

Financial Report

For the Year Ended June 30, 2020



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, 2020

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STATEMENT OF NET POSITION
FISCAL YEAR ENDED JUNE 30, 2020

	University	University of Louisiana at Lafayette Foundation, Inc.	Eliminations	Total Combined
ASSETS				
Current Assets				
Cash and cash equivalents	\$8,136,489	\$3,753,451		\$11,889,940
Receivables, net	33,673,753	647,102	(\$440,000)	33,880,855
Pledges receivable		4,896,140		4,896,140
Due from state treasury	8,670,045			8,670,045
Due from federal government	5,471,934			5,471,934
Inventories	1,354,470			1,354,470
Prepaid expenses and advances	3,073,817	109,527		3,183,344
Notes receivable	631,651			631,651
Other current assets	80			80
	<u>61,012,239</u>	<u>9,406,220</u>	<u>(440,000)</u>	<u>69,978,459</u>
Noncurrent Assets				
Restricted assets:				
Cash and cash equivalents	27,486,260	15,263,441		42,749,701
Investments	106,780,677	173,876,917	(106,780,677)	173,876,917
Notes receivable (net)	5,530,407			5,530,407
Pledges receivable		864,477		864,477
Capital assets (net)	464,625,339	12,167,374		476,792,713
Other noncurrent assets		1,385,953		1,385,953
	<u>604,422,683</u>	<u>203,558,162</u>	<u>(106,780,677)</u>	<u>701,200,168</u>
Total assets	<u>665,434,922</u>	<u>212,964,382</u>	<u>(107,220,677)</u>	<u>771,178,627</u>
Deferred Outflows of Resources				
Deferred outflows relating to pensions	74,967,908			74,967,908
Deferred outflows relating to other postemployment benefits (OPEB)	11,844,086			11,844,086
	<u>86,811,994</u>	<u>NONE</u>	<u>NONE</u>	<u>86,811,994</u>
Total deferred outflows of resources	<u>86,811,994</u>	<u>NONE</u>	<u>NONE</u>	<u>86,811,994</u>
Total assets and deferred outflows	<u>\$752,246,916</u>	<u>\$212,964,382</u>	<u>(\$107,220,677)</u>	<u>\$857,990,621</u>

(Continued)

The accompanying notes are an integral part of this statement

**STATEMENT OF NET POSITION
FISCAL YEAR ENDED JUNE 30, 2020**

	University	University of Louisiana at Lafayette Foundation, Inc.	Eliminations	Total Combined
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	\$17,813,753	\$1,056,962		\$18,870,715
Unearned revenues	15,453,968			15,453,968
Amounts held in custody for others	1,556,180			1,556,180
Other liabilities	2,974,615			2,974,615
Current Portion of Noncurrent Liabilities				
Compensated absences payable	794,455			794,455
Notes payable	130,521	111,546		242,067
Bonds payable	6,420,000			6,420,000
OPEB liability	5,200,000			5,200,000
Other current liabilities		3,050,433		3,050,433
Total current liabilities	<u>50,343,492</u>	<u>4,218,941</u>	NONE	<u>54,562,433</u>
Long-term Portion of Noncurrent Liabilities				
Compensated absences payable	12,047,147			12,047,147
Amounts held in custody for others		41,328,489	(41,328,489)	0
Notes payable	622,275	422,824		1,045,099
Bonds payable	256,496,738			256,496,738
Net pension liability	282,187,564			282,187,564
OPEB liability	175,848,405			175,848,405
Total noncurrent liabilities	<u>727,202,129</u>	<u>41,751,313</u>	<u>(41,328,489)</u>	<u>727,624,953</u>
Total liabilities	<u>777,545,621</u>	<u>45,970,254</u>	<u>(41,328,489)</u>	<u>782,187,386</u>
Deferred Inflows of Resources				
Deferred inflows relating to pensions	16,891,636			16,891,636
Deferred inflows relating to OPEB	32,448,823			32,448,823
Total deferred outflow of resources	<u>49,340,459</u>	NONE	NONE	<u>49,340,459</u>
Net Position				
Net investment in capital assets	206,437,942	12,167,374		218,605,316
Restricted for:				
Nonexpendable	56,515,000	111,956,275	(58,975,606)	109,495,669
Expendable	78,707,841	40,987,372	(6,916,582)	112,778,631
Unrestricted	(416,299,947)	1,883,107		(414,416,840)
Total net position	<u>(74,639,164)</u>	<u>166,994,128</u>	<u>(65,892,188)</u>	<u>26,462,776</u>
Total liabilities, deferred inflows, and net position	<u><u>\$752,246,916</u></u>	<u><u>\$212,964,382</u></u>	<u><u>(\$107,220,677)</u></u>	<u><u>\$857,990,621</u></u>

