

Financial Report

For the Year Ended June 30, 2019



University of Louisiana at Lafayette



UNIVERSITY OF LOUISIANA AT LAFAYETTE

A MEMBER OF THE UNIVERSITY OF LOUISIANA SYSTEM

FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019

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**ANDREA F. GUIDRY
AUXILIARY ACCOUNTANT**

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STATEMENT OF NET POSITION
FISCAL YEAR ENDED JUNE 30, 2019

	University	University of Louisiana at Lafayette Foundation, Inc.	Eliminations	Total Combined
ASSETS				
Current Assets				
Cash and cash equivalents	\$30,336,487	\$2,124,972		\$32,461,459
Receivables, net	32,056,493	516,850	(\$480,000)	32,093,343
Pledges receivable		4,895,298		4,895,298
Due from state treasury	238,152			238,152
Due from federal government	496,907			496,907
Inventories	1,755,518			1,755,518
Prepaid expenses and advances	4,957,416	67,046		5,024,462
Notes receivable	763,919			763,919
Total current assets	70,604,892	7,604,166	(480,000)	77,729,058
Noncurrent Assets				
Restricted assets:				
Cash and cash equivalents	28,004,715	8,798,006		36,802,721
Investments	107,777,381	177,639,163	(104,429,218)	180,987,326
Notes receivable (net)	5,938,249			5,938,249
Pledges receivable		808,331		808,331
Capital assets (net)	471,836,583	12,008,148		483,844,731
Other noncurrent assets		1,448,073		1,448,073
Total noncurrent assets	613,556,928	200,701,721	(104,429,218)	709,829,431
Total assets	684,161,820	208,305,887	(104,909,218)	787,558,489
Deferred Outflows of Resources				
Deferred outflows relating to pensions	70,914,823			70,914,823
Deferred outflows relating to OPEB	8,676,273			8,676,273
Total deferred outflows of resources	79,591,096	NONE	NONE	79,591,096
Total assets and deferred outflows	\$763,752,916	\$208,305,887	(\$104,909,218)	\$867,149,585

(Continued)

The accompanying notes are an integral part of this statement

STATEMENT OF NET POSITION
FISCAL YEAR ENDED JUNE 30, 2019

	University	University of Louisiana at Lafayette Foundation, Inc.	Eliminations	Total Combined
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	\$22,887,071	\$1,100,739		\$23,987,810
Unearned revenues	15,832,880			15,832,880
Amounts held in custody for others	1,727,936			1,727,936
Other liabilities	3,002,845			3,002,845
Current Portion of Noncurrent Liabilities				
Compensated absences payable	808,948			808,948
Notes payable	124,391	22,489		146,880
Bonds payable	6,035,000			6,035,000
Other current liabilities		285,002		285,002
Total current liabilities	50,419,071	1,408,230	NONE	51,827,301
Long-term Portion of Noncurrent Liabilities				
Compensated absences payable	11,601,171			11,601,171
Amounts held in custody for others		40,431,134	(\$40,431,134)	0
Notes payable	751,770	334,470		1,086,240
Bonds payable	260,665,485			260,665,485
Net pension liability	270,804,230			270,804,230
Net OPEB liability	197,766,834			197,766,834
Total noncurrent liabilities	741,589,490	40,765,604	(40,431,134)	741,923,960
Total liabilities	792,008,561	42,173,834	(40,431,134)	793,751,261
Deferred Inflows of Resources				
Deferred inflows relating to pensions	21,985,731			21,985,731
Deferred inflows relating to OPEB	16,258,448			16,258,448
Total deferred outflow of resources	38,244,179	NONE	NONE	38,244,179
Net Position				
Net investment in capital assets	213,293,834	12,008,148		225,301,982
Restricted for:				
Nonexpendable	55,415,000	98,894,413	(50,514,928)	103,794,485
Expendable	76,489,891	54,094,999	(13,963,156)	116,621,734
Unrestricted	(411,698,549)	1,134,493		(410,564,056)
Total net position	(66,499,824)	166,132,053	(64,478,084)	35,154,145
Total liabilities, deferred inflows, and net position	\$763,752,916	\$208,305,887	(\$104,909,218)	\$867,149,585

(Concluded)

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2019**

	University	University of Louisiana at Lafayette Foundation, Inc.	Eliminations	Total Combined
Operating Revenues				
Student tuition and fees (net of allowances totaling \$36,803,993)	\$144,489,253		(\$1,852,127)	\$142,637,126
Gifts received by the foundations		\$9,244,324	(1,600,000)	7,644,324
Endowment income		7,935,336	(4,413,682)	3,521,654
Federal grants and contracts	24,512,413			24,512,413
State and local grants and contracts	5,090,830	1,240		5,092,070
Nongovernmental grants and contracts	22,070,330			22,070,330
Sales and services of educational departments	175,345			175,345
Auxiliary enterprise revenues (net of allowances totaling \$6,361,736)	43,712,443		(14,196)	43,698,247
Other operating revenues	7,303,183	1,005,632		8,308,815
Total operating revenues	247,353,797	18,186,532	(7,880,005)	257,660,324
Operating Expenses				
Educational and general:				
Instruction	100,465,645			100,465,645
Research	54,170,452			54,170,452
Public service	6,135,284			6,135,284
Academic support	20,333,584			20,333,584
Student services	14,674,583			14,674,583
Institutional support	36,664,189			36,664,189
Operations and maintenance of plant	18,125,961			18,125,961
Depreciation	25,830,485	334,345		26,164,830
Scholarships and fellowships	10,885,976			10,885,976
Auxiliary enterprises	56,899,945			56,899,945
Other operating expenses	146,843	13,635,340	(8,990,164)	4,792,019
Total operating expenses	344,332,947	13,969,685	(8,990,164)	349,312,468
Operating income (loss)	(96,979,150)	4,216,847	1,110,159	(91,652,144)

(Continued)

