE
For the Year Ended June 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	(Redeemed) Issued	Principal Outstanding 6/30/06	Interest Rates	Interest Outstanding 6/30/06
UFI Revenue Bonds Series 2004	August 13, 2004	\$76,910,000	\$76,910,000	\$0	\$ 76,910,000	Variable	\$66,072,985
Parking Revenue Bonds Series 1996	April 26, 1996	1,180,000	155,000	(155,000)	0	6.50%	0
Student Recreation & Activity Center Revenue Bonds	June 30, 1998	7,690,000	6,010,000	(285,000)	5,725,000	3.75- 5.00%	2,351,192
Total		\$85,780,000	\$83,075,000	(440,000)	\$82,635,000		\$68,424,177

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY

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

Not Applicable

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF NOTES PAYABLE
For the Year Ended June 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/05	(Redeemed) Issued	Principal Outstanding 6/30/06	Interest Rates	Interest Outstanding 6/30/06
Construction Loan	10-Oct-99	\$2,300,000	\$268,701	(268,701)	\$0	Variable	\$0
Copiers	20-Sep-04	\$641,861	\$552,604	(122,719)	\$429,885	3.51%	\$25,613
Total		\$2,941,861	\$821,305	(391,420)	\$429,885		\$25,613

STATE OF LOUISIANA
 SOUTHEASTERN LOUISIANA UNIVERSITY
 SCHEDULE BONDS PAYABLE AMORTIZATION
 For the Year Ended June 30, 2006

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2007	295,000	280,282
2008	310,000	266,860
2009	325,000	252,600
2010	340,000	237,650
2011	355,000	221,670
2012	370,000	204,630
2013	390,000	186,500
2014	410,000	167,000
2015	430,000	146,500
2016	450,000	125,000
2017	475,000	102,500
2018	500,000	78,750
2019	525,000	53,750
2020	550,000	27,500
Total	\$ <u><u>5,725,000</u></u>	\$ <u><u>2,351,192</u></u>

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
SCHEDULE BONDS PAYABLE AMORTIZATION
For the Year Ended June 30, 2006

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2007	\$ 225,000	\$ 3,479,250
2008	880,000	3,472,500
2009	1,015,000	3,442,387
2010	1,170,000	3,405,488
2011	1,325,000	3,365,225
2012	1,500,000	3,315,538
2013	1,680,000	3,256,225
2014	1,865,000	3,179,250
2015	1,980,000	3,104,538
2016	2,040,000	3,026,137
2017	2,140,000	2,924,825
2018	2,230,000	2,837,850
2019	2,320,000	2,749,337
2020	2,415,000	2,654,217
2021	2,515,000	2,553,474
2022	2,645,000	2,420,063
2023	2,785,000	2,281,887
2024	2,910,000	2,156,562
2025	3,060,000	2,004,475
2026	3,225,000	1,842,450
2027	3,375,000	1,689,950
2028	3,545,000	1,521,200
2029	3,720,000	1,344,637
2030	3,900,000	1,166,563
2031	4,095,000	972,250
2032	4,300,000	767,500
2033	4,500,000	562,644
2034	4,675,000	381,563
2035	4,875,000	195,000
Total	\$ <u>76,910,000</u>	\$ <u>66,072,985</u>

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2006

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2007	127,096	13,057
2008	131,630	8,524
2009	136,325	3,828
2010	<u>34,834</u>	<u>204</u>
Total	\$ <u><u>429,885</u></u>	\$ <u><u>25,613</u></u>

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY

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

Fiscal Year Ending:	Beginning Balance	Payment	Interest	Principal	Balance
2007	<u>2,476</u>	<u>2,487</u>	<u>11</u>	<u>2,476</u>	<u>-</u>
Total	\$ <u>2,476</u>	\$ <u>2,487</u>	\$ <u>11</u>	\$ <u>2,476</u>	\$ <u>-</u>

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY

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

Not Applicable

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY

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

Not Applicable

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY

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

Name of Campus:	University Amount	Foundation Amount	Total Expenses
Southeastern Louisiana University	\$ <u>135,725,715</u>	\$ <u>-</u>	\$ <u>135,725,715</u>

