

Financial Report

For the Year Ended June 30, 2018



University of Louisiana at Lafayette



STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
COMPONENT UNIT FINANCIAL STATEMENTS
AS OF AND FOR YEAR ENDED JUNE 30, 2018

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**STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	University	Component Units	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 41,493,748	\$ 1,011,963	\$	\$ 42,505,711
Receivables, net	30,739,131	414,595	(320,000)	30,833,726
Pledges receivable		5,047,679		5,047,679
Due from State Treasury	238,123			238,123
Due from Federal Government	278,785			278,785
Inventories	1,605,724			1,605,724
Prepaid expenses and advances	3,773,630			3,773,630
Notes receivable	920,595			920,595
Other current assets				-
Total current assets	<u>79,049,736</u>	<u>6,474,237</u>	<u>(320,000)</u>	<u>85,203,973</u>
Noncurrent Assets				
Restricted assets:				
Cash and cash equivalents	73,488,154	39,467,631	-	112,955,785
Investments	102,000,594	138,830,792	(102,000,594)	138,830,792
Notes receivable, net	6,330,211			6,330,211
Other		40,485		40,485
Pledges receivable		1,002,038		1,002,038
Capital assets, net	444,063,339	12,222,873		456,286,212
Other noncurrent assets	-	1,524,449		1,524,449
Total noncurrent assets	<u>625,882,298</u>	<u>193,088,268</u>	<u>(102,000,594)</u>	<u>716,969,972</u>
Total assets	<u>704,932,034</u>	<u>199,562,505</u>	<u>(102,320,594)</u>	<u>802,173,945</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	53,604,737			53,604,737
Deferred outflows related to OPEB	5,189,234			5,189,234
Total deferred outflows of resources	<u>58,793,971</u>	<u>NONE</u>	<u>NONE</u>	<u>58,793,971</u>
Total assets and deferred outflow of resources	<u>\$ 763,726,005</u>	<u>\$ 199,562,505</u>	<u>\$ (102,320,594)</u>	<u>\$ 860,967,916</u>
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 20,993,852	\$ 734,587	\$	\$ 21,728,439
Unearned revenues	14,538,983			14,538,983
Amounts held in custody for others	1,765,062			1,765,062
Other liabilities	2,716,464			2,716,464
Current Portion of Noncurrent Liabilities:				
Compensated absences payable	834,793			834,793
Notes payable	119,186	21,477		140,663
Bonds payable	5,820,000			5,820,000
Other current liabilities		363,616		363,616
Total current liabilities	<u>46,788,340</u>	<u>1,119,680</u>	<u>-</u>	<u>47,908,020</u>
Long-term Portion of Noncurrent Liabilities				
Compensated absences payable	11,438,493			11,438,493
Amounts held in custody for others		39,378,811	(39,378,811)	-
Notes payable	874,990	356,959		1,231,949
Bonds payable	266,912,593			266,912,593
Net pension liability	267,091,659			267,091,659
OPEB payable	197,083,159			197,083,159
Other noncurrent liabilities				-
Total noncurrent liabilities	<u>743,400,894</u>	<u>39,735,770</u>	<u>(39,378,811)</u>	<u>743,757,853</u>
Total liabilities	<u>790,189,234</u>	<u>40,855,450</u>	<u>(39,378,811)</u>	<u>791,665,873</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	13,807,921			13,807,921
Deferred inflows related to OPEB	11,628,717			11,628,717
Total deferred inflows of resources	<u>25,436,638</u>	<u>NONE</u>	<u>NONE</u>	<u>25,436,638</u>
Total liabilities and deferred inflows or resources	<u>\$ 815,625,872</u>	<u>\$ 40,855,450</u>	<u>\$ (39,378,811)</u>	<u>\$ 817,102,511</u>
Net Position				
Invested in capital assets, net of related debt	\$ 219,812,637	\$ 12,222,873	\$	\$ 232,035,510
Restricted for: Nonexpendable	54,215,000	98,043,312	(49,349,066)	102,909,246
Expendable	74,237,105	55,120,862	(13,592,717)	115,765,250
Unrestricted	(400,164,609)	(6,679,992)		(406,844,601)
Total net position	<u>(51,899,867)</u>	<u>158,707,055</u>	<u>(62,941,783)</u>	<u>43,865,405</u>
Total liabilities and net position	<u>\$ 763,726,005</u>	<u>\$ 199,562,505</u>	<u>\$ (102,320,594)</u>	<u>\$ 860,967,916</u>

**STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	University	Component Units	Eliminations	Total
Operating Revenues:				
Student tuition and fees	\$ 181,116,537		(1,568,097)	\$ 179,548,440
Less scholarship allowances	(35,988,858)			(35,988,858)
Net student tuition and fees	<u>145,127,679</u>	NONE	<u>(1,568,097)</u>	<u>143,559,582</u>
Gifts received by foundation (comp. units only)		11,919,025	(1,200,000)	10,719,025
Endowment income (comp. units only)		8,781,621	(7,828,652)	952,969
Federal grants and contracts	22,939,597			22,939,597
State and local grants and contracts	4,383,988	3,230		4,387,218
Nongovernmental grants and contracts	25,614,991			25,614,991
Sales and services of education departments	144,202			144,202
Auxiliary enterprise revenues (see Note HH for revenue amounts pledged as security for bonds)	47,301,965		(14,196)	47,287,769
Less scholarship allowances	(5,875,051)		-	(5,875,051)
Net auxiliary revenues	<u>41,426,914</u>	NONE	<u>(14,196)</u>	<u>41,412,718</u>
Other operating revenues	<u>8,279,953</u>	<u>2,620,067</u>		<u>10,900,020</u>
Total operating revenues	<u>247,917,324</u>	<u>23,323,943</u>	<u>(10,610,945)</u>	<u>260,630,322</u>
Operating Expenses				
Education and general:				
Instruction	96,285,138			96,285,138
Research	50,939,480			50,939,480
Public service	5,880,306			5,880,306
Academic support	20,887,444			20,887,444
Student services	15,913,559			15,913,559
Institutional support	34,759,038			34,759,038
Operations and maintenance of plant	17,770,067			17,770,067
Depreciation	25,207,495	339,422		25,546,917
Scholarships and fellowships	11,269,548			11,269,548
Auxiliary enterprises	51,209,471			51,209,471
Other operating expenses	752,308	17,131,885	(10,395,695)	7,488,498
Total operating expenses	<u>330,873,854</u>	<u>17,471,307</u>	<u>(10,395,695)</u>	<u>337,949,466</u>
Operating income(loss)	<u>(82,956,530)</u>	<u>5,852,636</u>	<u>(215,250)</u>	<u>(77,319,144)</u>
Nonoperating Revenues (Expenses)				
State appropriations	47,873,617			47,873,617
Gifts	5,112,771		(4,375,958)	736,813
Federal nonoperating revenues(expenses)	25,303,722			25,303,722
Net investment income(loss)	10,553,360	12,167		10,565,527
Interest expense	(9,468,812)			(9,468,812)
Other nonoperating revenues(expenses)	3,614,568			3,614,568
Net nonoperating revenues(expenses)	<u>82,989,226</u>	<u>12,167</u>	<u>(4,375,958)</u>	<u>78,625,435</u>
Income(loss) before other revenues, expenses, gains, losses	<u>32,696</u>	<u>5,864,803</u>	<u>(4,591,208)</u>	<u>1,306,291</u>
Capital appropriations	2,933			2,933
Capital grants and gifts	15,969,268		(1,439,316)	14,529,952
Additions to permanent endowments	800,000	1,505,186		2,305,186
Increase(decrease) in Net Assets	<u>16,804,897</u>	<u>7,369,989</u>	<u>(6,030,524)</u>	<u>18,144,362</u>
Net position at beginning of the year, as restated	<u>(68,704,764)</u>	<u>151,337,066</u>	<u>(56,911,259)</u>	<u>25,721,043</u>
Net Asset at end of the year	<u>\$ (51,899,867)</u>	<u>\$ 158,707,055</u>	<u>\$ (62,941,783)</u>	<u>\$ 43,865,405</u>

**STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

Cash flow from operating activities

Tuition and fees	\$ 145,958,026
Grants and contracts	48,888,287
Sales and services of educational departments	144,202
Auxiliary enterprise receipts	42,406,226
Payments for employee compensation	(152,245,780)
Payments for benefits	(54,863,441)
Payments for utilities	(8,030,152)
Payments for supplies and services	(73,064,781)
Payments for scholarships and fellowships	(14,350,549)
Loans to students	(839,440)
Collection of loans to students	1,564,726
Other receipts (payments) (provide explanation)	<u>6,361,304</u>
Net cash provided (used) by operating activities	<u>(58,071,372)</u>

Cash flows from non-capital financing activities

State appropriations	\$ 48,308,773
Gifts and grants for other than capital purposes	9,163,970
Pell Grant receipts (do not report in gifts and grants)	24,587,806
Private gifts for endowment purposes	800,000
TOPS receipts	38,552,393
TOPS disbursements	(38,490,029)
Direct lending receipts	64,514,242
Direct lending disbursements	(64,435,039)
Other receipts (payments)(provide explanation)	<u>908,911</u>
Net cash provided by noncapital financing sources	<u>83,911,027</u>

Cash flows from capital financing activities

Proceeds from capital debt	\$ 61,360,580
Capital grants and gifts received	1,023,803
Purchases of capital assets	(26,393,063)
Principal paid on capital debt and leases	(15,473,941)
Interest paid on capital debt and leases	(9,399,835)
Other sources (provide explanation)	<u>(285,217)</u>
Net cash used by capital financing activities	<u>10,832,327</u>

Cash flows from investing activities

Proceeds from sales and maturities of investments	\$ 876,553
Interest received on investments	1,853,194
Net cash provided (used) by investing activities	<u>2,729,747</u>

Net increase (decrease) in cash and cash equivalents	39,401,729
Cash and cash equivalents at beginning of the year	<u>75,580,173</u>
Cash and cash equivalents at the end of the year	<u>\$ 114,981,902</u>

**STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

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

Operating income (loss)	\$ (82,956,530)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation expense	25,207,495
Nonemployer contributing entity revenue	706,086
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
(Increase) decrease in accounts receivables, net	(4,355,841)
(Increase) decrease in inventories	158,487
(Increase) decrease in prepaid expenses and advances	(945,110)
(Increase) decrease in notes receivable	716,042
(Increase) decrease in deferred outflows related to pensions	20,622,402
(Increase) decrease in deferred outflows related to OPEB	(268,851)
Increase (decrease) in accounts payable and accrued liabilities	5,192,326
Increase (decrease) in unearned revenue	66,785
Increase (decrease) in amounts held in custody for others	178,165
Increase (decrease) in compensated absences	742,299
Increase (decrease) in net pension liability	(31,396,412)
Increase (decrease) in OPEB payable	(8,667,110)
Increase (decrease) in pollution remediation payable	(69,678)
Increase (decrease) in deferred inflows related to pensions	5,369,356
Increase (decrease) in deferred inflows related to OPEB	11,628,717
Net cash provided (used) by operating activities:	<u>\$ (58,071,372)</u>