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2019**

	University	University of Louisiana at Lafayette Foundation, Inc.	Eliminations	Total Combined
Nonoperating Revenues (Expenses)				
State appropriations	\$48,205,588			\$48,205,588
Gifts	4,359,254		(\$2,508,544)	1,850,710
Federal nonoperating revenues (expenses)	25,434,253			25,434,253
Net investment income (loss)	6,558,940	\$249,486		6,808,426
Interest expense	(9,255,985)			(9,255,985)
Other nonoperating revenues (expenses)	3,770,488	(28,812)		3,741,676
Net nonoperating revenues (expenses)	79,072,538	220,674	(2,508,544)	76,784,668
Income (loss) before other revenues, expenses, gains, and losses	(17,906,612)	4,437,521	(1,398,385)	(14,867,476)
Capital appropriations	182,036			182,036
Capital grants and gifts	1,924,619		(137,916)	1,786,703
Additions to permanent endowments	1,200,000	2,987,477		4,187,477
Increase (decrease) in net position	(14,599,957)	7,424,998	(1,536,301)	(8,711,260)
Net position at the beginning of the year	(51,899,867)	158,707,055	(62,941,783)	43,865,405
Net position at the end of the year	(\$66,499,824)	\$166,132,053	(\$64,478,084)	\$35,154,145

(Concluded)

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2019

Cash Flows From Operating Activities

Tuition and fees	\$145,465,392
Grants and contracts	50,662,001
Sales and services of educational departments	175,345
Auxiliary enterprise receipts	45,007,284
Payments for employee compensation	(160,223,661)
Payments for benefits	(57,594,099)
Payments for utilities	(8,214,525)
Payments for supplies and services	(79,061,904)
Payments for scholarships and fellowships	(14,808,482)
Loans to students	(543,654)
Collection of loans to students	1,072,352
Other receipts (payments)	7,585,891
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Net cash provided (used) by operating activities	(70,478,060)

Cash Flows From Non-Capital Financing Activities

State appropriations	48,205,559
Gifts and grants for other than capital purposes	6,275,336
Pell Grant receipts (do not report in gifts and grants)	24,622,156
Private gifts for endowment purposes	1,200,000
TOPS receipts	37,581,805
TOPS disbursements	(37,573,892)
Direct lending receipts	64,214,461
Direct lending disbursements	(64,260,291)
Other receipts (payments)	398,028
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Net cash provided (used) by noncapital financing sources	80,663,162

Cash Flows From Capital Financing Activities

Capital grants and gifts received	1,003,425
Purchases of capital assets	(51,139,521)
Principal paid on capital debt and leases	(5,939,185)
Interest paid on capital debt and leases	(11,490,011)
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Net cash provided (used) by capital financing activities	(67,565,292)

(Continued)

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows From Investing Activities

Interest received on investments	\$920,999
Purchases of investments	(181,509)
	<u>739,490</u>
Net cash provided (used) by investing activities	<u>739,490</u>
Net increase (decrease) in cash and cash equivalents	(56,640,700)
Cash and cash equivalents at the beginning of the year	<u>114,981,902</u>
Cash and cash equivalents at the end of the year	<u><u>\$58,341,202</u></u>
Operating income (loss)	(\$96,979,150)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation expense	25,830,485
Retirement contributions paid by third parties	785,355
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
(Increase) decrease in accounts receivable, net	(6,924)
(Increase) decrease in inventories	(149,793)
(Increase) decrease in prepaid expenses and advances	(1,183,787)
(Increase) decrease in notes receivable	548,639
(Increase) decrease in deferred outflows related to pensions	(17,310,086)
(Increase) decrease in deferred outflows related to OPEB	(3,487,039)
Increase (decrease) in accounts payable and accrued liabilities	2,622,603
Increase (decrease) in unearned revenue	1,627,231
Increase (decrease) in amounts held in custody for others	(116,214)
Increase (decrease) in compensated absences	136,833
Increase (decrease) in net pension liability	3,712,571
Increase (decrease) in total OPEB liability	683,675
Increase (decrease) in deferred inflows related to pensions	8,177,810
Increase (decrease) in deferred inflows related to OPEB	<u>4,629,731</u>
Net cash provided (used) by operating activities:	<u><u>(\$70,478,060)</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2018

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

Cash and cash equivalents classified as current assets	30,336,487
Cash and cash equivalents classified as noncurrent assets	<u>28,004,715</u>

Total cash and cash equivalents	<u><u>\$58,341,202</u></u>
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Schedule of Noncash Investing, Capital, and Financing Activities

Capital appropriations	\$182,036
Change in fair market value of investments	(\$1,087,574)
Capital gifts and grants	\$921,194
Disposition of capital assets	(\$70,248)
Retirement contributions paid by third parties	\$785,355
Other	\$210,939

* Other (operating cash payments)

Tenant rentals; miscellaneous income, arts admissions, concessions, and sales; check fines

**Other (cash flows from non capital financing activities)

Insurance recoveries; Pension liability; GO Grant

(Concluded)

The accompanying notes are an integral part of this statement.

INTRODUCTION

The University of Louisiana at Lafayette (University) is a component unit of the University of Louisiana System, a publicly-supported institution of higher education. 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, require the approval of the Board of Regents for Higher Education. The Board of Supervisors is comprised of 15 members appointed for staggered six-year terms by the Governor, with the consent of the Senate, and one student member appointed for a one-year term by a council composed of the student body presidents of the universities within the System. As a state university, operations of the University's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature. The chief executive officer of the System is the president. In addition, the chief executive officer of the University is the university president. The University had approximately 17,123 students enrolled during the fall semester of the 2018-2019 academic year and employed approximately 1,965 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 the GASB.

B. REPORTING ENTITY

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

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

Blended Component Unit

Ragin' Cajun Facilities, Inc. is considered a blended component unit and is included in the reporting entity because it is fiscally dependent on the University. The purpose of this organization is to promote, assist, and benefit the mission of the University through the acquisition, construction, development, management, leasing or otherwise assisting in the acquisition, construction, development, management or leasing of student housing or other facilities on behalf of the University. Although the facilities 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.

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

- Ragin' Cajun Facilities, Inc., c/o Ms. Debra L. Calais, University of Louisiana at Lafayette, P.O. Box 40400, Lafayette, Louisiana 70504.

Discretely Presented Component Unit

The University of Louisiana at Lafayette Foundation, Inc. (Foundation) is a legally separate, tax-exempt organization and is reported within the University as a discrete component unit.

