Southern University and A&M College System

Annual Financial Report
For the Year Ended June 30, 2020

SOUTHERN UNIVERSITY SYSTEM
J.S. CLARK ADMINISTRATION BLDG.,
4TH FLOOR
BATON ROUGE, LOUISIANA 70813

TABLE OF CONTENTS

March 31, 2021

Independent Auditor's Report

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Southern University System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Southern University System Foundation, which represents the only discretely presented component unit of the System. Those financial statements were audited by another auditor, whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Southern University System Foundation, are based solely on the report of the other auditor.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Southern University System Foundation, which were audited by another auditor, were audited in accordance with auditing standards generally accepted in the United States of America but not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the System as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in note 9 to the financial statements, the net pension liability for the System was $210,367,714 at June 30, 2020, as determined by the Louisiana State Employees' Retirement System (LASERS) and Teachers' Retirement System of Louisiana (TRSL). The related actuarial valuations were performed by LASERS's and TRSL's actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2020, could be under or overstated. Our opinion is not modified with respect to this matter.

As discussed in Note 18 of the financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 6 through 18, the Schedule of the System's Proportionate Share of the Net Pension Liability on page 76, the Schedule of System's Contributions on page 76, and the Schedule of the System's Proportionate Share of the Total Collective OPEB Liability on page 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplementary information, including the Combining Schedule of Net Position; the Combining Schedule of Revenues, Expenses, and Changes in Net Position; and the Combining Schedule of Cash Flows, on pages 80 through 87, for the fiscal year ended June 30, 2020, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditor, the schedules for the fiscal year ended June 30, 2020, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Respectfully submitted,

Thomas H. Cole, CPA, CGMA
Temporary Legislative Auditor

AB:AD:RR:EFS:aa

SUS 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) for the Southern University Agricultural & Mechanical (A&M) College System, hereafter referred to as the System, discusses the System's financial performance and presents a narrative overview and analysis of the System's financial activities and statements for the year ended June 30, 2020. The System is geographically located in Baton Rouge, Louisiana and has three campuses located on the Baton Rouge Campus land mass [Southern University A&M (SUBR A&M); Southern University Law Center (SULC); and Southern University Agricultural, Research, and Extension Center, (SUAREC)]; and two campuses remotely located, one in New Orleans, Louisiana [Southern University at New Orleans (SUNO)]; and one in Shreveport, Louisiana [Southern University at Shreveport (SUSLA)]. This document focuses on the current-year's activities, resulting changes, and currently-known facts in comparison with the prior-year's information. The notes to the financial statements provide a summary of some of the significant accounting policies affecting all financial transactions of the System. The primary financial statements presented in this MD&A are the Statement of Net Position (SNP), the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP), and the Statement of Cash Flows (SCF). This document should be read in conjunction with the financial statements and the notes thereto which follow this section.

Governmental Accounting Standards Board (GASB) Statement 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements 14 and 39*, issued in November 2010, modifies certain requirements for determining if a component unit is included in the System's financial statements. The System also applies GASB Statement 39, *Determining Whether Certain Organizations Are Component Units*, to determine which component units should be presented in the System's financial statements. The state of Louisiana has set a threshold for including component units if the component unit's total assets equal 3% or more of the total assets of the System. The System has two component units presented in its 2020 financial statements, namely the System Foundation (SUSF) and the SUSLA Facilities, Inc. The Foundation is a nonprofit organization chartered in 1968 to promote the educational and cultural welfare of the System and to develop, expand, and improve the System's facilities. The Foundation is reported as a discretely presented component unit. SUSLA Facilities, Inc., a nonprofit organization, chartered in 2006 was organized to promote, assist, and benefit the mission of Southern University at Shreveport and to develop, renovate, repair, rehabilitate, manage, and lease various facilities for the Shreveport Campus. SUSLA Facilities, Inc. is reported in the accompanying financial statements as a blended component unit. For more detailed information on this blended component unit, the financial statement reader is referred to Note 25, "Segment Information."

ENROLLMENT HIGHLIGHTS

Based on comparative data at the enrollment census date for the Fall 2018 and 2019 semesters, the System experienced an overall increase in enrollment of 728 students, an increase of 5.9%. Enrollment increased from 12,323 students in Fall 2018 to 13,051 students in Fall 2019. The increase in enrollment is attributed to the Baton Rouge, Law Center, and Shreveport campuses.