(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, 2020**

	University	University of Louisiana at Lafayette Foundation, Inc.	Eliminations	Total Combined
Operating Revenues				
Student tuition and fees (net of allowances totaling \$36,484,854)	\$145,442,051		(\$2,606,758)	\$142,835,293
Gifts received by the foundations		\$9,822,179	(1,500,000)	8,322,179
Endowment income		6,067,038	(3,550,660)	2,516,378
Federal grants and contracts	28,435,362			28,435,362
State and local grants and contracts	5,378,468			5,378,468
Nongovernmental grants and contracts	20,833,069			20,833,069
Sales and services of educational departments	38,328			38,328
Auxiliary enterprise revenues (net of allowances totaling \$6,248,718)	37,285,154		(60,267)	37,224,887
Other operating revenues	5,594,251	993,996		6,588,247
Total operating revenues	243,006,683	16,883,213	(7,717,685)	252,172,211
Operating Expenses				
Educational and general:				
Instruction	101,663,975			101,663,975
Research	59,345,330			59,345,330
Public service	6,633,017			6,633,017
Academic support	20,598,968			20,598,968
Student services	14,555,940			14,555,940
Institutional support	35,752,649			35,752,649
Operations and maintenance of plant	17,884,088			17,884,088
Depreciation	28,015,556	320,988		28,336,544
Scholarships and fellowships	15,860,621			15,860,621
Auxiliary enterprises	52,762,684			52,762,684
Other operating expenses	441,493	18,502,875	(10,218,255)	8,726,113
Total operating expenses	353,514,321	18,823,863	(10,218,255)	362,119,929
Operating income (loss)	(110,507,638)	(1,940,650)	2,500,570	(109,947,718)

(Continued)

The accompanying notes are an integral part of this statement.

	University	University of Louisiana at Lafayette Foundation, Inc.	Eliminations	Total Combined
Nonoperating Revenues (Expenses)				
State appropriations	\$57,866,424			\$57,866,424
Gifts	4,696,056		(\$3,716,166)	979,890
Federal nonoperating revenues (expenses)	37,109,778			37,109,778
Net investment income (loss)	5,097,381	\$127,209		5,224,590
Interest expense	(10,916,303)			(10,916,303)
Other nonoperating revenues (expenses)	3,986,229	(18,675)		3,967,554
	<u>97,839,565</u>	<u>108,534</u>	<u>(3,716,166)</u>	<u>94,231,933</u>
Income (loss) before other revenues, expenses, gains, and losses	<u>(12,668,073)</u>	<u>(1,832,116)</u>	<u>(1,215,596)</u>	<u>(15,715,785)</u>
Capital appropriations	1,504,885			1,504,885
Capital grants and gifts	1,923,848		(198,508)	1,725,340
Additions to permanent endowments	1,100,000	2,694,191		3,794,191
	<u>(8,139,340)</u>	<u>862,075</u>	<u>(1,414,104)</u>	<u>(8,691,369)</u>
Increase (decrease) in net position	<u>(8,139,340)</u>	<u>862,075</u>	<u>(1,414,104)</u>	<u>(8,691,369)</u>
Net position at the beginning of the year	<u>(66,499,824)</u>	<u>166,132,053</u>	<u>(64,478,084)</u>	<u>35,154,145</u>
Net position at the end of the year	<u>(\$74,639,164)</u>	<u>\$166,994,128</u>	<u>(\$65,892,188)</u>	<u>\$26,462,776</u>

(Concluded)

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows From Operating Activities	
Tuition and fees	\$144,603,621
Grants and contracts	57,136,045
Sales and services of educational departments	38,328
Auxiliary enterprise receipts	35,738,964
Payments for employee compensation	(162,582,663)
Payments for benefits	(58,814,713)
Payments for utilities	(7,394,747)
Payments for supplies and services	(79,073,679)
Payments for scholarships and fellowships	(19,919,918)
Loans to students	(417,962)
Collection of loans to students	965,719
Other receipts (payments)	<u>5,475,453</u>
Net cash provided (used) by operating activities	<u>(84,245,552)</u>
Cash Flows From Non-Capital Financing Activities	
State appropriations	49,434,530
Gifts and grants for other than capital purposes	7,148,741
Pell Grant receipts (do not report in gifts and grants)	24,726,629
Private gifts for endowment purposes	1,100,000
TOPS receipts	37,361,326
TOPS disbursements	(37,238,374)
CARES Act receipts	6,431,311
Direct lending receipts	64,000,480
Direct lending disbursements	(63,919,018)
Other receipts (payments)	<u>368,432</u>
Net cash provided (used) by noncapital financing sources	<u>89,414,057</u>
Cash Flows From Capital Financing Activities	
Proceeds from capital debt	2,600,000
Capital grants and gifts received	1,116,629
Purchases of capital assets	(19,844,547)
Principal paid on capital debt and leases	(6,159,392)
Interest paid on capital debt and leases	(11,648,960)
Other sources (uses)	<u>(87,434)</u>
Net cash provided (used) by capital financing activities	<u>(34,023,704)</u>