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the financial statements.

During the year ended June 30, 2019, the Foundation made distributions of \$12,795,579 to or on behalf of the University for both restricted and unrestricted purposes.

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

- University of Louisiana at Lafayette Foundation, Inc., c/o Ms. Debra L. Calais, University of Louisiana at Lafayette, P.O. Box 40400, Lafayette, Louisiana 70504.

The blended and discretely presented component units are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards, including FASB *Accounting Standards Codification* (ASC) §958, *Not-for-Profit Entities* (as amended by FASB Accounting Standards Update No. 2016-14, which is effective for the fiscal year ended June 30, 2019). As such, certain revenue recognition criteria, presentation, and disclosure requirements are different from GASB revenue recognition

criteria and presentation features. With the exception of presentation adjustments, no modifications have been made to these component units' financial information in the University's report for these differences. Accordingly, the financial data of the Foundation is shown on a statement of financial position and a statement of activities.

Every three years, in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No. 14, the University of Louisiana System (System) evaluates whether discretely-presented component units reported in prior financial statements continue to meet the Division of Administration, Office of Statewide Reporting and Accounting Policy's guidelines requiring their presentation in the System's financial statements. The Foundation continues to meet the criteria for presentation in the University's financial statements.

C. BASIS OF ACCOUNTING

For financial reporting purposes, the University is considered a special-purpose government engaged in only 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-agency transactions have been eliminated.

Discrete Component Unit

The Foundation follows the provisions of FASB ASC §958 *Not-for-Profit Entities*, which establishes external financial reporting for not-for-profit organizations, and includes the financial statements and the classifications of resources into separate classes of net assets as follows:

- *Net Assets without Donor Restrictions* - the portion of net assets that is not subject to donor-imposed restrictions.
- *Net Assets with Donor Restrictions* – the portion of net assets that is subject to donor-imposed restrictions.

Donors include other types of contributors and grantors.

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 an original maturity of three months or less when purchased. Under state law, the University may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the University may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash equivalents reported on the Statement of Net Position include all negotiable certificates of deposit, regardless of maturity.

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

F. INVENTORIES

Inventories are valued at the lower of cost or market on the weighted average basis. Adjustments are made at fiscal year-end to account for its inventories using the consumption method.

G. NONCURRENT RESTRICTED ASSETS

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

H. CAPITAL ASSETS

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

I. UNEARNED REVENUES

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

J. COMPENSATED ABSENCES

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

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

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

K. NONCURRENT LIABILITIES

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension 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 retirements systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. NET POSITION

The University's net position is classified as follows:

(1) Net Investment in Capital Assets

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

(2) Restricted Net Position - Expendable

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

(3) Restricted Net Position - Nonexpendable

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

(4) Unrestricted Net Position

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational

departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses and for any purpose.

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

M. CLASSIFICATIONS OF REVENUES AND EXPENSES

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

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

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

O. USE OF ESTIMATES

The preparation of financial statements 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, 2019, the University implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which was issued in April 2018 and is effective for fiscal years beginning after June 15, 2018. Statement No., 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses. Statement No. 88 further requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The System has determined that notes payable and capital leases, as applicable, represent direct borrowings. The implementation of Statement No. 88 resulted in reclassification and separation of the prior outstanding balances and required disclosures, respectively, in note 12 of the University's bonds into two categories – publicly offered and direct placements/borrowings, but did not result in a restatement of beginning net position.

2. CASH AND CASH EQUIVALENTS

At June 30, 2019, the university has cash and cash equivalents (book balances) of \$58,341,202 as follows:

Demand deposits	\$46,386,631
Certificates of deposit	24,463
Petty cash	66,834
Blended component unit cash	<u>11,863,274</u>
Total	<u><u>\$58,341,202</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, 2019, the university's bank balance totaled \$58,427,286.

The Foundation's cash and cash equivalents \$10,922,978, as shown on the Statement of Financial Position, are reported under FASB ASC §958, which does not require the disclosures of GASB Statement No. 40, Deposit and Investment Risk Disclosures.

3. INVESTMENTS

At June 30, 2019, the University had investments totaling \$107,777,381 reported on the Statement of Net Position. The University follows state law (R.S. 49:327) as applicable to institutions of higher education in establishing investment policy. State law authorizes the University to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds.

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

- Level 1 inputs - the valuation is based on quoted market prices for identical assets or liabilities traded in active markets,
- Level 2 inputs - the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability,
- Level 3 inputs - the valuation is determined by using the best information available under the *circumstance* 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.

In addition, certain alternative investments (e.g., some equity funds, unit investment trusts and limited partnerships, hedge funds) may be reported at their net asset values, which do not have readily determinable fair values.

Fair values of assets measured on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Investments Measured at Net Asset Value
Investments held by foundation					
Mutual funds	\$49,277,978	\$49,277,978			
Money market accounts	5,030,255	5,030,255			
Equity funds	3,583,404	2,177,523			\$1,405,881
Unit Investment Trusts and Limited Partnerships	14,570,080				14,570,080
Hedge funds:					
Equity - long/short	3,652,021				3,652,021
Multi-strategy	11,019,852				11,019,852
Other credit	9,301,507				9,301,507
Private equities	7,994,121				7,994,121
	104,429,218	\$56,485,756	NONE	NONE	\$47,943,462
Held by Blended component unit (not categorized)	3,348,163				
Total	\$107,777,381				

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).