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

Cash and cash equivalents classified as current assets	\$ 41,493,748
Cash and cash equivalents classified as noncurrent assets	73,488,154
Total Cash and Cash Equivalents	<u>\$ 114,981,902</u>

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

Capital appropriations	\$ 2,933
Change in fair value of investments	<u>(760,402)</u>
Capital gifts and grants	14,945,465
Disposition of capital assets	<u>(498,929)</u>
Retirement contributions paid by third parties	706,086
Other	<u>349,361</u>

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UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

* Other (operating cash payments)

Miscellaneous income; Tenant rentals; Arts admissions, concessions, and sales; Check fines

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

Insurance recoveries; Pension liability; GO Grant

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

Loss on refunding/refinancing of bonds ; Amortization of discount and bond cost

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 17,297 students enrolled during the fall semester of the 2017-2018 academic year and employed approximately 1,948 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

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 their revenue comes from the leasing of facilities to the University.

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

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To obtain the corporations' latest audit reports, 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. 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, 2018, the foundation made distributions of \$14,908,809 to or on behalf of the University for both restricted and unrestricted purposes.

To obtain the foundation's latest audit reports, 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 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 discretely presented component units are 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 three separate classes of net assets as follows:

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UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
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- *Unrestricted* - resources that are free of donor-imposed restrictions - all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- *Temporarily Restricted* - resources whose use by the component unit is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to those stipulations.
- *Permanently Restricted* - resources whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

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 external foundations as authorized by policies and procedures established by the Board of Regents and are reported at fair value in accordance with GASB Statement No. 31, as amended by GASB Statement No. 72. Changes in the carrying value of investments, resulting 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.

STATE OF LOUISIANA
UNIVERSITY OF LOUISIANA AT LAFAYETTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

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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 include 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 consist 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.

(d) UNRESTRICTED NET POSITION

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

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

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) payment 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

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fees) provided by the University, and the amount that is paid by students and/or third parties making payments on the student's behalf.

O. USE OF ESTIMATES

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

P. ADOPTION OF NEW ACCOUNTING PRINCIPLES

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

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2018, the university has cash and cash equivalents (book balances) of \$114,981,902 as follows:

Petty cash	\$ 75,175
Demand deposits	56,327,671
Certificates of deposit	24,917
Money market funds	
Short-term investments	
Time deposits	
Blended component unit cash	<u>58,554,139</u>
 Total	 <u><u>\$ 114,981,902</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, 2018, the university's bank balance totaled \$58,502,025.

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Cash and cash equivalents of the component units totaling \$40,479,594, 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, 2018, the University had investments totaling \$102,000,594 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.

Investments:	Fair Value Measurements at Reporting Date Using:				Investments measured at net asset value
	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
Endowment investments held by foundations					
Investments by fair value level:					
Common and Preferred Stock	\$ 2,023,073	2,023,073			
Mutual Funds	35,657,388	35,657,388			
Money Market Accounts	25,959,759	25,959,759			
Other	1,410,654	1,410,654			
Investments measured at the net asset value (NAV)					
Hedge Funds and other alternatives					
Equity - long/short					3,835,864
Distressed opportunities					1,608,591
Multi-strategy					5,376,857
Other credit					8,817,322
Private equities					3,628,687
Unit Investment Trusts and Limited Partnerships					13,682,399
Held by Blended component unit					
Total	\$ 65,050,874	\$65,050,874	\$ -	\$ -	\$36,949,720

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). Investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair

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value hierarchy. The fair value amounts presented are intended to permit the reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

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 foundations, and included in investments measured at net asset value above, as of June 30, 2018:

	Fair Value	Unfunded Commitments
Distressed opportunities	\$1,608,591	
Equity - long/short	3,835,864	
Private equities	3,628,687	\$3,628,687
Other credit	8,817,322	
Multi-strategy	<u>5,376,857</u>	
Subtotal	<u>\$23,267,321</u>	<u>\$3,628,687</u>

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, 2018:

	Lockup Period	Frequency (if Currently Eligible)	Redemption Notice Period
Distressed opportunities	1-10+ years	Manager discretion	0-90 days
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 distressed opportunities investment consists of an investment in two funds, which have direct investments in other hedge funds and private equities. Both the direct investments and underlying fund investments include securities in companies undergoing financial distress, operating difficulties, or restructuring. The objectives of the funds are to invest in a diversified pool of underlying funds to provide the best return. Net asset values are determined by using market quotes on those investment for which the market quotes are available. Investments in other funds are valued based on the capital accounts in the fund. Securities for which no quotes or capital balances are available are valued by the general partners based on available information at the date of the determination. The net asset values are computed quarterly.

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.

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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.