(Continued)

Cash Flows From Investing Activities

Proceeds from sales and maturities of investments	\$4,135,082
Interest received on investments	<u>2,001,664</u>
Net cash provided (used) by investing activities	<u>6,136,746</u>
Net increase (decrease) in cash and cash equivalents	(22,718,453)
Cash and cash equivalents at the beginning of the year	<u>58,341,202</u>
Cash and cash equivalents at the end of the year	<u><u>\$35,622,749</u></u>
Operating income (loss)	(\$110,507,638)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation expense	28,015,556
Retirement contributions paid by third parties	847,771
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
(Increase) decrease in accounts receivable, net	(709,123)
(Increase) decrease in inventories	401,048
(Increase) decrease in prepaid expenses and advances	1,883,600
(Increase) decrease in notes receivable	540,110
(Increase) decrease in deferred outflows related to pensions	(4,053,085)
(Increase) decrease in deferred outflows related to OPEB	(3,167,813)
Increase (decrease) in accounts payable and accrued liabilities	(3,598,117)
Increase (decrease) in unearned revenue	(45,578)
Increase (decrease) in amounts held in custody for others	(44,951)
Increase (decrease) in compensated absences	431,483
Increase (decrease) in net pension liability	11,383,334
Increase (decrease) in total OPEB liability	(16,718,429)
Increase (decrease) in deferred inflows related to pensions	(5,094,095)
Increase (decrease) in deferred inflows related to OPEB	<u>16,190,375</u>
Net cash provided (used) by operating activities:	<u><u>(\$84,245,552)</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2020

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

Cash and cash equivalents classified as current assets	8,136,489
Cash and cash equivalents classified as noncurrent assets	<u>27,486,260</u>
Total cash and cash equivalents	<u><u>\$35,622,749</u></u>

Schedule of Noncash Investing, Capital, and Financing Activities

Capital appropriations	\$1,504,885
Change in fair market value of investments	\$759,075
Capital gifts and grants	\$807,219
Disposition of capital assets	\$0
Retirement contributions paid by third parties	\$847,771
Other	\$260,286

* 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 (System); 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 16,934 students enrolled during the fall semester of the 2019/2020 academic year and employed approximately 1,991 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 a Louisiana nonprofit corporation that is considered a blended component unit of the University because it is fiscally dependent on the University. The purpose of 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, 2020, the Foundation made distributions totaling \$15,382,419 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 whose financial statements are prepared in accordance with 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). 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 for Ragin' Cajun Facilities, Inc., and the Foundation, no modifications have been made to their financial information in the University's report. In addition, financial data of the ULL Foundation is presented separately in certain notes to the 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.

Foundation

FASB ASC §958 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 a maturity of three months or less when purchased. Under State law, the University may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the University may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash equivalents reported on the Statement of Net Position include all negotiable certificates of deposit, regardless of maturity.

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

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

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

F. NONCURRENT RESTRICTED ASSETS

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

G. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at

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

H. UNEARNED REVENUES

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

I. COMPENSATED ABSENCES

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

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

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

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

J. NONCURRENT LIABILITIES

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to 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. The plans' investments are reported at fair value.

K. NET POSITION

The University's net position is classified as follows:

(1) Net Investment in Capital Assets

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

(2) Restricted Net Position – Expendable

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

(3) Restricted Net Position – Nonexpendable

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

(4) Unrestricted Net Position

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

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

L. CLASSIFICATIONS OF REVENUES AND EXPENSES

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

(1) Operating Revenue

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

(2) Nonoperating revenue

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

(3) Operating expenses

Operating expenses generally include transactions resulting from providing goods or services, such as (a) payments to vendors for goods or services; (b) payments to employees for services; and (c) payments for employee benefits.

