



ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2021

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Statement of Net Position
 Fiscal Year Ended June 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$35,071,082
Investments	7,629,661
Receivables, net	10,261,065
Due from state treasury	116,104
Due from federal government	14,170,742
Inventories	742,489
Prepaid expenses and advances	507,305
Notes receivable	215,096

Total current assets	<u>68,713,544</u>
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Noncurrent Assets

Restricted assets:

Cash and cash equivalents	13,807,811
Investments	24,898,758
Notes receivable, net	553,947
Capital assets, net (including capital leases)	<u>210,438,992</u>

Total noncurrent assets	<u>249,699,508</u>
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Total assets	<u>318,413,052</u>
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Deferred Outflows of Resources

Deferred outflows relating to pensions	50,679,241
Deferred outflows relating to OPEB	<u>12,379,696</u>

Total deferred outflows of resources	<u>63,058,937</u>
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Total assets and deferred outflows	<u><u>\$381,471,989</u></u>
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Statement of Net Position
Fiscal Year Ended June 30, 2021

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	\$9,643,873
Due to state treasury	3,894
Unearned revenues	6,782,872
Amounts held in custody for others	3,174,084

Current Portion of Noncurrent Liabilities

Compensated absences payable	489,159
Capital lease obligations	545,000
Bonds payable	4,540,000
OPEB Liability	3,900,000

Total current liabilities	<u>29,078,882</u>
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Long-term Portion of Noncurrent Liabilities

Compensated absences payable	7,438,127
Bonds payable	91,591,049
Net pension liability	171,523,945
OPEB liability	134,153,915

Total noncurrent liabilities	<u>404,707,036</u>
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Total liabilities	<u>433,785,918</u>
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Deferred Inflows of Resources

Deferred inflows relating to pensions	5,128,902
Deferred inflows relating to OPEB	17,405,909

Total deferred inflow of resources	<u>22,534,811</u>
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Total liabilities and deferred inflows	<u>456,320,729</u>
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Net Position

Net investment in capital assets	116,966,636
Restricted for:	
Nonexpendable	13,389,865
Expendable	50,370,523
Unrestricted	(255,575,764)

Total net position	<u>(74,848,740)</u>
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Total liabilities, deferred inflows, and net position	<u>\$381,471,989</u>
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Statement of Revenues, Expenses, and Changes in Net Position
Fiscal Year Ended June 30, 2021

Operating Revenues

Student tuition and fees	\$102,562,401
Less scholarship allowances	(34,825,764)
Net student tuition and fees	<u>67,736,637</u>
Federal grants and contracts	10,163,689
State and local grants and contracts	4,154,390
Nongovernmental grants and contracts	307,344
Sales and services of educational departments	725,904
Auxiliary enterprise revenues	22,514,029
Less scholarship allowances	(6,248,073)
Net auxiliary revenues	<u>16,265,956</u>
Other operating revenues	<u>1,840,360</u>
Total operating revenues	<u>101,194,280</u>

Operating Expenses

Educational and general:	
Instruction	69,830,439
Research	970,978
Public service	6,004,765
Academic support	11,344,491
Student services	10,099,622
Institutional support	14,619,191
Operations and maintenance of plant	15,337,293
Depreciation	10,103,511
Scholarships and fellowships	16,452,085
Auxiliary enterprises	12,839,772
Other operating expenses	<u>505,311</u>
Total operating expenses	<u>168,107,458</u>

Operating loss	<u>(66,913,178)</u>
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Statement of Revenues, Expenses, and Changes in Net Position
 Fiscal Year Ended June 30, 2021

Nonoperating Revenues (Expenses)	
State appropriations	\$23,826,675
Gifts	1,054,564
Federal nonoperating revenues	39,703,737
Net investment income	540,769
Interest expense	(3,774,515)
Other nonoperating revenues	2,393,681
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Net nonoperating revenues	63,744,911
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Income before other revenues, expenses, gains and losses	(3,168,267)
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Capital appropriations	1,525,417
Capital grants and gifts	1,084,336
Additions to permanent endowments	345,770
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Increase in net position	(212,744)
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Net position at the beginning of the year, restated	(74,635,996)
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Net position at the end of the year	<u><u>(\$74,848,740)</u></u>