The Baton Rouge campus experienced an increase in enrollment due to the following: (1) increased recruitment of first-time freshman, (2) increased use of Social Media in recruitment, (3) strategic recruitment of Dual Enrollment students, and (4) implementation and development of new on-line courses and programs. The Law Center experienced an increase in enrollment due to effective recruiting efforts. The Shreveport campus' increase in enrollment is attributed to an increase in continuing and first-time freshman.

FINANCIAL HIGHLIGHTS

The System's net position reflects an increase of $8.9 million, or 29.5%, for the current fiscal year. The System's operating revenues decreased by $7.3 million, or 4.9%. This decrease is primarily attributable to a decrease in federal grants and contracts and other operating revenue.

Nonoperating revenues increased by $16.3 million, or 17.7%. This increase is primarily attributable to an increase in state appropriations and federal nonoperating revenues primarily from Coronavirus Aid, Relief, and Economic Security (CARES Act) funds, and other nonoperating revenues.

Total revenues increased by $9.0 million, or 3.7%, while total operating and nonoperating expenses increased by $7.7 million, or 3.2%.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The financial statements consist of three sections: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information. The basic financial statements present information for the System as a whole in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position (SNP); the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP); and the Statement of Cash Flows (SCF).

BASIC FINANCIAL STATEMENTS

The **Statement of Net Position** (pages 19-20) presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities plus deferred inflows is net position, which may provide a useful indicator of whether the financial position of the System is improving or deteriorating.

The **Statement of Revenues, Expenses, and Changes in Net Position** (pages 23-24) presents information that shows how the System's assets changed as a result of the current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The **Statement of Cash Flows** (pages 26-27) presents information showing how the System's cash changed as a result of the current year operations. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB Statement 34.

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

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

FINANCIAL ANALYSIS

STATEMENT OF NET POSITION

The Statement of Net Position provides information to the financial statement reader regarding the available assets and deferred outflow of resources of the System, the liabilities and deferred inflow of resources, or amounts owed to vendors, students, and other System constituencies, and net position, or resources and their availability for use by the System for invested in capital assets, net of related debt, restricted, or unrestricted purposes.

Current assets total $54.2 million and include cash and cash equivalents, net receivables, federal government receivables, prepayments, inventories, notes receivable other current assets, and the current portion of amounts due from the state treasury, and from other campuses participating in the System's pooled bank fund.

Noncurrent assets total $380.5 million and are comprised primarily of capital assets totaling $356.6 million, and restricted cash and cash equivalents and restricted investments totaling $23.9 million.

Deferred outflow of resources totals $55.3 million and is comprised of deferred outflows relating to pensions and to other postemployment benefits (OPEB).

Current liabilities total $34.0 million and primarily consist of accounts payable, accrued liabilities, unearned revenues, amounts held in custody for others, other current liabilities, and the current portion of long-term debt obligations for capital leases, notes payable, claims and litigations payable, OPEB liability, and estimated liabilities for compensated absences.

Noncurrent liabilities total $435.3 million and include the long-term portion of noncurrent liabilities for notes payables, capital lease obligations, and estimated liabilities for compensated absences, OPEB, and the net pension liability.

Deferred inflow of resources totals $42.0 million and is comprised of deferred inflows relating to pensions and to OPEB.

Categories of Net Position

Net position is divided into three major categories. The first category, invested in capital assets, net of debt, reflects the total investment in property, plant and equipment net of accumulated depreciation and outstanding debt obligations. The second net position category is restricted net position, which is divided into two categories, nonexpendable and expendable. The corpus of the nonexpendable restricted resources is only available for investment purposes. The restricted expendable net position category is available to the System for legally and contractually obligated expenditures and must be spent for the purposes that are designated by external donors or entities that have placed time or purpose restrictions on the use of the assets. The final net position category is unrestricted, which is available to the System to be used for any lawful purposes.

The **invested in capital assets, net of related debt net position** category totals $298.8 million and includes capital investments, net of related debt for land, buildings, equipment, infrastructure, improvements, construction in progress, and library holdings.

The **restricted nonexpendable net position** category totals $12.7 million and consists of endowment funds that have been restricted by the donor with a stipulation that as a condition of the award the principal is to remain intact and invested for the purpose of producing current and future income that may be either expended or added to the principal.

The **temporarily restricted (expendable) net position** category totals $34.0 million and includes resources for which an external or third-party agency has imposed a legal or contractual obligation on the use of the funds that stipulates the manner in which these funds are to be spent by the System.