(4) Nonoperating expenses

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

M. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

N. USE OF ESTIMATES

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

O. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2020, there were no new GASB pronouncements affecting the University's financial statements.

2. CASH AND CASH EQUIVALENTS

At June 30, 2020, the university has cash and cash equivalents (book balances) of \$35,622,749 as follows:

Demand deposits	\$25,497,674
Certificates of deposit	23,939
Petty cash	60,524
Blended component unit cash	<u>10,040,612</u>
Total	<u><u>\$35,622,749</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, 2020, the university's bank balance totaled \$36,888,782.

The disclosure requirements in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are not applicable to the Foundation's cash and cash equivalents, which totaled \$19,016,892 at June 30, 2020, as shown on its Statement of Financial Position.

3. INVESTMENTS

At June 30, 2020, the University reported investments totaling \$106,780,677 on the Statement of Net Position, all of which was held by the Foundation.

Fair Value Measurement

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

(1) Level 1

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

(2) Level 2

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

(3) Level 3

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

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, 2020 are as follows:

	Totals	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	\$40,314,281	\$40,314,281			
Money market accounts	7,684,047	7,684,047			
Equity funds					\$0
Common and preferred stock	12,241,625	12,241,625			
Unit Investment Trusts and Limited Partnerships	12,889,593			12,889,593	0
Hedge funds:					
Equity - long/short	1,470,710				1,470,710
Multi-strategy	13,275,828				13,275,828
Other credit	10,799,712			\$10,669,590	130,122
Private equities	8,104,881			\$8,104,881	0
	106,780,677	\$60,239,953		\$31,664,064	\$14,876,660
Held by Blended component unit (not categorized)	0				
Total	\$106,780,677				

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 alternative and hedge fund investments held by the Foundation and which are included in investments measured at net asset value above, as of June 30, 2020:

	Fair Value	Unfunded Commitments
Alternative investments:		
Equity funds		
Unit investment trusts and limited partnerships	12,889,593	
Hedge funds:		
Equity - long/short	1,470,710	
Multi-strategy	13,275,828	
Other credit	10,799,712	
Private equities	8,104,881	\$1,870,435
Subtotal	\$46,540,724	\$1,870,435

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, 2020:

	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. Two business days' written notice is required to redeem investments.

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, 2020, follow:

Description	Investments	Fair Value	Year	1-5 Years	6-10 Years	11-20 Years	Over 20 Years
Investments held by foundation							
Mutual funds	37.75%	\$40,314,281					
Money market accounts	7.20%	7,684,047					
Equity funds	0.00%						
Common and preferred stock	11.46%	12,241,625					
Unit Investment Trusts and Limited Partnership	12.07%	12,889,593					
Hedge funds:							
Equity - long/short	1.38%	1,470,710					
Multi-strategy	12.43%	13,275,828					
Other credit	10.11%	10,799,712					
Private equities	7.59%	8,104,881					
Held by Blended Component Units	0.00%	0					
Totals	100.00%	\$106,780,677	\$0	\$0	\$0	\$0	\$0

Custodial Credit Risk

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

Concentration of Credit Risk

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

Credit Risk

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

The University's investments totaling \$106,780,677 at June 30, 2020, are unrated.

University of Louisiana at Lafayette Foundation

The fair values of the Foundation's investments totaling \$173,876,917 at June 30, 2020, as shown on the Statement of Financial Position, follow:

Type of Investment	Amount
Certificates of deposit	\$823,193
Stocks and equities	14,604,588
Mutual and exchange traded funds investments	64,044,040
Hedge funds and alternative investments	72,703,014
Unit investment funds	21,461,170
Derivative assets	240,912
Total	<u>\$173,876,917</u>

4. RECEIVABLES

Receivables, net of an allowance for doubtful accounts, at June 30, 2020, reported on the Statement of Net Position are composed of the following:

Account	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Restricted Portion
Student tuition and fees	\$6,254,265	(\$3,429,140)	\$2,825,125	\$0
Auxiliary enterprises	5,970,499	(3,756,474)	2,214,025	0
Contributions and gifts	6,722,905	0	6,722,905	0
Federal, state, and private grants and contracts	18,439,121	0	18,439,121	0
Insurance recoveries	186,531	0	186,531	0
Other	3,286,046	0	3,286,046	0
Total	<u>\$40,859,367</u>	<u>(\$7,185,614)</u>	<u>\$33,673,753</u>	<u>NONE</u>

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets for the fiscal year ended June 30, 2020, follow:

University

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets not being depreciated:					
Land	\$11,772,728	\$0			\$11,772,728
Construction-in-progress	45,869,698	12,889,114	(\$55,920,653)		2,838,159
Total assets not being depreciated	57,642,426	12,889,114	(55,920,653)	0	14,610,887
Capital assets being depreciated:					
Land improvements	21,422,771	334,163	6,127,349		27,884,283
Buildings	580,304,306	2,143,091	47,415,940		629,863,337
Equipment (including library books)	124,064,921	5,437,944	2,377,364	(1,252,457)	130,627,772
Software (internally generated and purchased)	10,839,256				10,839,256
Total capital assets being depreciated	736,631,254	7,915,198	55,920,653	(1,252,457)	799,214,648
Less accumulated depreciation:					
Land improvements	(7,235,011)	(1,034,755)			(8,269,766)
Buildings	(213,238,791)	(18,492,868)			(231,731,659)
Equipment	(94,737,125)	(4,874,847)		1,252,457	(98,359,515)
Software (internally generated and purchased)	(7,226,170)	(3,613,086)			(10,839,256)
Total accumulated depreciation	(322,437,097)	(28,015,556)	0	1,252,457	(349,200,196)
Total capital assets, net	<u>\$471,836,583</u>	<u>(\$7,211,244)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$464,625,339</u>

Foundation

	Beginning Balance	Prior Period Adjustment	Restated Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:						
Land	\$2,023,669		\$2,023,669	\$332,744		\$2,356,413
Art and collectibles	3,020,339		3,020,339	875		3,021,214
Construction-in-progress	16,996		16,996		(\$13,730)	3,266
Total assets not being depreciated	5,061,004	0	5,061,004	333,619	(13,730)	5,380,893
Capital assets being depreciated:						
Buildings	10,952,580		10,952,580	184,680	(10,012)	11,127,248
Vehicles, furniture, and equipment	862,917		862,917	0	(\$14,891)	848,026
Software (internally generated/purchased)	76,703		76,703			76,703
Total assets being depreciated	11,892,200	0	11,892,200	184,680	(24,903)	12,051,977
Less accumulated depreciation						
Buildings	(4,103,102)		(4,103,102)	(285,954)		(4,389,056)
Vehicles, furniture, and equipment	(765,251)	548	(764,703)	(35,034)		(799,737)
Software (internally generated/purchased)	(76,703)		(76,703)	0		(76,703)
Total accumulated depreciation	(4,945,056)	548	(4,944,508)	(320,988)	0	(5,265,496)
Total capital assets, net	\$12,008,148	\$548	\$12,008,696	\$197,311	(\$38,633)	\$12,167,374

Although not capitalized, the University maintains the Louisiana Room, the Rare Book Room, the University Archives and Acadiana Manuscripts Collection, the Cajun and Creole Music Collection, the University Records Management Program, the Microforms Collection, 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.

6. PAYABLES

Payables and accrued expenses at June 30, 2020, are summarized in the following:

Account Name	
Vendor payables	\$10,095,981
Accrued salaries and payroll deductions	7,695,370
Other	22,402
Total payables	\$17,813,753

7. COMPENSATED ABSENCES

At June 30, 2020, employees of the University have accumulated vested annual, sick, and compensatory leave, the total balance of which is recorded in the accompanying financial statements and is summarized as follows:

Leave Type	Amount
Annual Leave	\$7,369,647
Sick Leave	5,197,584
Compensatory Leave	<u>274,371</u>
Total compensated absences	<u>\$12,841,602</u>

8. PENSION LIABILITY

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

9. OPTIONAL RETIREMENT SYSTEM

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

10. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

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

11. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2020, the total rental expense for all operating leases is \$309,359. 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
2021	\$180,000	\$17,316	115,816	\$313,132
2022	180,000	11,351	118,016	309,367
2023	180,000	3,000	120,258	303,258
2024	180,000	3,000	122,543	305,543
2025	180,000		124,871	304,871
2026-2030	45,000		355,551	400,551
2031-2035			50	50
2036-2040			50	50
2041-2045			50	50
2046-2050			50	50
Thereafter			540	540
Total	\$945,000	\$34,667	\$957,795	\$1,937,462

Capital Leases

The University did not have any capital leases at June 30, 2020.

The Foundation did not have any capital leases at June 30, 2020.

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.