Statement of Cash Flows
Fiscal Year Ended June 30, 2021

Cash Flows From Operating Activities	
Tuition and fees	\$67,142,286
Grants and contracts	9,427,247
Sales and services of educational departments	271,023
Auxiliary enterprise receipts	16,670,949
Payments for employee compensation	(77,825,609)
Payments for benefits	(33,555,622)
Payments for utilities	(4,766,206)
Payments for supplies and services	(31,758,279)
Payments for scholarships and fellowships	(10,284,197)
Collection of loans to students	490,386
Other receipts	1,922,701
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Net cash used by operating activities	(62,265,321)
Cash Flows From Non-Capital Financing Activities	
State appropriations	29,106,399
Gifts and grants for other than capital purposes	1,054,564
Pell Grant receipts	23,387,504
Private gifts for endowment purposes	345,770
TOPS receipts	27,538,574
TOPS disbursements	(27,488,802)
CARES Act receipts	16,139,288
Direct lending receipts	40,725,085
Direct lending disbursements	(41,112,523)
Other receipts	2,111,207
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Net cash provided by noncapital financing sources	71,807,066
Cash Flows From Capital Financing Activities	
Proceeds from capital debt	23,332,834
Purchases of capital assets	(1,260,883)
Principal paid on capital debt and leases	(31,654,058)
Interest paid on capital debt and leases	(1,826,270)
Other sources	(851,583)
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Net cash used by capital financing activities	(12,259,960)
Cash Flows From Investing Activities	
Proceeds from sales and maturities of investments	7,196,404
Interest received on investments	(2,621,229)
Purchases of investments	(6,398,745)
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Net cash used by investing activities	(1,823,570)
Net decrease in cash and cash equivalents	(4,541,785)
Cash and cash equivalents at the beginning of the year	53,420,678
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Cash and cash equivalents at the end of the year	\$48,878,893
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Statement of Cash Flows
Fiscal Year Ended June 30, 2021

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

Operating loss	(\$66,913,178)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation expense	10,103,511
Retirement contributions paid by third parties	478,297
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Increase in accounts receivable, net	(7,791,555)
Decrease in inventories	24,499
Decrease in prepaid expenses and advances	724,677
Decrease in other assets	490,386
Increase in deferred outflows related to pensions	(11,720,259)
Increase in deferred outflows related to OPEB	(4,208,032)
Increase in accounts payable and accrued liabilities	1,688,815
Increase in unearned revenue	635,698
Decrease in amounts held in custody for others	(141,942)
Decrease in compensated absences	(602,206)
Increase in net pension liability	18,518,430
Increase in OPEB liability	7,086,087
Decrease in deferred inflows related to pensions	(4,579,336)
Decrease in deferred inflows related to OPEB	(6,059,213)
	<u>(6,059,213)</u>
Net cash used by operating activities:	<u><u>(\$62,265,321)</u></u>

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

Cash and cash equivalents classified as current assets	35,071,082
Cash and cash equivalents classified as noncurrent assets	13,807,811
	<u>13,807,811</u>
Total cash and cash equivalents	<u><u>\$48,878,893</u></u>

Schedule of Noncash Investing, Capital, and Financing Activities

Capital appropriations	\$1,525,417
Change in fair market value of investments	\$3,161,998
Capital gifts and grants	\$1,084,336
Retirement contributions paid by third parties	\$478,297

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

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

The university had approximately 14,461 students enrolled during the fall semester of the 2020/2021 academic year and employed approximately 1,566 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

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

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

Blended Component Unit

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

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

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

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

C. BASIS OF ACCOUNTING

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

D. BUDGET PRACTICES

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

the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; and (4) inventories are recorded as expenditures at the time of purchase.

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The University follows Louisiana Revised Statute (R.S.) 49:327 as applicable to institutions of higher education in establishing investment policy. R.S. 49:327 authorizes the University to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds.

Funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture. The University's foundation holds and manages funds received by the University for the Endowed Chairs and Endowed Professorship programs; the Louisiana Board of Regents has established investment policies and procedures related to how endowment funds may be invested.

Investments are reported at fair value, or at net asset value, where applicable, for certain endowment investments, in accordance with GASB Statement No. 31, as amended by GASB Statement No. 72. Changes in the carrying value of investments, resulting from unrealized gains and losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. For purposes of the Statement of Cash Flows, the University considers all highly-liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. NONCURRENT RESTRICTED ASSETS

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

G. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million must be capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, three to 10 years for most movable property, three years for software with an acquisition cost of \$1,000,000 or more, and three to 10 years for internally generated software with development costs of \$1,000,000 or more.