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

Description	Percentage of Investments	Investment Maturities in Years				
		Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	11-20 Years
Investments held by foundations						
Repurchase Agreements						
US Government Securities:						
US Treasury Notes						
Government National Mortgage Corporation						
Federal Home Loan Mortgage Corporation						
Federal National Mortgage Association						
Federal Home Loan Bank						
Federal Farm Credit Bank						
Other fixed income securities	0.00%					
Mutual funds	34.96%	35,657,388				
Money market accounts	25.45%	25,959,759				
Equity funds	0.00%					
Common and preferred stock	1.98%	2,023,073				
Corporate bonds/obligations						
Hedge funds	36.23%	36,949,720				
Other	1.38%	1,410,654				
Sub-total investments held by foundation	100.00%	102,000,594				
Held by blended component units:						
Ragin' Cajun Facilities Inc.						
Total		\$ 102,000,594	\$0	\$0	\$0	\$0

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

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

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

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

The University's investments totaling \$102,000,594 June 30, 2018, are unrated.

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INVESTMENTS - COMPONENT UNITS

The component units' investments totaling \$138,830,792 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 component unit at June 30, 2018, follow:

<u>Type of Investment</u>	<u>University of Louisiana at Lafayette Foundation</u>
Certificates of deposit	\$ 810,005
Fixed income bonds	
Stocks and equities	2,459,858
International stocks	
Mutual and exchange traded funds	51,981,730
Oil and gas interests	
Land	
Hedge funds and other alternatives investments	60,119,813
Unit investment trusts and partnerships	<u>23,459,386</u>
Total	<u>\$ 138,830,792</u>

4. RECEIVABLES

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

<u>Account</u>	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Accounts Receivable</u>	<u>Restricted Portion</u>
Student tuition and fees	\$4,939,067	(\$2,933,298)	\$2,005,769	
Auxiliary enterprises	4,664,531	(2,142,906)	2,521,625	
Contributions and gifts	4,808,510		4,808,510	
Federal, state, and private grants and contracts	18,512,001		18,512,001	
Insurance recoveries	80,491		80,491	
Other	<u>2,810,735</u>		<u>2,810,735</u>	
Total Receivables	<u>\$35,815,335</u>	<u>(\$5,076,204)</u>	<u>\$30,739,131</u>	<u>NONE</u>

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5. CHANGES IN CAPITAL ASSETS

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

University

	Balance July 1, 2017	Prior Period Adjustment	Restated Balance July 1, 2017	Additions	Transfers	Retirements	Balance June 30, 2018
Capital assets not being depreciated:							
Land	\$ 9,298,681		\$ 9,298,681				\$ 9,298,681
Non-depreciable land improvements	-		-				-
Capitalized collections	-		-				-
Livestock	-		-				-
Software development in progress	10,671,402		10,671,402	167,854	(10,839,256)		-
Construction-in-progress	43,886,371	513,137	44,399,508	23,598,594	(53,306,345)		14,691,757
Total assets not being depreciated	63,856,454	513,137	64,369,591	23,766,448	(64,145,601)	-	23,990,438
Capital assets being depreciated:							
Infrastructure			-				-
Land improvements	14,615,758		14,615,758		2,799,132		17,414,890
Buildings	521,735,655		521,735,655	12,839,093	35,078,246	(498,929)	569,154,065
Equipment (including library books)	101,208,789		101,208,789	4,692,259	15,428,967	(102,399)	121,227,616
Software (internally generated and purchased)			-		10,839,256		10,839,256
Total capital assets being depreciated	637,560,202	-	637,560,202	17,531,352	64,145,601	(601,328)	718,635,827
Less accumulated depreciation:							
Infrastructure			-				-
Land improvements	(5,581,006)		(5,581,006)	(726,806)			(6,307,812)
Buildings	(180,568,393)		(180,568,393)	(16,432,253)			(197,000,646)
Equipment	(87,308,431)		(87,308,431)	(4,435,351)		102,399	(91,641,383)
Software (internally generated and purchased)			-	(3,613,085)			(3,613,085)
Total accumulated depreciation	(273,457,830)	-	(273,457,830)	(25,207,495)	-	102,399	(298,562,926)
Total capital assets, net	\$ 427,958,826	\$ 513,137	\$ 428,471,963	\$ 16,090,305	\$ -	\$ (498,929)	\$ 444,063,339

Component Units

	Balance July 1, 2017	Prior Period Adjustment	Restated Balance July 1, 2017	Additions	Transfers	Retirements	Balance June 30, 2018
Capital assets not being depreciated:							
Land	\$ 1,048,010		\$ 1,048,010	\$ 865,695			\$ 1,913,705
Art and collectibles	2,988,516		2,988,516	11,750			3,000,266
Construction-in-progress	-		-	114,922			114,922
Total assets not being depreciated	4,036,526	-	4,036,526	992,367	-	-	5,028,893
Capital assets being depreciated:							
Buildings	10,793,545		10,793,545	38,687			10,832,232
Vehicles, furniture, and equipment	849,293		849,293	56,812		(10,349)	895,756
Software (internally generated/purchased)	111,268		111,268			(34,565)	76,703
Total assets being depreciated	11,754,106	-	11,754,106	95,499	-	(44,914)	11,804,691
Less accumulated depreciation							
Land Improvements			-				-
Buildings	(3,543,586)		(3,543,586)	(277,761)			(3,821,347)
Vehicles, furniture, and equipment	(665,030)		(665,030)	(58,603)		10,349	(713,284)
Software (internally generated/purchased)	(107,587)		(107,587)	(3,058)		34,565	(76,080)
Total accumulated depreciation	(4,316,203)	-	(4,316,203)	(339,422)	-	44,914	(4,610,711)
Total capital assets, net	\$ 11,474,429	\$ -	\$ 11,474,429	\$ 748,444	\$ -	\$ -	\$ 12,222,873