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY

SCHEDULE OF PRIOR-YEAR ADJUSTMENTS
For the Year Ended June 30, 2006

Fund Balance July 1, 2005, previously reported	\$ 107,550,042
Moveable Property	
To remove depreciation recorded on moveable property that was fully depreciated	104,873
CIP	
To reduce CIP for cost of building	(41,554)
Buildings	
To record cost of building not previously recorded	41,554
To record related accumulated depreciation not previously recorded	(1,039)
To remove accumulated depreciation incorrectly reported	1,362
University Facilities, Inc.	
Expenses not recognized in previous year	(213,066)
To add portable building, net of accumulated depreciation	3,732
To increase Construction In Progress not recognized	640,032
Beginning Net Assets, July 1, 2005, as restated	<u><u>\$ 108,085,936</u></u>

**STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006**

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other I.D. No.	Pass-Through Entity's Number
Direct Awards:		Other Direct Awards		
U.S. Department of Housing and Urban Development		Supportive Housing Program	14.235	
National Endowment for the Arts		Promotion of the Arts_Grants to Organizations and Individuals	45.024	
National Endowment for the Arts		Promotion of the Arts - Leadership Initiatives	45.04-5200-3147	
U.S. Department of Education		Funds for the Improvement of Postsecondary Education	84.116Z	
U.S. Department of Education		Bilingual Education_Professional Development	84.195N	
U.S. Department of Education		Bilingual Education_Professional Development	84.195N	
U.S. Department of Education		Fund for the Improvement of Education	84.215K	
U.S. Department of Education		Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	
U.S. Department of Education		Hurricane Education Recovery	84.938E	
U.S. Department of Health and Human Resources		Advanced Education Nursing Traineeships	93.358	
Direct Awards:		Research and Development Program Cluster (R&D)		
U.S. Department of the Interior Fish and Wildlife Service		Endangered Species Act of 1973	15.FFB	
U.S. Department of the Interior Fish and Wildlife Service		Marine Turtle Conservation Fund	15.645	
U.S. Department of the Interior		U.S. Geological Survey_Research and Data Collection	15.808	
National Science Foundation		Mathematical and Physical Sciences	47.049	
National Science Foundation		Geosciences	47.050	
National Science Foundation		Geosciences	47.050	
National Science Foundation		Biological Sciences	47.074	
National Science Foundation		Biological Sciences	47.074	
U.S. Environmental Protection Agency		Environmental Protection_Consolidated Research	66.500	
U.S. Environmental Protection Agency		Surveys, Studies, Investigations and Special Purpose Grants	66.606	
U.S. Department of Energy		Office of Science Financial Assistance Program	81.049	
U.S. Department of Health and Human Services		Academic Research Enhancement Award	93.390	
U.S. Department of Health and Human Services		Heart and Vascular Diseases Research	93.837	

Preparer: Bette Schexnayder
Phone Number: (985) 549-2068
DUNS Number: 883227324
EIN Number: 72-6000816
Full Accrual Accounting Basis