Hedge Funds and Other Alternative Investments Measured at Net Asset Value

Following is a summary of the fair value and unfunded commitments for the hedge funds and alternative investments that are held by the Foundation and included in investments measured at net asset value above, as of June 30, 2019:

	Fair Value	Unfunded Commitments
Alternative investments:		
Equity funds	\$1,405,881	
Unit investment trusts and limited partnerships	14,570,080	
Hedge funds:		
Equity - long/short	3,652,021	
Multi-strategy	11,019,852	
Other credit	9,301,507	
Private equities	7,994,121	\$2,082,907
Subtotal	\$47,943,462	\$2,082,907

The table below summarizes the terms of the hedge fund investments with respect to lockup periods, redemption frequencies, and notice periods as of June 30, 2019:

	Lockup Period	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity - long/short	180 days to 3 years	Monthly, Quarterly, Annual, Manager discretion	0-90 days
Private equities	10+ years	Manager discretion	Not applicable
Multi-strategy	0-1 year	Daily, Monthly, Quarterly	1-90 days

The equity long/short investment includes investments in hedge funds that seek to generate capital appreciation while maintaining a balanced level of risk by investing in a number of long/short equity based funds and other direct investments. Net asset values of the funds are determined by using the latest unaudited or audited financial statements and performance reports of hedge funds in which the equity funds are invested. Any listed investments are valued at the last sales price on the date of determination. Any investments not listed are valued at the mean between the last closing and asking prices as reported in the over-the-counter market, if available. For those investments with no quotations, the investments are valued at estimated fair values as determined by the board of directors and investment manager of the fund. Net asset values are computed monthly.

Private equities include investments in funds whose primary strategy is to build diversified portfolios of top-performing private equity positions in both funds and direct investments in companies and corporations. Net asset values of the funds are determined by using the latest unaudited or audited financial statements and performance reports of hedge funds in which the private equity funds are invested. Any listed investments are valued at the last sales price on the date of determination. Any investments not listed are valued at the last closing bid price (or average of bid prices) last quoted on such date as reported by an established quotation service for over the counter securities. For those investments with no quotations, the investments are valued at their estimated fair values as determined by the investment manager of the fund based upon relevant factors of the investees such as current financial position, historical operating results, and/or recent sales prices in the same or similar securities. Net asset values are computed monthly.

Other credit investments include investment in various funds that primarily invest in debt instruments of private and public companies, United States government and municipal securities, mortgage-backed securities, and/or asset-backed securities and provide mezzanine capital to middle market businesses. The net asset values of these funds are determined based on portfolio valuations using different valuation techniques depending on the investment involved. Market quotes are used where available. For those equity and debt securities for which prices are not observable (generally private investments in equity and debt securities of operating companies), fair values are determined by reference to public market or private transactions for comparable assets. Net asset values are computed on a monthly basis.

Multi-strategy investments consist of investments in various funds. The funds primarily invest in other funds that use a variety of different investment strategies across a wide range of financial instruments, including but not limited to fixed income securities, equities, mutual funds, futures,

forward and option contracts, physical commodities, distressed securities, swaps, and other derivative products. The net asset values of some funds use various inputs, including portfolio valuations that are received directly from independent sources. For those assets for which no independent sources are available, the investment managers determine the fair values by other means that may include obtaining appraisals. Some funds use a third party to provide the net asset calculation or rely on the latest unaudited or audited financial statements and performance reports of various investments in which the funds invest. Any listed investments are valued at the last sales price on the date of determination. For those investments with no quotations, the fair values are estimated at their net asset values calculated by the fund managers.

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, 2019, 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 foundation							
Mutual funds	45.72%	\$49,277,978					
Money market accounts	4.67%	5,030,255					
Equity funds	3.32%	3,583,404					
Unit Investment Trusts and Limited Partnership	13.52%	14,570,080					
Hedge funds:							
Equity - long/short	3.39%	3,652,021					
Multi-strategy	10.22%	11,019,852					
Other credit	8.63%	9,301,507					
Private equities	7.42%	7,994,121					
Held by Blended Component Units	3.11%	3,348,163					
Totals	100.00%	\$107,777,381	NONE	NONE	NONE	NONE	NONE

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

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

The Foundation holds and manages funds received by the University as state matching funds for the Endowed Chairs and Endowed Professorship programs. The Louisiana Board of Regents has established investment policies and procedures related to how these funds may be invested. At June 30, 2019, the Foundation held University investments totaling \$104,429,218.

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

The University's investments totaling \$107,777,381 at June 30, 2019, are unrated.

INVESTMENTS – UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

The Foundation's investments totaling \$177,639,163 as shown on the Statement of Financial Position, are reported under FASB ASC §958, which does not require the disclosures of GASB Statement No. 40, Deposit and Investment Risk Disclosures. The fair values of investments held by the Foundation at June 30, 2019, follow:

<u>Type of Investment</u>	<u>University of Louisiana at Lafayette Foundation</u>
Certificates of deposit	\$813,494
Stocks and equities	451,775
Mutual and exchange traded funds investments	77,479,923
Hedge funds and alternative investments	73,868,308
Unit investment funds	24,931,395
Derivative assets	94,268
	<hr/>
Total	<u>\$177,639,163</u>

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2019. These receivables are composed of the following:

Account	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Restricted Portion
Student tuition and fees	\$5,782,183	(\$3,347,859)	\$2,434,324	
Auxiliary enterprises	4,587,144	(3,069,800)	1,517,344	
Contributions and gifts	6,227,658		6,227,658	
Federal, state, and private grants and contracts	19,225,227		19,225,227	
Insurance recoveries	11,902		11,902	
Other	2,640,038		2,640,038	
Total	<u>\$38,474,152</u>	<u>(\$6,417,659)</u>	<u>\$32,056,493</u>	<u>NONE</u>

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2019, follows:

University

	Balance July 1, 2018	Additions	Transfers	Retirements	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$9,298,681	\$2,474,047			\$11,772,728
Construction-in-progress	14,691,757	46,274,735	(\$15,096,794)		45,869,698
Total assets not being depreciated	<u>23,990,438</u>	<u>48,748,782</u>	<u>(15,096,794)</u>	<u>NONE</u>	<u>57,642,426</u>
Capital assets being depreciated:					
Land improvements	17,414,890		4,007,881		21,422,771
Buildings	569,154,065	189,050	11,088,913	(\$127,722)	580,304,306
Equipment (including library books)	121,227,616	4,736,145		(1,898,840)	124,064,921
Software (internally generated and purchased)	10,839,256				10,839,256
Total capital assets being depreciated	<u>718,635,827</u>	<u>4,925,195</u>	<u>15,096,794</u>	<u>(2,026,562)</u>	<u>736,631,254</u>
Less accumulated depreciation:					
Land improvements	(6,307,812)	(927,199)			(7,235,011)
Buildings	(197,000,646)	(16,295,619)		57,474	(213,238,791)
Equipment	(91,641,383)	(4,994,582)		1,898,840	(94,737,125)
Software (internally generated and purchased)	(3,613,085)	(3,613,085)			(7,226,170)
Total accumulated depreciation	<u>(298,562,926)</u>	<u>(25,830,485)</u>	<u>NONE</u>	<u>1,956,314</u>	<u>(322,437,097)</u>
Total capital assets, net	<u>\$444,063,339</u>	<u>\$27,843,492</u>	<u>NONE</u>	<u>(\$70,248)</u>	<u>\$471,836,583</u>