H. UNEARNED REVENUES

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

I. COMPENSATED ABSENCES

The University's compensated absences liability is computed in accordance with GASB Codification Section C60.

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

Upon separation of employment, both classified and nonclassified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and nonclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of

the Louisiana State Employees' Retirement System (LASERS), upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave, which would otherwise have been used to compute years of service for retirement. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

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

J. NONCURRENT LIABILITIES

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

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

K. NET POSITION

The University's net position is classified as follows:

(1) Net Investment in Capital Assets

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

(2) Restricted Net Position – Expendable

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

(3) Restricted Net Position – Nonexpendable

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

(4) Unrestricted Net Position

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

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

L. CLASSIFICATION OF REVENUES AND EXPENSES

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

(1) Operating Revenue

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

(2) Nonoperating revenue

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

(3) Operating expenses

Operating expenses generally include transactions resulting from providing goods or services, such as (a) payments to vendors for goods or services;

(b) payments to employees for services; and (c) payments for employee benefits.

(4) Nonoperating expenses

Nonoperating expenses include transactions resulting from financing activities, capital acquisitions, and investing activities.

M. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

N. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2021, there were no new GASB pronouncements affecting the University's financial statements.

2. CASH AND CASH EQUIVALENTS

At June 30, 2021, the University has cash and cash equivalents of \$48,878,893, as follows:

Demand Deposits	\$18,273,940
Certificates of Deposit	14,816,371
Petty Cash	12,250
Blended Component Unit Cash	<u>15,776,332</u>
Total Cash	<u><u>\$48,878,893</u></u>

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

held in the name of the University or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

As of June 30, 2021, the University's bank balance totaled \$50,219,831.

3. INVESTMENTS

At June 30, 2021, the University has investments totaling \$32,528,419, of which \$21,998,689 was held by the University's foundation.

Fair Value Measurement

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

(1) Level 1

Valuations are based on quoted market prices for identical assets or liabilities traded in active markets.

(2) Level 2

Valuations are based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability.

(3) Level 3

Valuations are determined by using the best information available under the circumstances and might include the government's own data. In developing unobservable inputs, a government may begin with its own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

Fair values of assets measured on a recurring basis at June 30, 2021, are as follows:

Description	Totals	Quoted Prices in Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2
Investments held by foundations:			
U.S. government securities:			
US Treasury Notes	\$1,905,638	1,905,638	
Federal Home Loan Mortgage Corporation	611,113		\$611,113
Federal National Mortgage Association	1,212,002		1,212,002
Mutual funds	623,489	623,489	
Money market accounts	116,828		116,828
Equity funds	759,425	759,425	
Common and preferred stock	14,457,316	14,457,316	
Corporate bonds/obligations	1,751,720		1,751,720
Other	561,158	98,627	462,531
Subtotal	21,998,689	<u>\$17,844,495</u>	<u>\$4,154,194</u>
Not categorized	<u>10,529,730</u>		
Total	<u>\$32,528,419</u>		

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

Investments not categorized totaling \$10,529,730 represent the University's investments held by the University's blended component unit reported under Financial Accounting Standards Board Accounting Standards Codification (ASC) §958.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State law as applicable to institutions of higher education does not address interest rate risk. In addition, the University does not have policies to limit interest rate risk. The University's fixed-income investments and maturities at June 30, 2021, follow:

Description	Percentage of Investments	Fair Value	Investment Maturities in Years				
			Less Than 1 Year	1-5 Years	6-10 Years	11-20 Years	Over 20 Years
Investments held by foundations:							
US Government Securities:							
US Treasury Notes	5.86%	\$1,905,638	\$452,017	\$1,397,158	\$56,463		
Federal Home Loan Mortgage Corporation	1.88%	611,113			1,966	\$61,143	\$548,004
Federal National Mortgage Association	3.73%	1,212,002			7,390	83,650	1,120,962
Mutual Funds	1.92%	623,489		563,602	59,887		
Money Market Accounts	0.36%	116,828					
Equity Funds	2.33%	759,425					
Common and Preferred Stock	44.45%	14,457,316					
Corporate Bonds/Obligations	5.39%	1,751,720	69,754	428,290	1,253,676		
Other	1.73%	561,158					
Held by Blended Component Units	32.37%	10,529,730					
Totals	100.00%	\$32,528,419	\$521,771	\$2,389,050	\$1,379,382	\$144,793	\$1,668,966

Custodial Credit Risk

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

Concentration of Credit Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As stated above, the University follows R.S. 49:327 to limit credit risk. The University does not have policies to further limit credit risk. The University's foundation follows guidelines established by the Board of Regents to limit credit risk for the University's endowment investments.