	Cost	Accumulated Depreciation	Carrying Amount
Office space	\$5,980,777	(\$1,263,939)	\$4,716,838
Buildings	30,816,267	(11,140,072)	19,676,195
Land	205,839		205,839
Total	\$37,002,883	(\$12,404,011)	\$24,598,872

Following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2020:

Fiscal Year Ending June 30,	Office Space	Buildings	Land	Total
FY 2021	\$1,530,243	\$2,718,140	\$64,010	\$4,312,393
FY 2022	1,367,381	2,738,252	64,010	4,169,643
FY 2023	1,464,430	2,762,053	64,010	4,290,493
FY 2024	1,514,430	2,785,090	16,343	4,315,863
FY 2025	1,516,543	1,812,332	12,010	3,340,885
FY 2026-2030	5,149,680	5,825,478	48,050	11,023,208
FY 2031-2035	499,680		50	499,730
FY 2036-2040			50	50
FY 2041-2045			50	50
FY 2046-2050			50	50
Thereafter			480	480
Total minimum future rentals	\$13,042,387	\$18,641,345	\$269,113	\$31,952,845

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, 2020, were \$1,190,689, \$233,862, and \$72,543, respectively.

12. LONG-TERM LIABILITIES

Following is a summary of bond and other long-term debt transactions of the University and the Foundation for the year ended June 30, 2020:

University

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Notes and bonds payable:					
Notes payable	\$876,161		(\$123,365)	\$752,796	\$130,521
Bonds payable					
Publicly offered	247,697,506		(5,058,066)	242,639,440	4,960,000
Direct placements	19,002,979	\$2,512,566	(1,238,247)	20,277,298	1,460,000
Bonds payable subtotal	266,700,485	2,512,566	(6,296,313)	262,916,738	6,420,000
Total notes and bonds payable	267,576,646	2,512,566	(6,419,678)	263,669,534	6,550,521
Other liabilities:					
Accrued compensated absences payable	12,410,119	\$1,304,606	(873,123)	12,841,602	794,455
Total	\$279,986,765	\$3,817,172	(\$7,292,801)	\$276,511,136	\$7,344,976

Foundation

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Notes payable	\$356,959	\$199,900	(\$22,489)	\$534,370	\$111,546

Details of all debt outstanding at June 30, 2020, follow:

University Bonds Payable

Issue	Date of Issue	Original Issue	Beginning Principal Balance	Issued (Redeemed)	Ending Principal Balance	Maturities	Interest Rates	Ending Interest Outstanding
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	\$18,625,000	(\$515,000)	\$18,110,000	2041	3.5 - 5.0%	\$10,590,288
Housing and Parking Project - Series 2010	December 1, 2010	100,050,000	4,270,000	(2,080,000)	2,190,000	2021	5.25%	28,744
Refunding Bonds Series 2012	October 30, 2012	14,740,000	12,265,000	(665,000)	11,600,000	2033	3.0 - 5.0%	3,171,679
Louisiana Local Government Environmental Facilities and Community Development Authority -								
Lewis Street Parking Garage Project, Series 2013	November 21, 2013	25,205,000	23,160,000	(545,000)	22,615,000	2044	3.0 - 5.0%	15,229,175
Athletic Facilities Project Series 2013	November 26, 2013	23,605,000	21,685,000	(510,000)	21,175,000	2044	3.0 - 5.0%	14,244,978
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%	13,368,299
Revenue Refunding Bonds - Student Housing and Parking Project - Series 2017	April 19, 2017	95,945,000	94,860,000	(450,000)	94,410,000	2042	3.0 - 5.0%	55,379,988
Housing Project - Series 2018	May 23, 2018	47,410,000	47,410,000	0	47,410,000	2049	5.00%	60,328,875
Subtotal		347,655,000	240,775,000	(4,765,000)	236,010,000			
Discounts			(654,957)	34,899	(620,058)			
Premiums			12,755,601	(598,656)	12,156,945			
Bond issuance and insurance costs			(5,178,138)	270,691	(4,907,447)			
Subtotal - Bonds - Publicly Offered		347,655,000	247,697,506	(5,058,066)	242,639,440			172,342,026
Direct Placements								
Ragin' Cajun Facilities, Inc. (blended component unit):								
Louisiana Local Government Environmental Facilities and Community Development Authority -								
Baseball Stadium Project - Series 2017	September 27, 2017	10,145,000	9,665,000	(500,000)	9,165,000	2034	3.50%	2,346,619
Cajundome Refunding Lease, Revenue Bonds, Series 2016	August 2, 2016	11,005,000	9,540,000	(770,000)	8,770,000	2030	2.47%	1,042,258
Cajundome Project Series 2019	July 10, 2019	2,600,000	2,600,000	2,600,000	2,600,000	2034	2.91%	540,193
Subtotal - Direct Placements		23,750,000	19,205,000	1,330,000	20,535,000			
Bond issuance and insurance costs			(202,021)	(55,681)	(257,702)			
Subtotal - Bonds - Direct Placements		23,750,000	19,002,979	1,274,319	20,277,298			3,929,070
Total - All Bonds		\$371,405,000	\$266,700,485	(\$3,783,747)	\$262,916,738			\$176,271,096