The **unrestricted net position** category totals a negative $366.7 million and includes resources that are under the control of the System's governing board. This category is comprised of the unfunded estimated liability for OPEB, compensated absences, net pension liabilities, deferred outflow of resources, deferred inflow of resources, auxiliary enterprise funds and other unrestricted funds under the control of the System's governing board.

The System's assets, liabilities, and net position for fiscal years 2020 and 2019 are presented on the following page in Table 1.

Table 1:
Comparative Statement of Net Position
For the Fiscal Years as of
June 30, 2020, and 2019

	2020	2019 (Restated)	Change	Percentage Change
Assets				
Current assets	$54,245,120	$45,126,175	$9,118,945	20.2%
Capital assets, net	356,566,010	367,108,019	(10,542,009)	(2.9%)
Other noncurrent assets	23,928,789	23,555,290	373,499	1.6%
Total assets	434,739,919	435,789,484	(1,049,565)	(0.2%)
Deferred outflow of resources				
Deferred outflows relating to OPEB	9,089,666	6,426,220	2,663,446	41.4%
Deferred outflows relating to pensions	46,223,571	44,078,637	2,144,934	4.9%
Total Deferred outflow of resources	55,313,237	50,504,857	4,808,380	9.5%
Total Assets and Deferred outflows of resources	$490,053,156	$486,294,341	$3,758,815	0.8%
Liabilities				
Current liabilities	$33,966,364	$35,470,828	($1,504,464)	(4.2%)
Noncurrent liabilities	435,274,939	448,713,411	($13,438,472)	(3.0%)
Total liabilities	469,241,303	484,184,239	(14,942,936)	(3.1%)
Deferred inflows of resources				
Deferred inflows relating to OPEB	30,057,870	15,341,329	14,716,541	95.9%
Deferred inflows relating to pensions	11,908,121	16,788,652	(4,880,531)	(29.1%)
Total Deferred inflows of resources	$41,965,991	$32,129,981	$9,836,010	30.6%
Net Position				
Net investment in capital assets	$298,822,223	$307,287,492	($8,465,269)	(2.8%)
Restricted:				
Nonexpendable	12,719,229	12,498,339	220,890	1.8%
Expendable	33,979,091	27,974,783	6,004,308	21.5%
Unrestricted	(366,674,681)	(377,780,493)	11,105,812	2.9%
Total net position	($21,154,138)	($30,019,879)	$8,865,741	29.5%
Total liabilities, Deferred inflows of resources, and Net Position	$490,053,156	$486,294,341	$3,758,815	0.8%

The above schedules are prepared using the System's Statement of Net Position, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Total assets of the System decreased by $1.0 million, or 0.2%. The System recognized a decrease in total liabilities of $14.9 million, or 3.1%. The consumption of assets follows the System's philosophy to use available resources to acquire and improve all operations of the System to better serve the instruction, research and public service mission of the System.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Changes in total net position, as presented in the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received and expenses paid by the System for both operating and nonoperating purposes. This statement includes any other revenues, gains, expenses, or losses that were realized or incurred by the System during the fiscal year.

At June 30, 2020, the Statement of Revenues, Expenses, and Changes in Net Position reports a net operating loss of $100.9 million. The net operating loss includes expenses but does not include revenues for state appropriations of $53.4 million, federal nonoperating revenues of $46.8 million, gifts of $1.7 million, net investment income and other nonoperating revenues of $7.1 million. After adjusting for these revenues in the nonoperating revenues (expenses) section of the statement and adjusting for interest expense of $1.9 million, the net income before other revenues, expenses, gains or losses is $6.1 million.

The operating revenues are received for providing goods and services to various customers and other System constituents. Operating revenues total $142.7 million and consist of net tuition and fee revenues, federal, state, and nongovernmental grants and contracts revenue, net auxiliary enterprises revenues, and other operating revenues.

The operating expenses are those expenses incurred to acquire or produce the goods and services that are provided in return for the operating revenues that are received to carry out the mission of the System. Operating expenses total $243.6 million for the year and include education and general expenses by functional breakdown (including pension and compensated absences expenses), depreciation, net auxiliary expenses, and other operating expenses.

Nonoperating revenues are revenues received for which goods and services are not provided in exchange for the revenues received. For example, state appropriations are considered nonoperating because they are provided by the Legislature to the System even though the Legislature does not receive, directly in return, goods and services for those revenues. Pell grant revenues are reported in the Statement of Revenues, Expenses, and Changes in Net Position as federal nonoperating revenues. Also, included in this section are net federal student loan receipts and disbursements for the William D. Ford Federal Direct Loan Program. Nonoperating revenues total $108.9 million and interest expenses total $1.9 million, resulting in net nonoperating revenues of $107.0 million for the 2020 fiscal year.