Foundation

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$1,913,705	\$109,964		\$2,023,669
Art and collectibles	3,000,266	20,073		3,020,339
Construction-in-progress	114,922		(\$97,926)	16,996
Total assets not being depreciated	5,028,893	130,037	(97,926)	5,061,004
Capital assets being depreciated:				
Buildings	10,832,232	120,348		10,952,580
Vehicles, furniture, and equipment	895,756	7,161	(\$40,000)	862,917
Software (internally generated/purchased)	76,703			76,703
Total assets being depreciated	11,804,691	127,509	(40,000)	11,892,200
Less accumulated depreciation				
Buildings	(3,821,347)	(281,755)		(4,103,102)
Vehicles, furniture, and equipment	(713,284)	(51,967)		(765,251)
Software (internally generated/purchased)	(76,080)	(623)		(76,703)
Total accumulated depreciation	(4,610,711)	(334,345)	NONE	(4,945,056)
Total capital assets, net	\$12,222,873	(\$76,799)	(\$137,926)	\$12,008,148

Although not capitalized, the University of Louisiana at Lafayette maintains the Louisiana Room, the Rare Book Room, the University Archives and Acadiana Manuscripts Collection, the Creole and Cajun Music Collection, the University Records Management Program, the Microforms Room, and the Ernest J. Gaines Center.

The University does not capitalize collections of works of art or historical treasures because these items meet the following criteria for exclusion from capitalization in accordance with the requirements of GASB 34: they are considered inexhaustible and are held for public exhibition; educational purposes; or research in enhancement of primarily student and public service instead of financial gain. They have never been capitalized.

6. PAYABLES

The following is a summary of payables and accrued expenses at June 30, 2019:

<u>Account Name</u>	
Vendor payables	\$15,153,454
Accrued salaries and payroll deductions	7,597,262
Other	136,355
Total payables	<u>\$22,887,071</u>

7. COMPENSATED ABSENCES

At June 30, 2019, employees of the University have accumulated and vested annual, sick, and compensatory leave, the balance of which were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. The following is a summary of the leave balances at June 30, 2019, by type:

Leave Type	Amount
Annual Leave	\$6,735,703
Sick Leave	5,149,041
Compensatory Leave	525,375
Total compensated absences	<u>\$12,410,119</u>

8. PENSION LIABILITY

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

9. OPTIONAL RETIREMENT SYSTEM

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 University of Louisiana 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. Substantially, all University employees become eligible for these benefits if they reach normal retirement age while working for the University. The University offers its employees the opportunity to participate in the State's Office of Group Benefits (OGB), which also offers a life insurance plan. The University of Louisiana System includes the required disclosures for the OPEB plans in its audited financial statements.

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2019, the total rental expense for all operating leases is \$305,853. The following is a schedule, by years, of future minimum annual rental payments required under operating leases:

Fiscal Year Ending June 30,	Office Space	Equipment	Land	Total Minimum Payments Required
2020	\$180,000	\$14,316	113,656	\$307,972
2021	180,000	14,316	115,816	310,132
2022	180,000	8,351	118,016	306,367
2023	180,000		120,258	300,258
2024	180,000		122,543	302,543
2025-2029	225,000		480,412	705,412
2030-2034			50	50
2035-2039			50	50
2040-2044			50	50
2045-2049			50	50
Thereafter			550	550
Total	<u>\$1,125,000</u>	<u>\$36,983</u>	<u>\$1,071,451</u>	<u>\$2,233,434</u>

Capital Leases

The University did not have any capital leases.

The Foundation did not have any capital leases at June 30, 2019.

Lessor - Operating Leases

The University's leasing operations consist primarily of leasing property for providing food services to students, vending operations, and promoting economic development and research activities.

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, 2019:

	Cost	Accumulated Depreciation	Carrying Amount
Office space	\$5,950,909	(\$1,114,420)	\$4,836,489
Buildings	30,784,817	(10,270,618)	20,514,199
Land	205,839		205,839
Total	<u>\$36,941,565</u>	<u>(\$11,385,038)</u>	<u>\$25,556,527</u>

The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of June 30, 2019:

Fiscal Year Ending June 30,	Office Space	Buildings	Land	Total
2020	\$1,480,243	\$2,849,700	\$85,010	\$4,414,953
2021	1,530,243	2,882,140	85,010	4,497,393
2022	1,367,381	2,902,252	85,010	4,354,643
2023	1,464,430	2,926,053	85,010	4,475,493
2024	1,514,430	2,949,090	16,343	4,479,863
2025-2029	6,566,287	7,137,514	60,050	13,763,851
2030-2034	499,680	800,963	50	1,300,693
2035-2039	99,936		50	99,986
2040-2044			50	50
2045-2049			50	50
Thereafter			490	490
Total minimum future rentals	<u>\$14,522,630</u>	<u>\$22,447,712</u>	<u>\$417,123</u>	<u>\$37,387,465</u>

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume or customer usage of services provided. Contingent rentals received from operating leases of office space, buildings, and land for the year ended June 30, 2019, were \$1,446,935, \$387,186, and \$100,742, respectively.