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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, 2018:

<u>Account Name</u>	
Vendor payables	\$ 13,130,249
Accrued salaries and payroll deductions	7,646,124
Accrued interest	
Other	<u>217,479</u>
 Total payables	 <u><u>\$ 20,993,852</u></u>

7. COMPENSATED ABSENCES

At June 30, 2018, 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, 2018, by type:

<u>Description</u>	<u>Amount</u>
Annual Leave	\$6,459,110
Sick Leave	5,274,591
Compensatory Leave	<u>539,585</u>
 Total payables	 <u><u>\$12,273,286</u></u>

8. PENSION LIABILITY

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

9. OPTIONAL RETIREMENT SYSTEM

TRSL administers an optional retirement plan (ORP), which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

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The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in ORP rather than TRSL and purchase retirement and death benefits through fixed and/or variable annuity contracts provided by designated companies. Benefits payable to participants are not the obligation of the State of Louisiana or TRSL. Such benefits and other rights of ORP are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

R.S. 11:927 sets the contribution requirements of the ORP plan members and the employer. Each plan member shall contribute monthly to ORP an amount equal to the contribution rates established for the regular retirement plan of TRSL as disclosed in note 8. Effective July 1, 2014, each higher education board created by Article VII of the Constitution of Louisiana is required to establish, by resolution, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount). In addition, effective July 1, 2014, the employer contribution rate for amounts credited to the ORP participants who are not employed in higher education must be the greater of: (1) the employer normal cost contribution for the TRSL Regular Plan; or (2) 6.2%.

Employer ORP contributions to TRSL for fiscal year 2018 totaled 12,415,752, which represents pension expense for the University. Employee contributions totaled 3,547,237. The active member and employer contribution rates were 8% and 5.8%, respectively, with an additional employer contribution of 22.2% made to the TRSL defined benefit plan.

10. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The University provides certain continuing health care and life insurance benefits for its retired employees. Substantially, all University employees become eligible for these benefits if they reach normal retirement age while working for the University.

The University offers its employees the opportunity to participate the State's Office of Group Benefits (OGB), which also offers a life insurance plan.

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

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2018, the total rental expense for all operating leases is \$326,152. The following is a schedule, by years, of future minimum annual rental payments required under operating leases:

<u>Fiscal Year Ending June 30,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Land</u>	<u>Other</u>	<u>Total Minimum Payments Required</u>
2019	\$ 180,000	\$ 46,956	\$ 111,010		\$ 337,966
2020	180,000	46,956	111,010		337,966
2021	180,000	14,316	111,010		305,326
2022	180,000	8,351	111,010		299,361
2022	180,000		111,010		291,010
2024-2028	405,000		527,300		932,300
2029-2033			50		50
2034-2038			50		50
2039-2043			50		50
2044-2048			40		40
Thereafter			570		570
Total	<u>\$ 1,305,000</u>	<u>\$ 116,579</u>	<u>\$ 1,083,110</u>	<u>\$ -</u>	<u>\$ 2,504,689</u>

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Capital Leases

The University did not have any capital leases.

The University's component unit did not have any capital leases at June 30, 2018.

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, 2018:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Office space	\$ 5,465,336	\$ (921,390)	\$ 4,543,946
Buildings	30,753,890	(9,404,168)	21,349,722
Equipment			-
Land	205,839		205,839
Other			-
	<u>\$ 36,425,065</u>	<u>\$ (10,325,558)</u>	<u>\$ 26,099,507</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Office Space</u>	<u>Buildings</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
2019	\$ 1,257,135	\$ 2,816,613	\$ 85,010	\$ 210,000	\$ 4,368,758
2020	1,357,591	2,849,700	85,010		4,292,301
2021	1,407,591	2,882,140	85,010		4,374,741
2022	1,264,025	2,902,252	85,010		4,251,286
2023	1,364,494	2,926,053	85,010		4,375,557
2024-2028	5,881,101	9,149,115	64,383		15,094,600
2029-2033	1,600,000	1,738,451	12,050		3,350,501
2034-2038			50		50
2039-2043			50		50
2044-2048			30		30
Thereafter			520		520
	<u>\$ 14,131,936</u>	<u>\$ 25,264,324</u>	<u>\$ 502,133</u>	<u>\$ 210,000</u>	<u>\$ 40,108,394</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, 2018, were \$1,159,751, \$382,610, and \$100,352 respectively.