The Statement of Revenues, Expenses, and Changes in Net Position reports an increase in net position of $8.9 million at the end of the 2020 fiscal year.

The Statement of Revenues, Expenses, and Changes in Net Position for the System are shown in Table 2 on the following page.

Table 2:
Comparative Statement of Revenues, Expenses, and Changes Net Position
For the Fiscal Years Ended June 30, 2020, and 2019

	2020	2019 (Restated)	Change	Percent Change
Operating Revenues:				
Student tuition and fees, net	$64,386,172	$63,564,288	$821,884	1.3%
Federal apppropriations	3,420,158	3,610,601	(190,443)	(5.3%)
Federal grants and contracts	42,476,745	45,937,961	(3,461,216)	(7.5%)
State and local grants and contracts	1,799,900	1,503,834	296,066	19.7%
Nongovernmental grants and contracts	2,282,302	3,935,107	(1,652,805)	(42.0%)
Auxiliary enterprises, net	23,979,656	24,561,435	(581,779)	(2.4%)
Other operating revenue	4,326,792	6,851,760	(2,524,968)	(36.9%)
Total operating revenues	142,671,725	149,964,986	(7,293,261)	(4.9%)
Nonoperating Revenues				
State appropriations	53,387,252	48,016,657	5,370,595	11.2%
Gifts	1,662,654	990,744	671,910	67.8%
Federal nonoperating revenues	46,752,862	37,492,938	9,259,924	24.7%
Net investment income	1,183,484	1,579,818	(396,334)	(25.1%)
Other nonoperating revenues	5,900,233	4,468,458	1,431,775	32.0%
Total nonoperating revenues	108,886,485	92,548,615	16,337,870	17.7%
Total Revenues	251,558,210	242,513,601	9,044,609	3.7%
Operating Expenses:				
Education and general:				
Instruction	47,503,242	49,123,611	(1,620,369)	(3.3%)
Research	6,570,004	7,075,940	(505,936)	(7.2%)
Public service	9,031,945	9,797,953	(766,008)	(7.8%)
Academic support	28,252,546	26,431,056	1,821,490	6.9%
Student services	21,986,879	18,831,551	3,155,328	16.8%
Institutional support	52,611,542	48,314,847	4,296,695	8.9%
Operations and maintenance of plant	19,116,027	24,544,405	(5,428,378)	(22.1%)
Depreciation	14,990,273	14,865,803	124,470	0.8%
Scholarships and fellowships	22,042,012	15,595,095	6,446,917	41.3%
Auxiliary enterprises	21,489,911	21,348,608	141,303	0.7%
Other operating expenses	6,723	(31,311)	38,034	121.5%
Total operating expenses	243,601,104	235,897,558	7,703,546	3.3%
Nonoperating expenses - interest expense	1,869,858	1,921,326	(51,468)	(2.7%)
Total expenses	245,470,962	237,818,884	7,652,078	3.2%
Income (loss) before other revenues, expenses, gains, and losses	6,087,248	4,694,717	1,392,531	29.7%
Capital appropriations	1,345,283	14,676,971	(13,331,688)	(90.8%)
Capital grants and gifts	1,233,210	13,062,888	(11,829,678)	(90.6%)
Additions to permanent endowments	200,000	230,000	(30,000)	(13.0%)
Change in Net Position	8,865,741	32,664,576	(23,798,835)	(72.9%)
Net position at beginning of year (restated)	(30,019,879)	(62,684,455)	32,664,576	52.1%
Net position at the end of the year	($21,154,138)	($30,019,879)	$8,865,741	29.5%

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

As shown in the Table 3 below, the System invested $356.6 million in capital assets, which is shown net of accumulated depreciation. Shown also in Table 3 is an increase in the total cost of capital assets of $2.8 million, or 0.4%. Accumulated depreciation increased by $13.4 million, or 3.5%, resulting in an overall net decrease in capital assets of approximately $10.5 million, or 2.9%. The System's capital assets (including additions, transfers and retirements, net of accumulated depreciation) is comprised of buildings, improvements, equipment, infrastructure, and library holdings. Also included are intangible assets for computer software and non-depreciable assets for land and construction in progress.