12. LONG-TERM LIABILITIES

The following are summaries of bond and other long-term debt transactions of the University for the year ended June 30, 2019:

University

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Notes and bonds payable:					
Notes payable	\$994,176		(\$118,015)	\$876,161	\$124,391
Bonds payable					
Publicly offered	252,528,174		(4,830,668)	247,697,506	4,765,000
Direct placements	20,204,419		(1,201,440)	19,002,979	1,270,000
Total notes and bonds payable	273,726,769	NONE	(6,150,123)	267,576,646	6,159,391
Other liabilities:					
Accrued compensated absences payable	12,273,286	\$879,036	(742,203)	12,410,119	808,948
Total	\$286,000,055	\$879,036	(\$6,892,326)	\$279,986,765	\$6,968,339

Foundation

	Balance June 30, 2018 Restated	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Notes payable	\$378,436	(\$21,477)	\$356,959	\$22,489

Details of all debt outstanding at June 30, 2019, are as follows:

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2018	Issued (Redeemed)	Principal Outstanding June 30, 2019	Maturities	Interest Rates	Interest Outstanding June 30, 2019
Publicly Offered								
Ragin' Cajun Facilities, Inc. (blended component unit) - Lafayette Public Trust Financing Authority:								
Student Union and University Facilities Project - Series 2010	November 15, 2010	\$22,200,000	\$19,120,000	(\$495,000)	\$18,625,000	2041	3.25 - 5.0%	\$11,450,785
Housing and Parking Project - Series 2010	December 1, 2010	100,050,000	6,250,000	(1,980,000)	4,270,000	2021	5.0 - 5.25%	169,719
Refunding Bonds Series 2012	October 30, 2012	14,740,000	12,910,000	(645,000)	12,265,000	2033	3.0 - 5.0%	3,644,660
Louisiana Local Government Environmental Facilities and Community Development Authority - Lewis Street Parking Garage Project, Series 2013	November 21, 2013	25,205,000	23,690,000	(530,000)	23,160,000	2044	3.0 - 5.0%	16,268,132
Athletic Facilities Project Series 2013	November 26, 2013	23,605,000	22,180,000	(495,000)	21,685,000	2044	3.0 - 5.0%	15,216,134
Ragin' Cajun Facilities, Inc. - Cajundome Project, Series 2015	August 18, 2015	18,500,000	18,500,000	0	18,500,000	2045	3.5 - 4.125%	14,109,893
Revenue Refunding Bonds - Student Housing and Parking Project - Series 2017	April 19, 2017	95,945,000	95,300,000	(440,000)	94,860,000	2042	3.0 - 5.0%	59,755,713
Housing Project - Series 2018	May 23, 2018	47,410,000	47,410,000	0	47,410,000	2049	5.00%	62,699,375
Subtotal		347,655,000	245,360,000	(4,585,000)	240,775,000			183,314,411
Discounts			(689,771)	34,814	(654,957)			
Premiums			13,322,529	(566,928)	12,755,601			
Bond issuance and insurance costs			(5,464,584)	286,446	(5,178,138)			
Subtotal - Bonds		347,655,000	252,528,174	(4,830,668)	247,697,506			183,314,411
Direct Placements								
Cajundome Refunding Lease, Revenue Bonds, Series 2016	August 2, 2016	11,005,000	10,295,000	(755,000)	9,540,000	2030	2.47%	1,262,047
Louisiana Local Government Environmental Facilities and Community Development Authority - Baseball Stadium Project - Series 2017	September 27, 2017	10,145,000	10,145,000	(480,000)	9,665,000	2034	3.50%	2,671,769
Subtotal - Direct Placements		21,150,000	20,440,000	(1,235,000)	19,205,000			3,933,816
Bond issuance and insurance costs			(235,581)	33,560	(202,021)			
Subtotal - Bonds - Direct Placements		21,150,000	20,204,419	(1,201,440)	19,002,979			3,933,816
Total - All Bonds		\$368,805,000	\$272,732,593	(\$6,032,108)	\$266,700,485			\$187,248,227

Foundation

The Foundation had no outstanding bonds at June 30, 2019.

The annual requirements to amortize all University bonds outstanding at June 30, 2019, are as follows:

	Publicly Offered		Direct Placements/Borrowings	
	Principal	Interest	Principal	Interest
FY 2020	\$4,765,000	\$10,972,384	\$1,270,000	\$544,939
FY 2021	4,960,000	10,770,206	1,305,000	507,614
FY 2022	5,165,000	10,570,493	1,345,000	469,140
FY 2023	5,370,000	10,368,094	1,390,000	429,368
FY 2024	5,585,000	10,152,931	1,430,000	388,382
FY 2025-2029	31,945,000	46,607,536	7,810,000	1,282,351
FY 2030-2034	43,045,000	37,977,177	4,655,000	312,022
FY 2035-2039	50,265,000	27,008,326		
FY 2040-2044	52,560,000	14,703,326		
FY 2045-2049	37,115,000	4,183,938		
Sub-total	240,775,000	183,314,411	19,205,000	3,933,816
Unamortized Discount/ Premium/Issuance Costs	6,922,506		(202,021)	
Total	<u>\$247,697,506</u>	<u>\$183,314,411</u>	<u>\$19,002,979</u>	<u>\$3,933,816</u>

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2019:

<u>Bond Issue</u>	<u>Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
Ragin' Cajun Facilities, Inc.:			
Student Union/University Facilities Project Series 2010	\$1,384,397	\$1,379,681	\$4,716
Housing and Parking Facilities Project Series 2010	825,710	815,000	10,710
Project Series 2013 Lewis Street Parking Garage	1,611,505	1,590,463	21,042
Project Series 2013 Athletic Facilities Project	1,507,940	1,488,250	19,690
Total	<u>\$5,329,552</u>	<u>\$5,273,394</u>	<u>\$56,158</u>

In addition to the debt reserves above, as permitted by universities' and/or their respective facility corporations' bond indentures, the universities and/or their respective facility corporations obtained surety bonds issued by insurance companies that meet the definition as reserve fund investments and guarantee payments to fund reserve requirements as follows:

<u>Bond Issue</u>	<u>Guaranteed Payment Not to Exceed</u>
University of Louisiana at Lafayette	
Ragin' Cajun Facilities, Inc.:	
Refunding Bonds - Series 2012	\$1,171,344
Cajundome Project - Series 2015	\$1,527,385
Cajundome Refunding Lease Revenue Bonds - Series 2016	\$1,020,325
Housing and Parking Project Refunding Bonds - Series 2017	\$7,121,575
Housing Project Bonds - Series 2018	\$4,642,070

Notes Payable – University

The University had the following outstanding note payable at June 30, 2019.