Annual requirements to amortize all University bonds outstanding at June 30, 2020, follow:

	Publicly Offered		Direct Placements/Borrowings	
	Principal	Interest	Principal	Interest
2021	\$4,960,000	\$10,770,206	\$1,460,000	\$579,516
2022	5,165,000	10,570,493	1,505,000	536,409
2023	5,370,000	10,368,094	1,550,000	491,982
2024	5,585,000	10,152,931	1,595,000	446,218
2025	5,810,000	9,909,291	1,645,000	399,012
2026-2030	33,565,000	45,063,793	8,835,000	1,239,357
2031-2035	44,720,000	35,964,580	3,945,000	236,576
2036-2040	51,730,000	24,552,640		
2041-2045	50,000,000	12,352,435		
2046-2050	29,105,000	2,637,563		
2051-2055				
Sub-total	236,010,000	172,342,026	20,535,000	3,929,070
Unamortized Discount/ Premium/Issuance Costs	6,629,440		(257,702)	
Total	<u>\$242,639,440</u>	<u>\$172,342,026</u>	<u>\$20,277,298</u>	<u>\$3,929,070</u>

Following are the debt service reserve requirements of the various bond issues outstanding at June 30, 2020:

Bond Issue	Reserves Available	Reserve Requirement	Excess/ (Deficiency)
Ragin' Cajun Facilities, Inc.:			
Student Union/University Facilities Project Series 2010	\$1,379,704	\$1,379,681	\$23
Housing and Parking Facilities Project Series 2010	835,778	815,000	20,778
Project Series 2013 Lewis Street Parking Garage	1,600,101	1,590,463	9,638
Project Series 2013 Athletic Facilities Project	1,526,706	1,488,250	38,456
Total	<u>\$5,342,289</u>	<u>\$5,273,394</u>	<u>\$68,895</u>

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

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

Notes Payable

University

<u>Note</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Beginning Principal Balance</u>	<u>Issued (Redeemed)</u>	<u>Ending Principal Balance</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Ending Interest Outstanding</u>
MidSouth Bank 1	September 18, 2015	\$1,300,000	\$879,776	(\$124,392)	\$755,384	2026	4.45%	\$94,313
Less Note Amortization Costs			(3,615)	1,027	(2,588)			
Total			<u>\$876,161</u>	<u>(\$123,365)</u>	<u>\$752,796</u>			<u>\$94,313</u>

Annual requirements to amortize all notes outstanding for the University at June 30, 2020, follow:

	<u>Principal</u>	<u>Interest</u>
2021	\$130,521	\$31,306
2022	136,500	25,327
2023	142,706	19,121
2024	149,249	12,579
2025	156,156	5,671
2026-2030	<u>40,252</u>	<u>309</u>
Subtotal	755,384	94,313
Unamortized Costs	<u>(2,588)</u>	
Total	<u>\$752,796</u>	<u>\$94,313</u>

Foundation

<u>Note</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Beginning Principal Balance</u>	<u>Issued (Redeemed)</u>	<u>Ending Principal Balance</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Ending Interest Outstanding</u>
University of Louisiana at Lafayette Foundation, Inc.								
U.S. Department of Education	June 9, 2011	\$500,000	\$356,959	(\$22,489)	\$334,470	2031	4.75%	\$96,003
CARES Act PPP Loan	April 23, 2020	199,900		199,900	199,900	2022	1.00%	2,632
Total		<u>\$699,900</u>	<u>\$356,959</u>	<u>\$177,411</u>	<u>\$534,370</u>			<u>\$98,635</u>

Annual requirements to amortize all notes outstanding for the Foundation at June 30, 2020, follow:

	<u>Principal</u>	<u>Interest</u>
2021	\$111,546	\$17,602
2022	136,800	14,850
2023	26,027	13,107
2024	27,276	11,858
2025	28,651	10,482
2026-2030	165,843	29,827
2031-2035	38,227	909
Total	<u>\$534,370</u>	<u>\$98,635</u>

13. REFUNDING OF BONDS

There was no debt refunding for the year ended June 30, 2020.