Table 3:
Capital Assets at Year-End
(Net of depreciation/amortization)

	2020	2019 (Restated)	Change	Percentage Change
Capital assets not being depreciated	$39,708,055	$42,590,695	($2,882,640)	(6.8%)
Other capital assets:				
Infrastructure	32,844,713	32,844,713		0.0%
Land Improvements	15,215,072	15,215,072		0.0%
Buildings	520,233,488	514,814,202	5,419,286	1.1%
Equipment (including library books)	139,583,992	139,277,379	306,613	0.2%
Software	7,317,561	7,317,561		0.0%
Total other capital assets	715,194,826	709,468,927	5,725,899	0.8%
Total cost of capital assets	754,902,881	752,059,622	2,843,259	0.4%
Less - accumulated depreciation	(398,336,871)	(384,951,603)	(13,385,268)	3.5%
Capital assets, net	$356,566,010	$367,108,019	($10,542,009)	(2.9%)

This year's major additions include $2.5 million in construction in progress (CIP) projects. Projects totaling $5.4 million were completed in 2020 and transferred to buildings resulting in a net CIP reduction of $2.9 million.

For the 2020 fiscal year, equipment additions (including library books) totaled $1.9 million; of this amount, $1.6 million was retired, resulting in a net addition of $0.3 million; buildings for the System increased by $5.4 million due to the transfer from CIP mentioned above. The System recorded $15.0 million for depreciation expense in fiscal year 2020 and reduced accumulated depreciation by $1.6 million related to the retired assets. This resulted in a net current-year decrease in capital assets of $10.5 million.

This year's major additions for the System include completed and CIP projects as follows:

- SUNO Campus – This year's major additions include the following:
    - Interior buildout projects were started for the Natural Sciences, and Arts & Humanities buildings.
    - Projects to repair sidewalks, re-roof the administration building, and replace an air handling unit were also started in the current year.
- SU A&M Campus – This year's major additions on the Campus include the following:
    - T.T. Allain Hall ADA Compliance Upgrades/Renovations - $10,016
    - FG Clark Activity Center ADA Compliance Upgrades/Renovations - $178,520
    - Major Repairs/Deferred Maintenance Projects - $431,383
    - A.W. Mumford ADA Compliance - $455,413
    - Capital Appropriation Total - $1,075,332
- SUSLA Campus – Completion of the Milam Street Kitchen Incubator and Culinary Kitchen (MSKICK) which was transferred from the component unit to the university.

For additional information concerning Capital Assets, the financial statement reader can refer to Note 6 in the accompanying Notes to the Financial Statements.

LONG-TERM DEBT

The total amount of long-term debt at June 30, 2020, is $281.8 million, as shown in Table 4. Of this amount, $3.3 million is reported as current and is expected to be paid within one year.

During the 2020 fiscal year, the System retired $1.5 million in notes payable debt. For additional information relating to changes in and the composition of long-term liabilities the financial statement reader can refer to Note 14 in the accompanying notes to the financial statements.

Table 4:
Long-term Debt

	2020	2019 Restated	Increase (Decrease)	Percent Change	Current Portion
Compensated absences	$13,654,962	$12,903,139	$751,823	5.8%	$859,141
Capital Lease Obligation	22,389,386	22,964,079	(574,693)	(2.5%)	904,693
Claims and Litigations	49,000	82,822	(33,822)	(40.8%)	49,000
Net Pension Liability	210,367,714	204,688,782	5,678,932	2.8%	
Notes Payable	35,354,401	36,819,122	(1,464,721)	(4.0%)	1,496,902
Total	$281,815,463	$277,457,944	$4,357,519	1.6%	$3,309,736

For additional information relating to changes in and the composition of long-term liabilities and capital leases, the financial statement reader can refer to Notes 8 through 15 in the accompanying notes to the financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

CHANGE IN KEY PERSONNEL

During the 2020 fiscal year, the following changes were made in key personnel:

- **Board and System Administration** – Corinne Blache was named as General Counsel to the System and Board of Supervisors and replaced Deidre Robert. Dr. Robert Rene was named Board Relations Coordinator and replaced Maya Banks.

- **SU A&M** – Dr. James Ammons, Executive Vice President/Executive Vice-Chancellor for Academic Affairs on the SUBR campus assumed the role of Interim Chancellor at Southern University – New Orleans in November 2019. Dr. Bijoy Sahoo, Associate Vice Chancellor, replaced Dr. Ammons as the Executive Vice President/Executive Vice-Chancellor for Academic Affairs on the SUBR campus on an interim basis. Dr. Kimberly Scott, Vice Chancellor for Student Affairs resigned in December 2019 and was replaced with Dr. Jacqueline Preastley in July 2020. A decision was made to operate Student Affairs and Enrollment Management separately in an effort to bring greater efficiency to the Enrollment Management process.