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12. LONG-TERM LIABILITIES

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

University

	Balance June 30, 2017	Adjustments	Balance June 30, 2017 Restated	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
Notes and bonds payable:							
Notes payable	\$ 11,054,156		\$ 11,054,156		\$ (10,059,980)	\$ 994,176	\$ 119,186
Bonds payable	217,237,043		217,237,043	61,075,363	(5,579,813)	272,732,593	5,820,000
Total notes and bonds payable	228,291,199	-	228,291,199	61,075,363	(15,639,793)	273,726,769	5,939,186
Other liabilities:							
Accrued compensated absences payable	11,530,987		11,530,987	1,710,414	(968,115)	12,273,286	834,793
Capital lease obligations			-			-	
Pension liability	298,488,071		298,488,071		(31,396,412)	267,091,659	
OPEB payable	115,886,194	89,864,075	205,750,269		(8,667,110)	197,083,159	
Total other liabilities	425,905,252	89,864,075	515,769,327	1,710,414	(41,031,637)	476,448,104	834,793
Total	\$ 654,196,451	\$ 89,864,075	\$ 744,060,526	\$ 62,785,777	\$ (56,671,430)	\$ 750,174,873	\$ 6,773,979

Component Units

	Balance June 30, 2017	Adjustments	Balance June 30, 2017 Restated	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
Notes and bonds payable:							
Notes payable	\$ 398,905		\$ 398,905		\$ (20,469)	\$ 378,436	\$ 21,477
Bonds payable			-			-	
Total notes and bonds payable	398,905	-	398,905	-	(20,469)	378,436	21,477
Other liabilities:							
Capital lease obligations			-			-	
Total other liabilities	-	-	-	-	-	-	-
Total	\$ 398,905	\$ -	\$ 398,905	\$ -	\$ (20,469)	\$ 378,436	\$ 21,477

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

Bonds Payable - University

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding June 30, 2017</u>	<u>Issued (Redeemed)</u>	<u>Principal Outstanding June 30, 2018</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2018</u>
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	19,600,000	(480,000)	19,120,000	2041	3.0%-5.0%	12,327,547
Housing and Parking Project - Series 2010	December 1, 2010	100,050,000	8,150,000	(1,900,000)	6,250,000	2021	5.0%-5.25%	413,444
Refunding Bonds Series 2012	October 30, 2012	14,740,000	13,535,000	(625,000)	12,910,000	2033	3.0%-5.0%	4,137,441
Lewis Street Parking Garage Series 2013	November 21, 2013	25,205,000	24,205,000	(515,000)	23,690,000	2044	3.0%-5.0%	17,323,325
Athletic Facilities Project Series 2013	November 26, 2013	23,605,000	22,665,000	(485,000)	22,180,000	2044	3.0%-5.0%	16,202,478
Cajundome Project Series 2015	August 18, 2015	18,500,000	18,500,000		18,500,000	2045	3.5%-4.125%	14,851,487
Cajundome Refunding Lease - Revenue Bonds Series 2016	August 2, 2016	11,005,000	11,005,000	(710,000)	10,295,000	2030	2.470%	1,500,793
Housing Refund Bonds - Series 2017	April 19, 2017	95,945,000	95,945,000	(645,000)	95,300,000	2042	2.0%-5.0%	64,143,773
Baseball Stadium Project-Series 2017	September 27, 2017	10,145,000		10,145,000	10,145,000	2034	3.5%	3,014,244
Housing Project-Project 2018	May 23, 2018	47,410,000		47,410,000	47,410,000	2049	5.0%	65,069,876
Total		368,805,000	213,605,000	52,195,000	265,800,000			198,984,408
Premiums/discounts, net			8,193,869	4,438,889	12,632,758			
Deferred loss on refunding								
Bond issuance and insurance costs			(4,561,826)	(1,138,339)	(5,700,165)			
Total		<u>\$ 368,805,000</u>	<u>\$ 217,237,043</u>	<u>\$ 55,495,550</u>	<u>\$ 272,732,593</u>			<u>\$ 198,984,408</u>

Component Units

The UL Lafayette Foundation had no outstanding bonds at June 30, 2018.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 5,820,000	\$ 11,736,181	\$ 17,556,181
2020	6,035,000	11,517,323	17,552,323
2021	6,265,000	11,277,821	17,542,821
2022	6,510,000	11,039,634	17,549,634
2023	6,760,000	10,797,462	17,557,462
2024-2028	38,110,000	49,563,695	87,673,695
2029-2033	46,880,000	40,358,902	87,238,902
2034-2038	48,725,000	29,385,873	78,110,873
2039-2043	52,950,000	17,157,588	70,107,588
2044-2048	39,915,000	6,052,054	45,967,054
2049-2053	7,830,000	97,875	7,927,875
Sub-total	<u>265,800,000</u>	<u>198,984,408</u>	<u>464,784,408</u>
Unamortized Discount/ Premium/Issue Costs	<u>6,932,593</u>	<u>NONE</u>	<u>6,932,593</u>
Total	<u>\$ 272,732,593</u>	<u>\$ 198,984,408</u>	<u>\$ 471,717,001</u>

The UL Lafayette Foundation had no outstanding bonds at June 30, 2018.

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

<u>Bond Issue</u>	<u>Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
University of Louisiana at Lafayette			
Ragin' Cajun Facilities, Inc., Student Union/University Facilities Project Series 2010	1,382,706	1,379,681	3,025
Ragin' Cajun Facilities, Inc., Housing and Parking Facilities Project Series 2010	820,363	815,000	5,363
Ragin' Cajun Facilities, Inc., Project Series 2013 Lewis Street Parking Garage	1,592,308	1,590,463	1,845
Ragin' Cajun Facilities, Inc., Project Series 2013 Athletic Facilities Project	1,489,977	1,488,250	1,727
Total	<u>\$ 5,285,354</u>	<u>\$ 5,273,394</u>	<u>\$ 11,960</u>

As permitted by the bond resolution for the Ragin' Cajun Facilities, Inc. Project-Series 2012 Refunding Bonds, the Ragin' Cajun Facilities, Inc., obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds. The surety bond meets the definition as a reserve fund investment and guarantees payment of an amount not to exceed \$1,171,344 to fund the reserve requirements.