Project Name	Award ID Number	Award Period	Expenditures	Issues	Total	Dept Number
Northlake Homeless Management Information System Data Project	LA48B406010	07/01/2005-06/30/2006	132,725		132,725	3372
Louisiana Literature Press	05-7900-7037	01/01/2006-06/30/2007	3,872		3,872	3351
Louisiana Literature	04-5200-3147	07/01/2004-12/31/2005	6,568		6,568	3054
Teacher Education Anytime, Anywhere Program - I (TEAAP I)	P116Z010126	07/01/2001-06/30/2006	411,559		411,559	3171
Project IMPACT	T195N040141	07/15/2004-07/14/2009	106,184		106,184	3122/ 3112
Project TEACH	T195N020027	09/30/2002-09/29/2007	189,717		189,717	3029/ 3094
Teacher Education Anytime, Anywhere Program - II (TEAAP II)	R215K010083	07/01/2001-06/30/2006	74,388		74,388	3201
GEAR UP	P334A020142	09/15/2002-09/14/2007	207,383		207,383	3102/ 3140
Emergency Supplemental Appropriation to Address Hurricanes in the Gulf of Mexico	P938E060050	02/23/2006-09/30/2006	1,000,000		1,000,000	3641
MSN Advanced Education Nursing Traineeship Program	A10-HP-00231	07/01/2005-06/30/2006	34,998		34,998	3065
Population Genetics of Rana Sevosa, the Dusky Gopher Frog, as Estimated using DNA Microsatellites	1448-40181-01-G-082	06/01/2001-06/2/2006	10,183		10,183	3055
Global Assessment of Arribada Olive Ridley Sea Turtles	98210-6-G014	03/15/2006-05/31/2007	14,787		14,787	3248
Bacterial Source Tracking of Fecal Pollutants and Establishment of Nutrient TMDL in the Northern Boundaries of the Lake Pontchartrain Basin	03HQAG0109	09/03/2003-09/01/2006	132,763		132,763	3221
Investigation of Suspended Optics' Motion of the LIGO Detector and Its Influence on Performance	PHY-0354942	06/01/2004-06/30/2006	29,183		29,183	3236
CAREER: Improved Measurement of Dayside Magnetospheric Reconnection	ATM-9983402	08/01/2000-07/31/2006	10,486		10,486	3245
CEDAR: Investigation of High-Spectral Width HF Radar Ionospheric Backscatter with Coordinated ISR Diagnostic Observations	ATM-0535377	01/01/2006-12/31/2006	2,820		2,820	3238
Assembly of Wetland Plant Communities along Gradients: An Experimental Study	DEB-0129024	02/01/2002-01/31/2007	47,916		47,916	3063
RUI: Diversity and Dynamics of Forest Butterflies in Ghana's Indigenous Sacred Groves and Forest Reserves	DEB-0612119	11/01/2005-08/31/2007	15,328		15,328	3235
Ecology & Restoration Potential of the Manchac Area Wetlands	R-82898001-2	07/23/2001-07/22/2006	687,631		687,631	3264-3271 3320-3331
Ecology & Restoration Potential of the Manchac Area Wetlands: Phase IV	X-83262201-0	10/01/2005-09/30/2010	97,823		97,823	3280-3286
Numerical Simulation of Plasma Turbulence in the Tokamak Edge	DE-FG02-96ER54370	08/01/1996-01/31/2007	19,893		19,893	3050
Combined Substrate Polymerase Inhibitors	R15GM06768601A1	01/01/2004-12/31/2006	58,433		58,433	3219
Molecular Role of Segment 6 in Heart Na Channel Slow Inactivation	IRI5HL080009-01	05/01/2005-04/30/2008	29,204		29,204	3277

**STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006**

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other I.D. No.	Pass-Through Entity's Number
<u>Direct Awards:</u>		<u>Student Financial Assistance Cluster (SFA)</u>		
U.S. Department of Education		Federal Supplemental Educational Opportunity Grants	84.007	
U.S. Department of Education		Federal Supplemental Educational Opportunity Grants	84.007	
U.S. Department of Education		Federal Supplemental Educational Opportunity Grants	84.007	
U.S. Department of Education		Federal Supplemental Educational Opportunity Grants	84.007	
U.S. Department of Education		Federal Work-Study Program	84.033	
U.S. Department of Education		Federal Work-Study Program	84.033	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Education		Federal Pell Grant Program	84.063	
U.S. Department of Health and Human Services		Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	
<u>Direct Awards:</u>		<u>TRIO Cluster</u>		
U.S. Department of Education		TRIO_Student Support Services	84.042A	
U.S. Department of Education		TRIO_Talent Search	84.044A	
U.S. Department of Education		TRIO_Talent Search	84.044A	
U.S. Department of Education		TRIO_Upward Bound	84.047A	
U.S. Department of Education		TRIO_Upward Bound	84.047A	
U.S. Department of Education		TRIO_Upward Bound	84.047A	
U.S. Department of Education		TRIO_Upward Bound	84.047M	
U.S. Department of Education		TRIO_Educational Opportunity Centers	84.066A	
U.S. Department of Education		TRIO_Dissemination Partnership Grants	84.344A	
<u>Awards From a Pass-Through Entity:</u>		<u>Other Pass-Through Awards</u>		
U.S. Department of Health and Human Services	Regina Coeli Child Development Center	Head Start	93.600	None

Preparer: Bette Schexnayder
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EIN Number: 72-6000816
Full Accrual Accounting Basis