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

University

The University has the following restricted expendable net position at June 30, 2020:

<u>Account Title</u>	<u>Amount</u>
Endowments	\$52,824,884
Student Fees	12,093,962
Student Loan Fund	7,283,654
Grants and Contracts	1,764,063
Maintenance Reserves	3,761,350
Debt Service/Retirement of Indebtedness	100,524
Scholarships	879,404
	<hr/>
Total expendable	<u><u>\$78,707,841</u></u>

Of the total net position reported on Statement of Net Position for the year ended June 30, 2020, \$3,497,365 was restricted by enabling legislation.

The University's restricted nonexpendable net position totaling \$56,515,000 as of June 30, 2020, was comprised entirely of endowment funds.

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, 2020, the University reported restricted-expendable net appreciation of endowments totaling \$52,824,884, all of 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.

Foundation

Restricted net assets for the Foundation follow:

	<u>Amount</u>
Net Assets:	
Without Donor Restrictions	\$14,050,481
With Donor Restrictions	<u>152,943,647</u>
 Total net assets	 <u><u>\$166,994,128</u></u>

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18. CONDENSED FINANCIAL INFORMATION

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

<u>Statement of Net Position</u>	<u>Ragin' Cajun Facilities, Inc.</u>
Assets:	
Current Assets	\$300,083
Capital Assets	274,829,859
Other Assets	<u>9,770,612</u>
Total assets	<u><u>\$284,900,554</u></u>
Liabilities:	
Current Liabilities	\$9,745,818
Long-term Liabilities	<u>257,119,013</u>
Total liabilities	<u><u>\$266,864,831</u></u>
Net Position:	
Net Investment in Capital Assets	\$16,642,462
Restricted Net Position - Expendable	3,861,874
Unrestricted Net Position	<u>(2,468,613)</u>
Total net position	<u><u>\$18,035,723</u></u>
 <u>Statement of Revenues, Expenses, and Changes in Net Position</u>	
Operating revenues	\$15,546,390
Operating expenses	(676,154)
Depreciation expense	<u>(12,966,487)</u>
Net operating income	1,903,749
Nonoperating revenues (expenses):	
Investment income	112,925
Interest expense	(10,916,304)
Capital contributions/additions to permanent and term endowments	<u>7,384,327</u>
Changes in net position	(1,515,303)
Net position beginning of the year	<u>19,551,026</u>
Net position end of the year	<u><u>\$18,035,723</u></u>

Statement of Cash Flows	Ragin' Cajun Facilities, Inc.
Net cash flows provided (used) by:	
Operating Activities	\$11,782,417
Capital and Related Financing Activities	<u>(13,605,079)</u>
Net Increase (Decrease) in Cash	(1,822,662)
Cash, Beginning of the Year	<u>11,863,274</u>
Cash, End of the Year	<u><u>\$10,040,612</u></u>

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$69,560,930	\$22,240,662	\$43,032	\$9,819,351			\$101,663,975
Research	31,472,494	10,786,235	1,963,946	15,122,655			59,345,330
Public service	3,386,385	1,200,888		2,045,744			6,633,017
Academic support	11,447,305	5,075,929	65,565	4,010,169			20,598,968
Student services	7,927,060	2,805,512	1,206	3,822,162			14,555,940
Institutional support	18,351,378	8,198,905		9,202,366			35,752,649
Operations and maintenance of plant	4,166,901	2,053,637	3,592,380	8,071,170			17,884,088
Depreciation						\$28,015,556	28,015,556
Scholarships and fellowships		29,643		1,793	\$15,829,185		15,860,621
Auxiliary enterprises	16,204,522	5,946,887	1,530,681	25,029,032	4,051,562		52,762,684
Other		431,483		10,010			441,493
Total operating expenses	<u>\$162,516,975</u>	<u>\$58,769,781</u>	<u>\$7,196,810</u>	<u>\$77,134,452</u>	<u>\$19,880,747</u>	<u>\$28,015,556</u>	<u>\$353,514,321</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, 2020, was \$3,281,853, which includes 847,771 for contributions to the TRSL pension plan from nonemployer contributing entities.

22. FOUNDATIONS

The accompanying financial statements do not include the accounts of the University of Louisiana at Lafayette Alumni Association

23. DEFERRED COMPENSATION PLAN

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

24. COOPERATIVE ENDEAVOR AGREEMENTS

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, 2020, project payments totaling \$797,500 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. At the very most, the University's obligation to pay Project Chimps would be approximately \$4.3 million. Using unrestricted endowment payments for the project, the University has made payments totaling \$698,000 through June 30, 2020.

25. 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.