<u>Note</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2018</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2019</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2019</u>
MidSouth Bank 1	September 18, 2015	\$1,300,000	\$998,961	(\$119,185)	\$879,776	2026	4.45%	\$131,749
Less Note Amortization Costs			(4,785)	1,170	(3,615)			
Total			<u>\$994,176</u>	<u>(\$118,015)</u>	<u>\$876,161</u>			<u>\$131,749</u>

The annual requirements to amortize all notes outstanding at June 30, 2019, including interest of \$131,749 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$124,391	\$37,436	\$161,827
2021	130,520	31,306	161,826
2022	136,501	25,327	161,828
2023	142,706	19,121	161,827
2024	149,249	12,579	161,828
2025-2029	<u>196,409</u>	<u>5,980</u>	<u>202,389</u>
Subtotal	879,776	131,749	1,011,525
Unamortized Costs	<u>(3,615)</u>		<u>(3,615)</u>
Total	<u>\$876,161</u>	<u>\$131,749</u>	<u>\$1,007,910</u>

Notes Payable – Foundation

The Foundation had the following outstanding note payable at June 30, 2019.

Note	Date of Issue	Original Issue	Outstanding June 30, 2018	Issued (Redeemed)	Outstanding June 30, 2019	Maturities	Interest Rates	Interest Outstanding June 30, 2019
University of Louisiana at Lafayette Foundation, Inc.								
U.S. Department of Education	June 9, 2011	<u>\$500,000</u>	<u>\$378,436</u>	<u>(\$21,477)</u>	<u>\$356,959</u>	2031	4.75%	<u>\$113,845</u>

The annual requirements to amortize all Foundation notes outstanding at June 30, 2019, including interest of \$113,845, are as follows:

	Principal	Interest	Total
FY 2020	\$22,489	\$16,745	\$39,234
FY 2021	23,642	15,592	39,234
FY 2022	24,806	14,428	39,234
FY 2023	26,027	13,207	39,234
FY 2024	27,276	11,958	39,234
FY 2025-2029	158,059	38,109	196,168
FY 2030-2034	<u>74,660</u>	<u>3,806</u>	<u>78,466</u>
Total	<u>\$356,959</u>	<u>\$113,845</u>	<u>\$470,804</u>

13. REFUNDING OF BONDS

There was no debt refunding for the year ended June 30, 2019.

14. INTEREST RATE SWAP AGREEMENTS

The University did not participate in any interest rate swap agreements.

15. REVENUE USED AS SECURITY FOR REVENUE BONDS

The University did not have any revenue used as security for revenue bonds.

16. RESTATEMENT OF BEGINNING NET POSITION/NET ASSETS

The University did not have any restatement of beginning net position/net assets.

17. RESTRICTED NET POSITION

The University has the following restricted expendable net position at June 30, 2019:

<u>Account Title</u>	<u>Amount</u>
Endowments	\$50,989,445
Student Fees	11,018,478
Student Loan Fund	8,164,381
Grants and Contracts	2,512,868
Maintenance Reserves	2,873,481
Debt Service/Retirement of Indebtedness	13,550
Scholarships	917,688
	<u> </u>
Total expendable	<u><u>\$76,489,891</u></u>

The University's restricted nonexpendable net position totaling \$55,415,000 as of June 30, 2019, was comprised entirely of endowment funds.

Of the total net position reported on Statement of Net Position for the year ended June 30, 2019, \$2,032,495 was restricted by enabling legislation.

RESTRICTED NET ASSETS – UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

Restricted net assets for the Foundation are as follows:

	University of Louisiana at Lafayette Foundation, Inc.
	<u> </u>
Net Assets:	
Without Donor Restrictions	\$13,142,641
With Donor Restrictions	152,989,412
	<u> </u>
Total net assets	<u><u>\$166,132,053</u></u>

18. CONDENSED FINANCIAL INFORMATION

Following is condensed financial information for Ragin' Cajun Facilities, Inc., the University's blended component unit:

Statement of Net Position	Ragin' Cajun Facilities, Inc.
Assets:	
Current Assets	\$70,937
Capital Assets	276,630,758
Other Assets	<u>15,211,437</u>
Total assets	<u><u>\$291,913,132</u></u>
Liabilities:	
Current Liabilities	\$10,944,851
Long-term Liabilities	<u>261,417,255</u>
Total liabilities	<u><u>\$272,362,106</u></u>
Net Position:	
Net Investment in Capital Assets	\$18,088,010
Restricted Net Position - Expendable	2,887,031
Unrestricted Net Position	<u>(1,424,015)</u>
Total net position	<u><u>\$19,551,026</u></u>
 Statement of Revenues, Expenses, and Changes in Net Position	
Operating revenues	\$15,378,262
Operating expenses	(1,134,316)
Depreciation expense	<u>(10,699,327)</u>
Net operating income	3,544,619
Nonoperating revenues (expenses):	
Investment income	179,804
Interest expense	(9,255,985)
Capital contributions/additions to permanent and term endowments	<u>3,346,384</u>
Changes in net position	(2,185,178)
Net position beginning of the year	<u>21,736,204</u>
Net position end of the year	<u><u>\$19,551,026</u></u>

Statement of Cash Flows		Ragin' Cajun Facilities, Inc.
Net cash flows provided (used) by:		
Operating Activities		\$8,237,280
Capital and Related Financing Activities		(54,928,145)
Net Increase (Decrease) in Cash		(46,690,865)
Cash, Beginning of the Year		58,554,139
Cash, End of the Year		<u>\$11,863,274</u>

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$68,101,756	\$21,258,968	\$55,719	\$11,049,202			\$100,465,645
Research	30,370,876	8,555,600	2,034,006	13,209,970			54,170,452
Public service	3,306,545	1,004,763	166	1,823,810			6,135,284
Academic support	11,413,303	4,977,652	82,669	3,859,960			20,333,584
Student services	7,821,436	2,586,471	2,145	4,264,531			14,674,583
Institutional support	18,583,044	9,130,060		8,951,085			36,664,189
Operations and maintenance of plant	4,454,141	2,080,889	4,244,011	7,346,920			18,125,961
Depreciation						\$25,830,485	25,830,485
Scholarships and fellowships					\$10,885,976		10,885,976
Auxiliary enterprises	16,035,025	5,034,588	1,743,352	30,278,285	3,808,695		56,899,945
Other		136,833		10,010			146,843
Total operating expenses	<u>\$160,086,126</u>	<u>\$54,765,824</u>	<u>\$8,162,068</u>	<u>\$80,793,773</u>	<u>\$14,694,671</u>	<u>\$25,830,485</u>	<u>\$344,332,947</u>

20. CONTINGENT LIABILITIES AND RISK MANAGEMENT

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

21. ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS

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

a governmental university may supplement salaries of certain university employees. Those payments constitute on-behalf payments for purposes of reporting by the University.