Project Name	Award ID Number	Award Period	Expenditures	Issues	Total	Dept Number
Federal Supplemental Educational Opportunity Grants - Administrative Costs	P007A051668	07/01/2005-06/30/2006	22,838		22,838	3992
Federal Supplemental Educational Opportunity Grants - Direct Payments	P007A051668	07/01/2005-06/30/2006	456,761		456,761	3992
Federal Supplemental Educational Opportunity Grants - Administrative Costs	P007A031668	07/01/2003-06/30/2004	(15)		(15)	3993
Federal Supplemental Educational Opportunity Grants - Direct Payments	P007A031668	07/01/2003-06/30/2004	(300)		(300)	3993
Federal Work-Study Program - Compensation Paid Students	P033A051668	07/01/2005-06/30/2006	637,844		637,844	3991
Federal Work-Study Program - Job Location & Development	P033A051668	07/01/2005-06/30/2006	44,984		44,984	3048
Federal PELL Grant Program - Administrative Costs	P063Q051524	07/01/2005-06/30/2006	28,505		28,505	1000
Federal PELL Grant Program - Administrative Costs	P063Q041524	07/01/2004-06/30/2005	1,030		1,030	1000
Federal PELL Grant Program - Direct Payments	P063P051524	07/01/2005-06/30/2006	14,901,225		14,901,225	3990
Federal PELL Grant Program - Direct Payments	P063P041524	07/01/2004-06/30/2005	35,786		35,786	3995
Federal PELL Grant Program - Direct Payments	P063P031524	07/01/2003-06/30/2004	(1,013)		(1,013)	3995
Scholarships for Disadvantaged Students - Health Professions	T08HP04597-01-00	07/01/2005-06/30/2006	43,184		43,184	3996
Student Support Services	P042A010557	09/01/2001-08/31/2006	339,893		339,893	3203/3206 3181
Talent Search Program	P044A020643	09/01/2002-08/31/2006	316,417		316,417	3223/ 3228
Talent Search - St. Helena / Washington	P044A020653	09/01/2002-08/31/2007	204,147		204,147	3212/ 3220
Upward Bound Program - Tangipahoa Parish	P047A031154	10/01/2003-09/30/2008	435,159		435,159	3207/3216 3250/3251
Upward Bound Program - Livingston/ St. Helena Parishes	P047A030223	10/01/2003-09/30/2008	368,756		368,756	3087/3088 3258/3259
Veterans Upward Bound	P047A031018	09/01/2003-08/31/2008	354,381		354,381	3080/ 3085
Upward Bound - Math and Science Competition	P047M030233	10/01/2003-09/30/2007	348,456		348,456	3030/ 3034
Educational Opportunity Center	P066A020100	09/01/2002-08/31/2006	379,868		379,868	3086/ 3089
TRIO Dissemination	P344A030035	10/01/2003-09/30/2006	177,015		177,015	3100/ 3101
SLU Head Start Child Development Center	None	07/01/2005-06/30/2006	1,464		1,464	1197

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other I.D. No.	Pass-Through Entity's Number
Awards from a Pass-Through Entity:		<u>Research and Development Cluster (R&D)</u>		
U.S. Department of Agriculture	University of Georgia	Grants for Agricultural Research, Special Research Grants	10.200	RD309-061/ 9820567
National Oceanic and Atmospheric Admin (NOAA)	University of New Orleans Research and Technology Foundation	Habitat Conservation	11.463	58534-S12
National Oceanic and Atmospheric Admin (NOAA)	University of New Orleans Research and Technology Foundation	Habitat Conservation	11.463	58534-S11
National Science Foundation	San Diego State University Research Foundation	Education and Human Resources	47.076	52270A P1623 7813 211-E0003484
U.S. Department of Energy	Mecom, Inc.	Small Business Technology Transfer	81.DEFG0203ER86172	None
U.S. Department of Education	National Writing Project Corporation	National Writing Project	84.928A	92-LA-05
U.S. Department of Health and Human Services	University of Texas Health Center at Tyler	Occupational Safety and Health Program	93.262	SC04-07
U.S. Department of Health and Human Services	University of Texas Health Center at Tyler	Occupational Safety and Health Program	93.262	SC04-07
U.S. Department of Health and Human Services	Houston Academy of Medicine - Texas Medical Center Library	Medical Library Assistance	93.879	None
U.S. Department of Health and Human Services	Southeast Louisiana Area Health Education Center Foundation	Rural Health Care Services Outreach and Rural Health Network Development Program	93.912C	None
U.S. Department of Health and Human Services	Southeast Louisiana Area Health Education Center Foundation	Rural Health Care Services Outreach and Rural Health Network Development Program	93.912C	None
U.S. Department of Health and Human Services	Southeast Louisiana Area Health Education Center Foundation	Rural Health Care Services Outreach and Rural Health Network Development Program	93.912C	None