- **SUAREC** – Brunetta Gamble-Dillard was named Vice Chancellor for Finance and Administration. Belinda Mack was named Comptroller.

- **SUNO** – The SUS Board did not renew the SUNO Chancellor's contract. The Chief Administrative Officer for Community Outreach, Alumni Affairs and

Public Relations retired. Dr. Teresa Hardee replaced Justin James as Interim Vice Chancellor for Administration and Finance.

- **SUSLA** – Dr. Terry Kidd, Vice Chancellor for Academic Affairs and Workforce Development was hired January 2020 to replace Dr. Sharron Herron-Williams. Dr. Antonius Pegues, Vice Chancellor for Finance and Administration was hired November 2019.

CURRENTLY-KNOWN FACTS, DECISIONS, OR CONDITIONS

The following currently-known facts, decisions, or conditions are expected to have a significant effect on the System's financial position and results of operations:

- ***Federal Match***:

  SUAREC – The SU Agriculture and Research Center's ability to comply with the one-to-one match of federal funding is becoming more challenging and could impact the Center's ability to support programming functions and the number of citizens that the Center serves throughout the state. Additional funds are still needed to meet the federal appropriation that does not use statutory dedicated funds as part of the match.

- ***Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) Status***:

  - **SU A&M** – Southern University at Baton Rouge recently went through a 10-year accreditation review cycle. As part of the accreditation review, the university submitted a self-study demonstrating compliance with all relevant standards and hosted a peer-review committee visit in March 2020. The university is pleased to inform that the preliminary report of the peer-review committee has indicated full compliance with no findings or recommendations. The university received formal notification via a correspondence dated January 12, 2021 that the Board of Trustees of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) during its meeting held on December 4, 2020, reaffirmed accreditation for the University. No additional report was requested. The University's next reaffirmation will take place in 2030 unless otherwise notified.

  - **SUNO** – On September 3, 2020, the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) removed the university from probation and no further reporting was required. The decision by SACSCOC was based on a cumulative review of the University's past financial performance, as well as this year's balanced budget, sound financial resources, and a demonstrated stable financial base to support the mission of the institution. Southern University at New Orleans has proudly regained its fully accredited SACSCOC status.

- **SULC** – The Law Center had an off-site visit and has responded to all requests, however because of COVID-19 the reaffirmation of accreditation has been delayed until December 2021.

- **SUSLA** – The university has recently submitted the certification for re-affirmation and undergone an off-site and on-site accreditation visit. The decision from these visits will be provided to the university in June 2021. At present, the university is fully accredited and is confident there will be no decision to modify the current status.

- ***Coronavirus Aid, Relief, and Economic Security Act (CARES Act)***: In response to the global pandemic for the coronavirus, the federal government passed the CARES, Act. The CARES Act allotted $2.2 trillion to provide fast and direct economic aid to the American people negatively impacted by the COVID-19 pandemic. Of that money approximately $14 billion was given to the United States Department of Education Office of Postsecondary Education as the Higher Education Emergency Relief Fund, or HEERF. The System campuses received federal awards from the following HEERF programs:

    - Student Aid - $7.2 million – provided funding to institutions to provide emergency financial aid grants to students whose lives were disrupted, many of whom were facing financial challenges, and struggling to make ends meet.

    - Institutional Portion - $7.2 million – provided funding to institutions to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus.

    - Historically Black Colleges and Universities (HBCU) - $24.8 million – provided funding to HBCUs to defray expenses incurred due to the coronavirus.

    The future financial effects of the on-going coronavirus global pandemic on the System cannot be determined or estimated at this time.

The long-term outlook for the System remains positive despite budgetary and economic challenges. The System continues to make the necessary changes to ensure the long-term viability of the System. The System's efficiency measures and strategic goals and objectives outline realistic targets for long-term growth and stability to ensure the System will continue on its pathway to prominence as the only HBCU System of higher education in the nation.

CONTACTING THE SYSTEM'S MANAGEMENT

The accompanying System financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the System's finances and to show the System's accountability for the money it receives. If you have any questions about this report or the need for additional financial information, you may contact the System Vice President for Finance and Business Affairs, Mr. Flandus McClinton, Jr., who is located on the Fourth Floor of the J.S. Clark Administration Building, Baton Rouge, Louisiana, 70813, phone number: 225-771-6278; e- mail address: flandus_mcclinton @sus.edu.