As permitted by the bond resolution for the Ragin' Cajun Facilities, Inc. Cajundome Project - Series 2015, Ragin' Cajun Facilities, Inc., obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds. The surety bond meets the definition as a reserve fund investment and guarantees payment of an amount not to exceed \$1,527,385 to fund the reserve requirements.

As permitted by the bond resolution for the Ragin' Cajun Facilities, Inc. Cajundome Project - Series 2016, Ragin' Cajun Facilities, Inc., obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds. The surety bond meets the definition as a reserve fund investment and guarantees payment of an amount not to exceed \$1,020,325 to fund the reserve requirements.

As permitted by the bond resolution for the Ragin' Cajun Facilities, Inc. Project -Series 2017 Housing Refund Bonds, Ragin' Cajun Facilities, Inc., obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds. The surety bond meets the definition as a reserve fund investment and guarantees payment of an amount not to exceed \$7,121,575 to fund the reserve requirements.

As permitted by the bond resolution for the Ragin' Cajun Facilities, Inc. Project -Series 2018 Student Housing Bonds, Ragin' Cajun Facilities, Inc., obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds. The surety bond meets the definition as a reserve fund investment and guarantees payment of an amount not to exceed \$4,642,070 to fund the reserve requirements.

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Notes Payable – University

The University had the following outstanding note payable at June 30, 2018.

<u>Note</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2017</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2018</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2018</u>
University of Louisiana at Lafayette								
MidSouth Bank 1	September 18, 2015	\$ 1,300,000	\$ 1,112,901	\$ (113,940)	\$ 998,961	2026	4.45%	\$ 174,389
MidSouth Bank 2	July 22, 2016	<u>10,000,000</u>	<u>10,000,000</u>	<u>(10,000,000)</u>	<u>0</u>			
Total		11,300,000	11,112,901	(10,113,940)	998,961			
Bond Amortization Costs			<u>(58,745)</u>	<u>53,960</u>	<u>(4,785)</u>			
Total			<u>\$11,054,156</u>	<u>\$ (10,059,980)</u>	<u>\$ 994,176</u>			<u>\$ 174,389</u>

The annual requirements to amortize all notes outstanding at June 30, 2018, including interest of \$174,389 are as follows:

2019	\$ 119,186	\$ 42,641	\$ 161,827
2020	124,391	37,436	161,827
2021	130,520	31,306	161,826
2022	136,500	25,326	161,826
2023	142,706	19,121	161,827
2024	149,249	12,579	161,828
2025	156,156	5,671	161,827
2026	<u>40,253</u>	<u>309</u>	<u>40,562</u>
sub-total	\$ 998,961	\$ 174,389	\$ 1,173,350
Unamortized Bond Costs	<u>(4,785)</u>	<u>NONE</u>	<u>(4,785)</u>
Total	<u>\$ 994,176</u>	<u>\$ 174,389</u>	<u>\$ 1,168,565</u>

Component Units

The University's component unit foundation had the following outstanding note payable at June 30, 2018.

<u>Note</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2017</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2018</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Interest Outstanding June 30, 2018</u>
University of Louisiana at Lafayette Foundation, Inc.								
U.S. Department of Education	June 9, 2011	<u>\$ 500,000</u>	<u>\$ 398,905</u>	<u>\$ (20,469)</u>	<u>\$ 378,436</u>	2031	4.75%	<u>\$ 131,602</u>

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The annual requirements to amortize all notes outstanding for the component unit foundations at June 30, 2018, including interest of \$ 131,602, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 2019	21,477	17,757	39,234
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 2024-2028	150,611	45,557	196,168
FY 2029-2033	109,384	8,316	117,700
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 378,436</u>	<u>\$ 131,602</u>	<u>\$ 510,038</u>

13. REFUNDING OF BONDS

There was no debt refunding for the year ended June 30, 2018.

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

	<u>University</u>
PY Ending Net Position (Audited)	\$14,951,130
Other Postemployment Benefit Obligations	(\$84,943,692)
Capital Assets	\$513,137
Revenues	(186,880)
Expenses	<u>961,541</u>
Net position at June 30, 2017, restated	<u><u>(\$68,704,764)</u></u>

The restatements decreased the University's beginning net position by \$83,655,894. Had the error corrections affecting fiscal year 2017 been included in the June 30, 2017, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of (\$17,635,125) would have totaled (\$101,291,019).

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17. RESTRICTED NET POSITION

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

<u>Account Title</u>	<u>Amount</u>
Endowments	\$ 48,832,493
Student Fees	11,076,867
Student Loan Fund	8,254,126
Auxiliary Enterprises	-
Grants and Contracts	1,855,041
Maintenance Reserves	3,405,394
Capital Construction/Plant Projects	-
Debt Service/Retirement of Indebtedness	30,888
Scholarships	782,296
Other	
Gifts - Restricted by Donors	
WRAC Fund	
	<hr/>
Total expendable	<u>\$ 74,237,105</u>

The University's restricted nonexpendable net position totaling \$54,215,000 as of June 30, 2018, was comprised entirely of endowment funds.

Of the total net position reported on Statement of Net Position for the year ended June 30, 2018, \$2,157,383 was restricted by enabling legislation.