Rating Agency	Ratings	Fair Value
Standard & Poor's	AA+	\$623,489
Moody's	Aaa	1,905,638
Moody's	Aa1	53,730
Moody's	A1	320,571
Moody's	A2	363,651
Moody's	A3	305,035
Moody's	Baa1	279,650
Moody's	Baa2	429,081
Unrated		<u>28,247,574</u>
Totals		<u><u>\$32,528,419</u></u>

4. RECEIVABLES

Receivables, net of an allowance for doubtful accounts, at June 30, 2021, reported on the Statement of Net Position are composed of the following:

Account	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Student tuition and fees	\$11,339,369	(\$3,618,636)	\$7,720,733
Auxiliary enterprises	834,592		834,592
Federal, state, and private grants and contracts	599,132		599,132
Insurance recoveries	39,519		39,519
Other	<u>1,067,089</u>		<u>1,067,089</u>
Total Receivables	<u><u>\$13,879,701</u></u>	<u><u>(\$3,618,636)</u></u>	<u><u>\$10,261,065</u></u>

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets for the fiscal year ended June 30, 2021, follow:

Description	Beginning Balance	Prior Period Adjustment	Restated Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets not being depreciated:							
Land	\$1,464,209		\$1,464,209				\$1,464,209
Land improvements	6,761,781		6,761,781				6,761,781
Capitalized collections	314,621		314,621				314,621
Construction-in-progress	1,033,524		1,033,524	\$1,747,495	(\$1,283,313)		1,497,706
Total assets not being depreciated	9,574,135	-	9,574,135	1,747,495	(1,283,313)	-	10,038,317
Capital assets being depreciated:							
Land improvements	2,994,823		2,994,823				2,994,823
Buildings	346,938,056		346,938,056	1,354,965	1,283,313		349,576,334
Equipment (including library books)	21,360,841		21,360,841	768,176		(\$1,703,828)	20,425,189
Software	1,066,242		1,066,242				1,066,242
Total capital assets being depreciated	372,359,962	-	372,359,962	2,123,141	1,283,313	(1,703,828)	374,062,588
Less accumulated depreciation:							
Land improvements	(1,023,757)		(1,023,757)	(149,741)			(1,173,498)
Buildings	(146,566,548)	(\$2,738)	(146,569,286)	(8,657,899)			(155,227,185)
Equipment	(16,586,805)		(16,586,805)	(1,295,871)		1,687,688	(16,194,988)
Software	(1,066,242)		(1,066,242)				(1,066,242)
Total accumulated depreciation	(165,243,352)	(2,738)	(165,246,090)	(10,103,511)	-	1,687,688	(173,661,913)
Total capital assets, net	\$216,690,745	(\$2,738)	\$216,688,007	(\$6,232,875)	-	(\$16,140)	\$210,438,992

Southeastern Louisiana University capitalizes collections that include various works of art and historical items, including sculptures, statues, portraits, murals, book collections, war artifacts, and maps.

6. PAYABLES

Payables and accrued expenses at June 30, 2021, are summarized in the following:

Description	Amount
Vendor payables	\$3,110,411
Accrued salaries and pay roll deductions	4,950,802
Accrued interest	1,582,660
Total payables	<u>\$9,643,873</u>

7. COMPENSATED ABSENCES

At June 30, 2021, employees of the University have accumulated vested annual, sick, and compensatory leave, the total balance of which is recorded in the accompanying financial statements and is summarized as follows:

Description	Amount
Annual Leave	\$3,945,681
Sick Leave	3,830,374
Compensatory Leave	<u>151,231</u>
Total Compensated Absences	<u><u>\$7,927,286</u></u>

8. PENSION LIABILITY

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

9. OPTIONAL RETIREMENT SYSTEM

The University participates in the optional retirement plan (ORP), a defined contribution plan, which is administered by TRSL and which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants. The System includes the required disclosures for ORP in its audited financial statements.

10. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The University provides certain continuing health care and life insurance benefits for its retired employees, offering them the opportunity to participate in the State's Office of Group Benefits plan. Substantially, all University employees become eligible for these benefits if they reach normal retirement age while working for the University. The System includes the required disclosures for the other postemployment benefit plan in its audited financial statements.