Preparer: Bette Schexnayder
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Full Accrual Accounting Basis

Project Name	Award ID Number	Award Period	Expenditures	Issues	Total	Dept Number
Expanding the Marketing Opportunities for Minority & Limited Resource Farmers in Louisiana & Mississippi	2005-38640-15542	09/01/2005-08/31/2006	10,351		10,351	3232
Teacher Workshop and Wet-Lab Enhancement at Turtle Cove Environmental Research Station	NA16FZ2719	09/01/2003-08/31/2006	18,628		18,628	3164
Habit - State Change in the Wetlands of Lake Pontchartrain Basin	NA16FZ2719	09/01/2003-08/31/2006	22,718		22,718	3255/ 3260
Professional Development Materials for Constructing Physics Understanding Among Elementary Teachers	ESI-0096856	06/01/2005-12/31/2006	29,597		29,597	3473
Sequestration and Bioconversion of Carbon Dioxide to Methane	DE-FG02-03ER86172	4/16/2003-12/31/2005	24,187		24,187	3246
Southeastern Louisiana Writing Project	92-LA-05	06/01/1993-06/30/2007	38,481		38,481	3098
Healthy Farm Families Initiative	U50 OH07541-03	09/30/2004-09/29/2005	25,490		25,490	3252
Healthy Farm Families Initiative	U50 OH07541	09/30/2005-09/29/2006	39,696		39,696	3253
A Study to Examine PDA Use by Undergraduate Nursing Students: Encouraging Future Clinicians to Access Health Information at the Point of Care	NO1-LM-1-3515	09/15/2005-04/30/2006	5,000		5,000	3139
Southeast Louisiana Health Education - Continuing Education	None	08/22/2005-07/30/2006	9,995		9,995	3185
Better Health for the Delta - Community Encourager Grant	None	09/01/2004-08/31/2005	11,796		11,796	3132
Better Health for the Delta Program Grant	None	09/01/2005-08/31/2006	21,620		21,620	3214
					<u>22,677,788</u>	<u>22,677,788</u>

**STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
Schedule of Fixed Price Contracts
For the Year Ended June 30, 2006**

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other I.D. No.	Pass-Through Entity's Number
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No Federal Program Funds were Received on Fixed Price Contracts with a Federal Agency or a Non-State Agency.

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Full Accrual Accounting Basis

<u>Project Name</u>	<u>Award ID Number</u>	<u>Award Period</u>	<u>Expenditures</u>	<u>Issues</u>	<u>Total</u>	<u>Dept Number</u>
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**STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
Schedule of Disclosures for Federally Assisted Loans
For the Year Ended June 30, 2006**

Federal Grantor	Program Name	Federal CFDA No.	Loans Made Or Disbursed During Year	Outstanding Loan Balance	Principal and Interest Cancelled
U.S. Department of Health & Human Services	Nursing Student Loans	93.364	0	19,401	N/A
U.S. Department of Health & Human Services	Health Professions Student Loans/ Loans for Disadvantaged Students	93.342	N/A	N/A	N/A
U.S. Department of Education	Federal Perkins Loan Program - Federal Capital Contributions	84.038	404,773	2,291,525	N/A
U.S. Department of Education	Federal Family Education Loans (FFEL)	84.032	40,642,108	N/A	N/A
U.S. Department of Education	Federal Perkins Loans - Teacher/Military Cancellations	84.037	N/A	N/A	17,279
U.S. Department of Education	Federal Perkins Loans - Law Enforcement Cancellations	84.037	N/A	N/A	1,749
U.S. Department of Education	Federal Perkins Loans - Nurse/Medical Technician Cancellations	84.037	N/A	N/A	17,726
U.S. Department of Education	Federal Perkins Loans - Child/Family and Early Intervention Cancellations	84.037	N/A	N/A	11,189
U.S. Department of Education	Federal Perkins Loans - Teacher Shortage Cancellations	84.037	N/A	N/A	3,867
U.S. Department of Education	Federal Perkins Loans - Death and Disability Cancellations	84.038	N/A	N/A	3,730