Statement A

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Net Position, June 30, 2020

ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	$12,955,619
Receivables, net (note 4)	17,377,773
Due from State Treasury	4,015,308
Due from federal government	14,529,761
Inventories	278,910
Prepaid expenses and advances	4,375,631
Notes receivable, net (note 5)	208,287
Other current assets	503,831
Total current assets	54,245,120
Noncurrent assets:	
Restricted cash and cash equivalents (note 2)	6,668,637
Restricted investments (note 3)	17,260,152
Capital assets, net (note 6)	356,566,010
Total noncurrent assets	380,494,799
Total assets	434,739,919
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to OPEB (note 11)	9,089,666
Deferred outflows related to pensions (note 9)	46,223,571
Total deferred outflows of resources	55,313,237
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$490,053,156
LIABILITIES	
Current liabilities:	
Accounts payable and accruals (note 7)	$11,465,402
Unearned revenues	10,182,228
Amounts held in custody for others	581,244
Other liabilities	2,740,435
Compensated absences (note 8 and 14)	859,141
Capital lease obligations (note 13 and 14)	904,693
Claims and litigation payable (note 12 and 14)	49,000
Notes payable (note 14 and 15)	1,496,902
OPEB liability (note 11)	5,687,319
Total current liabilities	33,966,364

(Continued)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Net Position, June 30, 2020

LIABILITIES	
Noncurrent liabilities:	
Compensated absences (note 8 and 14)	$12,795,821
Capital lease obligations (note 13 and 14)	21,484,693
Notes payable (note 14 and 15)	33,857,499
Net pension liability (note 9 and 14)	210,367,714
OPEB liability (note 11)	156,769,212
Total noncurrent liabilities	435,274,939
Total liabilities	469,241,303
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB (note 11)	30,057,870
Deferred inflows related to pensions (note 9)	11,908,121
Total deferred inflows of resources	41,965,991
NET POSITION	
Net investment in capital assets	298,822,223
Restricted for:	
Nonexpendable (note 17)	12,719,229
Expendable (note 17)	33,979,091
Unrestricted	(366,674,681)
TOTAL NET POSITION	(21,154,138)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$490,053,156

(Concluded)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
Statement of Financial Position, December 31, 2019

ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	$1,120,385
Accounts receivable (note 4)	360,134
Pledges receivable, net (note 4)	1,014,882
Prepaid expenses and advances (note 24)	648,801
Other current assets	4,086
Total current assets	3,148,288
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents (note 2)	1,451,883
Investments (note 3)	15,279,973
Capital assets, net (note 6)	8,568,690
Other noncurrent assets	22,074,464
Total noncurrent assets	47,375,010
TOTAL ASSETS	$50,523,298

(Continued)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
SOUTHERN UNIVERSITY SYSTEM FOUNDATION
Statement of Financial Position, December 31, 2019

LIABILITIES	
Current liabilities:	
Accounts payable	$490,688
Amounts held in custody for others	11,599,797
Bonds payable and premium, net (note 16)	793,336
Other current liabilities	704,286
Total current liabilities	13,588,107
Noncurrent liabilities:	
Bonds payable and premium (note 16)	22,177,223
Other noncurrent liabilities	5,571,680
Total noncurrent liabilities	27,748,903
Total liabilities	41,337,010
NET ASSETS	
Without donor restrictions	3,564,980
With donor restrictions (note 17)	5,621,308
Total net assets	9,186,288
TOTAL LIABILITIES AND NET ASSETS	$50,523,298

(Concluded)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

OPERATING REVENUES	
Student tuition and fees	$101,041,709
Less scholarship allowances	(36,655,537)
Net student tuition and fees	64,386,172
Federal appropriations	3,420,158
Federal grants and contracts	42,476,745
State and local grants and contracts	1,799,900
Nongovernmental grants and contracts	2,282,302
Auxiliary enterprise revenues	26,483,302
Less scholarship allowances	(2,503,646)
Net auxiliary revenues	23,979,656
Other operating revenues	4,326,792
Total operating revenues	142,671,725
OPERATING EXPENSES	
Education and general:	
Instruction	47,503,242
Research	6,570,004
Public service	9,031,945
Academic support	28,252,546
Student services	21,986,879
Institutional support	52,611,542
Operation and maintenance of plant	19,116,027
Depreciation (note 6)	14,990,273
Scholarships and fellowships	22,042,012
Auxiliary enterprises	21,489,911
Other operating expenses	6,723
Total operating expenses	243,601,104
OPERATING LOSS	(100,929,379)