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2021, the total rental expense for all operating leases is \$101,321. Following is a schedule, by years, of future minimum annual rental payments required under operating leases:

Fiscal Year Ending June 30,	Office Space	Equipment	Total Minimum Payments Required
2022	\$12,001	\$60,540	\$72,541
2023	1	13,065	13,066
2024	1	5,360	5,361
2025	1		1
2026	1		1
2027-2031	5		5
2032-2036	5		5
2037-2041	5		5
2042-2046	4		4
2047-2051			0
Thereafter			0
Total	\$12,024	\$78,965	\$90,989

Capital Leases

The University records items under capital leases as assets and obligations in the accompanying financial statements. The University's capital leases at June 30, 2021, consist of various leases as follows:

Nature of Lease	Buildings
Gross amount of leased assets (historical cost)	\$5,523,464
Remaining interest to end of lease	\$5,968
Remaining principal to end of lease	\$545,000

Following is a schedule of future minimum lease payments under these capital leases, together with the present value of minimum lease payments at June 30, 2021:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
FY 2022	<u>550,968</u>
Total minimum lease payments	550,968
Less - amount representing interest	<u>(5,968)</u>
Present value of net minimum lease payments	<u><u>\$545,000</u></u>

Lessor - Operating Leases

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

The following schedule provides an analysis of the University's investment in property on operating leases and property held for lease by major classes as of June 30, 2021:

	<u>Buildings</u>
Cost	\$14,586,250
Accumulated depreciation	<u>(3,031,359)</u>
Carrying amount	<u><u>\$11,554,891</u></u>

Following is a schedule by years of minimum future rentals on non-cancelable operating leases as of June 30, 2021:

<u>Fiscal Year Ending June 30,</u>	<u>Buildings</u>
2022	1,008,814
2023	1,010,926
2024	<u>759,037</u>
Total minimum future rentals	<u><u>\$2,778,777</u></u>

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume or customer usage of services provided. Contingent rentals received from operating leases of buildings for the year ended June 30, 2021, were \$211,057.

12. LONG-TERM LIABILITIES

The following is a summary of bond and other long-term debt transactions of the University for the year ended June 30, 2021:

Southeastern Louisiana University	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Notes and bonds payable:					
Bonds payable - publicly offered	\$102,825,611	\$23,332,834	(\$30,027,396)	\$96,131,049	\$4,540,000
Other liabilities:					
Accrued compensated absences payable	8,529,492		(602,206)	7,927,286	489,159
Capital lease obligations	1,075,000		(530,000)	545,000	545,000
Total other liabilities	9,604,492	0	(1,132,206)	8,472,286	1,034,159
Total	<u>\$112,430,103</u>	<u>\$23,332,834</u>	<u>(\$31,159,602)</u>	<u>\$104,603,335</u>	<u>\$5,574,159</u>

Details of all debt outstanding at June 30, 2021, follow:

Bonds Payable

Issue	Date of Issue	Original Issue	Beginning Principal Outstanding	Issued (Redeemed)	Ending Principal Outstanding	Maturities	Interest Rates	Interest Outstanding June 30, 2021
Publicly Offered:								
University Facilities, Inc. (blended component unit):								
Intermodal Parking Series 2007 A and B	March 14, 2007	8,035,000	3,530,000	(235,000)	3,295,000	2037	4.0 - 4.375%	916,432
Student Union Series 2010	November 17, 2010	31,255,000	25,565,000	(25,565,000)	0	2041	0.80 - 5.00%	0
Student Housing Series Refunding Bonds Series 2013	November 13, 2013	40,910,000	23,280,000	(3,415,000)	19,865,000	2027	4.00 - 5.25%	2,261,768
Housing Project Series Revenue Bonds Series 2017	June 6, 2017	35,465,000	35,465,000		35,465,000	2048	5.00%	23,667,875
Student Housing Series Revenue Bonds Series 2019	February 7, 2019	11,960,000	11,960,000		11,960,000	2035	4.00 - 5.00%	5,233,125
LCDA Revenue Refunding Bonds Series 2020	November 24, 2020	20,535,000		20,535,000	20,535,000	2041	2.00-4.00%	9,226,950
Subtotal		148,160,000	99,800,000	(8,680,000)	91,120,000			<u>\$41,306,150</u>
Discounts			(32,932)	(14,540)	(47,472)			
Premiums			5,705,348	1,962,785	7,668,133			
Deferred loss on refunding								
Bond issuance and insurance costs			(2,646,805)	37,193	(2,609,612)			
Total Publicly Offered		<u>\$148,160,000</u>	<u>\$102,825,611</u>	<u>(\$6,694,562)</u>	<u>\$96,131,049</u>			