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**STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

For the Year Ended June 30, 2006

Finding Title: **Failure to Obtain Waiver and Meet Matching Requirements**

Reference Number (from attached schedule of findings): **F-05-ED-SLU-1**

Single Audit Report Year: **2005**

Initial Year of Finding: **2005**

Amount of Questioned Costs in Finding: \$ **60,950**

Status of Questioned Costs Resolved _____ Unresolved **X**

No Further Action Needed _____

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

The U.S. Department of Education has been informed of the match shortage through the FISAP report.

However, no action has been taken by the U.S. Department of Education to date.

Page Number (from Single Audit Report): *2005 Single Audit Report is not available at this time*

Program Name(s): **Federal Work-Study Program**

Federal Grantor Agency: **U.S. Department of Education**

CFDA Number(s): **84.033**

Status of Finding (check one):

Fully Corrected _____ Not Corrected _____

Partially Corrected **X** _____ No Further Action Needed _____

Change of Corrective Action _____ See OMB A-133 Section 315(b)(4) _____

Description of Status: **Southeastern was not successful in obtaining the waiver of institutional share requirements under the Federal Work-Study Program for the 2003 - 2004 award year and fell short of the resulting match requirement by \$60,950.**

Southeastern has obtained the waiver each subsequent year. The U.S. Department of Education has been informed of the match shortage through the submission of the Fiscal Operations and Application to Participate (FISAP) Report. No action has been taken by the U.S. Department of Education to date.

Preparer's Signature: **Bette Schexnayder**

Phone Number: **(985) 549-2068**

DUNS Number: **883227324**

EIN Number: **72-6000816**

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
 Schedule of Non-State Subrecipients of
 Major Federal Programs
 For the Year Ended June 30, 2006

Federal Grantor and CFDA or Other Identifying No.	Award or Subaward Number	Project Number	Major Program Name and Cluster Name, when Applicable	Amount of Major Program Funds Disbursed to Non-State Subrecipient	Non-State Subrecipient	Dept Number
<u>Research & Development Cluster</u>						
<u>U.S. Department of Agriculture</u>						
10.200	2005-38640-15542		Grants for Agricultural Research, Special Research Grants	715	Mississippi Association of Cooperatives	3232
10.200	2005-38640-15542		Grants for Agricultural Research, Special Research Grants	1,302	Delta State University	3232
10.200	2005-38640-15542		Grants for Agricultural Research, Special Research Grants	433	Morehouse Parish Black Farmers and Land Owners Association	3232
<u>Subtotal 10.200</u>				<u>2,450</u>		
<u>U.S. Department of the Interior</u>						
15.FFB	1448-40181-01-G-082		Endangered Species Act of 1973	9,500	Eastern Kentucky University	3055
15.808	03HQAG0109		U.S. Geological Survey_Research a and Data Collection	90,856	University of Illinois	3221
<u>National Science Foundation</u>						
47.074	DEB-0612119		Biological Sciences	9,784	Carnegie Institute	3235
<u>Total Research & Development Cluster</u>				<u>112,590</u>		

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 EIN Number: 72-6000816
 Basis of Accounting: Full Accrual

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
 Schedule of State Agency/University Subrecipients of
 Federal Programs
 For the Year Ended June 30, 2006

Federal Grantor and CFDA or Other Identifying No.	Award or Subaward Number	Project Number	Federal Program Name and Cluster Name, when Applicable	Amount of Federal Program Funds Disbursed to State Agencies or Universities	State Agency or University Subrecipient	Dept Number
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Research & Development Cluster

U.S. Environmental Protection Agency

66.500	R-82898001		Environmental Protection_ Consolidated Research	16,898	University of New Orleans	3329
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Total Research & Development Cluster 16,898

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