RESTRICTED NET ASSETS - COMPONENT UNITS

Restricted net assets for the component units within the University are as follows:

	<u>University of Louisiana at Lafayette Foundation, Inc.</u>
Temporarily restricted:	
Donor-restricted endowment funds	\$ 39,534,242
Chair and professorship endowment funds	15,586,620
Other programs	
	<hr/>
Total temporarily restricted net assets	<u>\$ 55,120,862</u>
Permanently restricted:	
Donor-restricted endowment funds	\$ 48,694,246
Chair and professorship endowment funds	49,349,066
	<hr/>
Total permanently restricted net assets	<u>\$ 98,043,312</u>

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18. CONDENSED FINANCIAL INFORMATION

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

Statement of Net Position

	Ragin' Cajun Facilities, Inc.
Assets	
Capital assets	241,789,123
Other assets	58,554,139
	<u>300,343,262</u>
Total assets	<u>\$ 300,343,262</u>
Deferred Outflows	
Liabilities	
Current liabilities	\$ 10,819,475
Long-term liabilities	267,787,583
	<u>278,607,058</u>
Total liabilities	<u>\$ 278,607,058</u>
Net Position	
Net investment in capital assets	\$ 17,538,421
Restricted net position - expendable	3,670,879
Unrestricted net position	526,904
	<u>21,736,204</u>
Total net position	<u>\$ 21,736,204</u>

Statement of Revenues, Expenses, and Changes in Net Position

	Ragin' Cajun Facilities, Inc.
Operating revenues	\$ 13,742,851
Operating expenses	(1,924,042)
Depreciation expense	(10,448,917)
	<u>1,369,892</u>
Net operating income (loss)	1,369,892
Nonoperating revenues (expenses):	
Investment income	97,816
Interest expense	(9,468,812)
Other (net)	(149,823)
Capital contributions/additions to permanent and term endowments	7,627,477
	<u>(523,450)</u>
Changes in net position	(523,450)
Net position beginning of the year	22,259,654
	<u>21,736,204</u>
Net position end of the year	<u>\$ 21,736,204</u>

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Statement of Cash Flows

	<u>Ragin' Cajun Facilities, Inc.</u>
Net cash flows provided (used) by:	
Operating activities	\$ 10,395,496
Noncapital financing	
Capital and related financing	31,932,494
Investing activities	
	<hr/>
Net increase (decrease) in cash	42,327,990
Cash, beginning of the year	<u>16,226,149</u>
	<hr/>
Cash, end of the year	<u>\$ 58,554,139</u>

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 65,350,379	\$ 20,716,653	\$ 64,284	\$ 10,153,822			\$ 96,285,138
Research	29,315,611	8,296,090	2,077,731	11,250,048			50,939,480
Public service	3,294,828	988,337	343	1,596,798			5,880,306
Academic support	11,620,923	5,092,714	79,969	4,093,838			20,887,444
Student services	7,326,412	2,494,275	2,915	6,089,957			15,913,559
Institutional support	17,022,877	9,064,591	-	8,671,570			34,759,038
Operations and maintenance of plant	4,260,321	2,153,878	4,276,175	7,079,693			17,770,067
Depreciation						\$ 25,207,495	25,207,495
Scholarships and fellowships					\$ 11,269,548		11,269,548
Auxiliary enterprises	14,939,810	4,546,023	1,634,548	27,239,331	2,849,759		51,209,471
Other		742,298		10,010			752,308
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	\$ 153,131,161	\$ 54,094,859	\$ 8,135,965	\$ 76,185,067	\$ 14,119,307	\$ 25,207,495	\$ 330,873,854

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.

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The amount of on-behalf payments for salaries and fringe benefits included in the accompanying financial statements for the fiscal year ended June 30, 2018, was \$2,194,481.

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, 2018, net appreciation of donor restricted endowments is equal to \$48,832,493, 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, 2018, the foundation held in custody \$102,000,594 of Endowed Chair and Endowed Professorship Program funds. Amounts invested by private foundations for the System 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.lla.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 (UL); 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 UL grant, and other considerations.

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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. UL will lease the facility site to RCFI at \$1 per year during the construction phase and for the term of the facility lease agreement. UL 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 UL within 60 days of a written request from UL.

The CGI facility was completed during the fiscal year ended June 30, 2016. UL 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, UL entered into a CEA with the State and the LED for 10 years providing a grant of \$4.5 million to UL for expansion of the School of Computing and Informatics (SCI) and other informatics related initiatives, including the development of the pipeline between UL 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, UL 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, 2018, project payments totaling \$710,423 were paid.

University of Louisiana at Lafayette/Project Chimps

General

In December 2015 UL entered into a CEA with Project Chimps, Inc. (Project Chimps), a nonprofit corporation established under the laws of the State of Oregon that is dedicated to and created for the purpose of providing permanent non-research sanctuary for the lifelong care of chimpanzees. UL'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. UL currently bears the cost of providing lifetime care and maintenance for retired chimpanzees. Project Chimps desired to undertake the cost to provide sanctuary for the retired chimpanzees. UL will transfer ownership, rights, and obligations of the chimpanzees to Project Chimps, thus providing relief of UL'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, UL agrees to make one-time payments to Project Chimps upon the transfer of each chimpanzee to the sanctuary. UL is obligated to pay Project Chimps a maximum \$4.3 million. Using unrestricted endowment payments for the project, UL has made payments totaling \$3,617,241 through June 30, 2018.

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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.