The annual requirements to amortize all University bonds outstanding at June 30, 2021, follow:

Presentation for University AFRs			
Fiscal Year	Principal	Interest	Total
2022	\$4,540,000	\$4,015,780	\$8,555,780
2023	4,755,000	3,807,140	8,562,140
2024	4,940,000	3,603,224	8,543,224
2025	5,150,000	3,388,524	8,538,524
2026	5,390,000	3,162,988	8,552,988
2027-2031	28,375,000	11,917,812	40,292,812
2032-2036	17,695,000	6,271,932	23,966,932
2037-2041	11,455,000	3,507,500	14,962,500
2042-2046	5,980,000	1,487,500	7,467,500
2047-2051	2,840,000	143,750	2,983,750
Sub-total	91,120,000	41,306,150	132,426,150
Unamortized Discount/ Premium/Issuance Costs	5,011,049		5,011,049
	<u>\$96,131,049</u>	<u>\$41,306,150</u>	<u>\$137,437,199</u>

Following are the debt service reserve requirements of the various bond issues outstanding at June 30, 2021:

Issue	Reserves Available	Reserve Requirement	Excess/ (Deficiency)
Publicly Offered:			
University Facilities, Inc. (blended component unit):			
Revenue Bonds Series 2007	\$402,458	\$386,138	\$16,320
Revenue Refunding Bonds Series 2013	2,136,644	2,045,500	91,144
Total	<u>\$2,539,102</u>	<u>\$2,431,638</u>	<u>\$107,464</u>

In addition to the debt reserves above, as permitted by the University Facilities, Inc.'s bond indentures, University Facilities, Inc. obtained surety bonds issued by insurance companies that meet the definition as reserve fund investments and guarantee payments to fund reserve requirements as follows:

Bond Issue - Publicly Offered	Guaranteed Payment Not to Exceed
University Facilities, Inc.:	
Revenue Bonds 2017	\$4,532,875
Revenue Bonds 2019	\$2,254,200
Revenue Bonds 2020	\$1,484,100

13. REFUNDING OF BONDS

On November 24, 2020, \$20,535,000 of non-taxable Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Refunding Bonds (Southeastern Louisiana University Student Union/University Facilities, Inc. Project) Series 2020 were issued. The proceeds from the bond issuance, together with an additional rental payment of \$1,000,000 and funds on deposit with the 2010 Debt Service Reserve Fund, were used to refund the Series 2010A Bonds in the amount of \$24,800,000, fund the cost of the issuance of the Series 2020 Bonds, including the premium for the bond insurance policy insuring the Series 2020 Bonds, and the surety bond premium for a debt service reserve fund surety policy for the Series 2020 Bonds. The proceeds from the Series 2010A Bonds financed were used to (i) demolish certain existing facilities and renovate, develop and construct the Student Union, the Center for Student Excellence, Student Health Center, Food Service Areas, the Bookstore and other related facilities on the campus of the University (ii) to fund a deposit to the Debt Service Reserve Fund, and (iii) to pay the costs of issuance for the Series 2010 Bonds. In November 2020, the Series 2010A Bonds were defeased through the issuance of the Series 2020 Bonds.

14. INTEREST RATE SWAP AGREEMENTS

Not applicable for the fiscal year ending June 30, 2021.

15. REVENUE USED AS SECURITY FOR REVENUE BONDS

Not applicable for the fiscal year ending June 30, 2021.

16. RESTATEMENT OF BEGINNING NET POSITION

Not applicable for the fiscal year ending June 30, 2021.

17. RESTRICTED NET POSITION

The University has the following restricted expendable net position at June 30, 2021:

Account Title	Amount
Endowments	\$9,394,307
Student Fees	7,054,331
Student Loan Fund	1,910,969
Auxiliary Enterprises	11,864,271
Grants and Contracts	29,506
Maintenance Reserves	1,617,179
Capital Construction/Plant Projects	7,366,291
Debt Service/Retirement of Indebtedness	1,933,546
Scholarships	115,406
Other	9,084,717
Total expendable	<u><u>\$50,370,523</u></u>

Of the total net position reported on the Statement of Net Position for the year ended June 30, 2021, \$7,054,331 was restricted by enabling legislation.