The amount of on-behalf payments for salaries and fringe benefits included in the accompanying financial statements for the fiscal year ended June 30, 2019, was \$2,065,771.

22. DONOR RESTRICTED ENDOWMENTS

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

At June 30, 2019, net appreciation of donor restricted endowments is equal to \$50,989,445, which is available to be spent for restricted purposes. The University limits endowment spending to the income earned in a given year for purposes specified by donors. The donated portion of the endowments is reported in restricted net position - nonexpendable in the Statement of Net Position; the endowment income is reported in restricted net position - expendable.

23. FOUNDATIONS

The University has contracted with its foundation to invest the University's Endowed Chair/Professorship Program endowment funds in accordance with the Board of Regents for Higher Education's investment policies. The Endowed Chair endowment funds are established for \$1,000,000 each, with \$600,000 of private contributions and \$400,000 of state matching portion allocated by the Board of Regents for Higher Education (Regents). The Endowed Professorship Program endowment funds are established for \$100,000 each. Effective July 1, 2017, universities with fewer than 15 Endowed Professorship slots with \$60,000 of private contributions receive \$40,000 of State matching portion allocated by Regents (60% non-State/40% State ratio), and universities with more than 15 Endowed Professorship slots with \$80,000 of private contributions receive \$20,000 of State matching portion allocated by Regents (80% non-State/20% State ratio). Once a University has received State match for 15 Endowed Professorship slots, that university will be eligible only for the 80% non-State/20% State ratio. At June 30, 2019, the Foundation held in custody \$104,429,218 of Endowed Chair and Endowed Professorship Program funds. Amounts invested by the Foundation for the University are included as investments held by private foundations in the disclosures in note 3.

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

University of Louisiana at Lafayette Alumni Association

24. DEFERRED COMPENSATION PLAN

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

25. COOPERATIVE ENDEAVOR AGREEMENTS

University of Louisiana at Lafayette/CGI Federal, Inc.

General

In August 2014, the Ragin' Cajun Facilities Corporation (RCFI) entered into a cooperative endeavor agreement (CEA) with: the State of Louisiana (State); the Louisiana Department of Economic Development (LED); the University of Louisiana at Lafayette (University); the Lafayette Economic Development Authority (Authority), and CGI Federal, Inc. (CGI), to induce CGI to relocate to Lafayette, Louisiana to establish and operate an information technology center of excellence. The other parties to the CEA agreed to provide an operational cost grant, a facility cost grant, a land lease grant, a University grant, and other considerations.

Obligations

Pursuant to the CEA, RCFI is a party to the facility cost grant portion of the facility agreement, which provides for a grant of \$13.1 million for facility cost reimbursements by the State through LED. As part of the agreement, RCFI will own and operate the facility throughout the term of the agreement and lease the facility to CGI at a cost of \$7 per square foot per year for the first 10 years, with provisions for two five-year extensions. The University will lease the facility site to RCFI at \$1 per year during the construction phase and for the term of the facility lease agreement. The University reserves the right to take ownership of the facility at any time, subject to the lease, and RCFI shall convey ownership of the facility to the University within 60 days of a written request from the University.

The CGI facility was completed during the fiscal year ended June 30, 2017. The University funded the construction costs of \$13.5 million incurred by RCFI as a funding mechanism until the costs were reimbursed by the State.

University of Louisiana at Lafayette/Louisiana Department of Economic Development

General

In July 2014, the University entered into a CEA with the State and the LED for 10 years providing a grant of \$4.5 million to the University for expansion of the School of Computing and Informatics (SCI) and other informatics related initiatives, including the development of the pipeline between the University and the South Louisiana Community College, as well as potential recruitment

efforts with high schools in the region, to substantially increase the number of annual graduates in computer science and related fields, in support of CGI's workforce needs, growth of the software development industry, and job creation in the State.

Obligations

Using the LED grant funds together with its own resources, the University will engage in activities reasonably aimed at achieving the project goals and objectives, including increasing enrollment and degree completion goals. Project costs will include additional faculty, faculty incentives and supplements, a facilitator/development position, lab facilities, equipment, scholarships, and other costs in furtherance of the project. Through June 30, 2019, project payments totaling \$577,178 were paid.

University of Louisiana at Lafayette/Project Chimps

General

In December 2015 the University entered into a CEA with Project Chimps, Inc. (Project Chimps), a nonprofit corporation established under the laws of the State of Oregon dedicated to and created for the purpose of providing permanent non-research sanctuary for the lifelong care of chimpanzees. The University's New Iberia Research Center (NIRC) is the nation's largest non-human primate research center, involved in conducting biomedical research aimed at promoting human health and animal welfare, and houses the nation's largest colony of chimpanzees within a biomedical research setting. The University currently bears the cost of providing lifetime care and maintenance for retired chimpanzees. Project Chimps desires to undertake the cost to provide sanctuary for the retired chimpanzees. The University will transfer ownership, rights, and obligations of the chimpanzees to Project Chimps, thus providing relief for the University's costs associated with the chimpanzees. The term of the agreement is five years or until removal of all the chimpanzees from the NIRC.

Obligations

To assist Project Chimps in providing lifetime care, the University agrees to make one-time payments to Project Chimps upon the transfer of each chimpanzee to the sanctuary. The University is obligated to pay Project Chimps a maximum \$4.3 million. Using unrestricted endowment payments for the project, the University has made payments totaling \$698,000 through June 30, 2019.

26. SUBSEQUENT EVENTS

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