The University's restricted nonexpendable net position totaling \$13,389,865 as of June 30, 2021, was comprised entirely of endowment funds.

Donor Restricted Endowments

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

At June 30, 2021, the University reported restricted-expendable endowments totaling \$9,394,307, all of which is available to be spent for restricted purposes. The University limits endowment spending to the income earned for purposes specified by donors. The donated portion of the endowments is reported in restricted net position - nonexpendable in the Statement of Net Position; the endowment income is reported in restricted net position - expendable.

18. CONDENSED FINANCIAL INFORMATION

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

<u>Statement of Net Position</u>	<u>University Facilities, Inc.</u>
Assets:	
Current Assets	\$27,134,219
Capital Assets	115,119,053
Other Assets	<u>2,900,069</u>
Total assets	<u><u>\$145,153,341</u></u>
Liabilities:	
Current Liabilities	\$7,369,558
Long-term Liabilities	<u>91,591,049</u>
Total liabilities	<u><u>\$98,960,607</u></u>
Net Position:	
Net Investment in Capital Assets	\$22,191,697
Restricted Net Position - Expendable	11,864,271
Unrestricted Net Position	<u>12,136,766</u>
Total net position	<u><u>\$46,192,734</u></u>

Statement of Revenues, Expenses, and Changes in Net Position	University Facilities, Inc.
Operating revenues	\$19,389,993
Operating expenses	(8,157,324)
Depreciation expense	<u>(4,195,100)</u>
Net operating income	7,037,569
Nonoperating revenues (expenses):	
Investment income	16,793
Interest expense	(3,756,776)
Other (net)	<u>(603,382)</u>
Changes in net position	2,694,204
Net position beginning of the year	<u>43,498,530</u>
Net position end of the year	<u><u>\$46,192,734</u></u>

Statement of Cash Flows	University Facilities, Inc.
Net cash flows provided (used) by:	
Operating Activities	\$9,044,693
Capital and Related Financing Activities	(11,274,298)
Investing Activities	<u>2,234,442</u>
Net Increase (Decrease) in Cash	4,837
Cash, Beginning of the Year	<u>197,137</u>
Cash, End of the Year	<u><u>\$201,974</u></u>

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Totals
Instruction	\$44,974,025	\$22,848,719		\$2,414,999	(\$407,304)		\$69,830,439
Research	613,576	94,393		263,009			970,978
Public Service	2,567,690	566,024		2,871,051			6,004,765
Academic Support	6,175,032	1,843,650		3,325,809			11,344,491
Student Services	6,458,214	1,889,358		1,752,050			10,099,622
Institutional Support	7,787,187	2,419,984	\$701,692	3,710,328			14,619,191
Operations and Maintenance of Plant	5,168,523	2,321,985	3,304,173	4,542,612			15,337,293
Depreciation						\$10,103,511	10,103,511
Scholarships and Fellowships					16,452,085		16,452,085
Auxiliary Enterprises	5,677,352	2,321,335	2,327,189	5,355,965	(2,842,069)		12,839,772
Other		(688,570)		1,193,881			505,311
Total operating expenses	<u>\$79,421,599</u>	<u>\$33,616,878</u>	<u>\$6,333,054</u>	<u>\$25,429,704</u>	<u>\$13,202,712</u>	<u>\$10,103,511</u>	<u>\$168,107,458</u>

20. CONTINGENT LIABILITIES AND RISK MANAGEMENT

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

21. ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS

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

The amount of on-behalf payments for salaries and fringe benefits included in the accompanying financial statements for the fiscal year ended June 30, 2021, was \$478,297, which consists of contributions to the TRSL pension plan from non-employer contributing entities.

22. FOUNDATIONS

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

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

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

23. DEFERRED COMPENSATION PLAN

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

24. COOPERATIVE ENDEAVOR AGREEMENTS

Southeastern Louisiana University/Livingston Parish School Board

General

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

Obligations

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

25. SUBSEQUENT EVENTS

On August 29, 2021, Hurricane Ida made landfall and left significant damage in the city of Hammond, the University, and the surrounding areas. The University was closed from August 29 through September 16. The university was able to fully reopen on September 20, 2021. Repairs and cleanup to the University's main campus is well underway. While an enrollment impact is expected, the magnitude of any such impact is unable to be calculated at this time.