(Continued)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

NONOPERATING REVENUES (Expenses)	
State appropriations	$53,387,252
Gifts	1,662,654
Federal nonoperating revenues	46,752,862
Net Investment income	1,183,484
Interest expense	(1,869,858)
Other nonoperating revenues	5,900,233
Net nonoperating revenues	107,016,627
Income before other revenues, expenses, gains, losses	6,087,248
Capital appropriations	1,345,283
Capital grants and gifts	1,233,210
Additions to permanent endowments	200,000
CHANGE IN NET POSITION	8,865,741
NET POSITION AT BEGINNING OF YEAR (restated) (note 18)	(30,019,879)
NET POSITION AT END OF YEAR	($21,154,138)

(Concluded)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	TOTAL
REVENUES, GAINS AND OTHER SUPPORT			
Contributions and other support	$1,313,937	$7,792,810	$9,106,747
Grants		113,998	113,998
Rental income	883,286	186,406	1,069,692
Bayou Classic revenues		172,712	172,712
Athletic sponsorships and support	15,000	50,000	65,000
Total revenues and Support	2,212,223	8,315,926	10,528,149
Administration fees	470,015		470,015
Donor fees and registration	185,919	171,830	357,749
Interest and dividends, net of fees	34,452	127,973	162,425
Net realized gain (loss)		(19,823)	(19,823)
Net unrealized gain (loss)		455,250	455,250
Total Other Revenues and Gains	690,386	735,230	1,425,616
Net Assets Released from Restriction	8,487,756	(8,487,756)	
Total Revenues, Gains, and Support	11,390,365	563,400	11,953,765
EXPENSES			
Program services	9,361,249		9,361,249
Management and general	2,049,834		2,049,834
Fundraising	186,973		186,973
Total expenses	11,598,056		11,598,056
Changes in net assets	(207,691)	563,400	355,709
Net assets - beginning of year (restated) (note 18)	3,772,671	5,057,908	8,830,579
Net assets - end of year	$3,564,980	$5,621,308	$9,186,288

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	$62,372,001
Federal appropriations	3,420,158
Grants and contracts	46,357,562
Auxiliary enterprise charges	23,917,763
Payments for employee compensation	(105,394,901)
Payments for benefits	(44,241,701)
Payments for utilities	(7,331,283)
Payments for supplies and services	(55,587,231)
Payments for scholarships and fellowships	(23,034,651)
Loans to students	8,453
Other receipts	4,648,178
Net cash used by operating activities	(94,865,652)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	50,675,728
Gifts and grants for other than capital purposes	47,375,311
Private gifts for endowment purposes	200,000
Taylor Opportunity Program for Students (TOPS) receipts	3,622,642
TOPS disbursements	(4,179,746)
GO Grant receipts	1,600,732
GO Grant disbursements	(1,598,732)
Implicit loan reduction from other campuses	(4,672,998)
Implicit loan reduction to other campuses	4,672,998
Direct lending receipts	100,995,491
Direct lending disbursements	(100,995,491)
Federal Family Education Loan program receipts	1,643,669
Federal Family Education Loan program disbursements	(1,643,669)
Other receipts	5,347,929
Net cash provided by noncapital financing sources	103,043,864
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Capital grants and gifts received	72,942
Purchases of capital assets	(1,987,964)
Principal paid on capital debt and leases	(2,039,414)
Interest paid on capital debt and leases	(1,876,793)
Other sources	(44,658)
Net cash used by capital financing sources	(5,875,887)

(Continued)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	$1,170,369
Interest received on investments	1,187,393
Purchase of investments	(1,842,333)
Net cash provided by investing sources	515,429
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,817,754
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16,806,502
CASH AND CASH EQUIVALENTS AT END OF YEAR	$19,624,256
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	($100,929,379)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	14,990,273
Non-employer contributing entity (NCE) revenue	607,041
Changes in assets and liabilities:	
Increase in accounts receivable, net	(2,157,038)
Decrease in inventories	44,794
Increase in due from federal government	(1,009,941)
Decrease in prepaid expenses and advances	179,309
Decrease in notes receivable	20,840
Decrease in other assets	223,008
Increase in deferred outflows related to OPEB	(2,663,446)
Increase in deferred outflows related to pensions	(2,144,934)
Decrease in accounts payable and accrued liabilities	(3,092,726)
Increase in unearned revenue	1,600,932
Decrease in claims and litigation	(37,822)
Increase in compensated absences	751,823
Decrease in OPEB liability	(17,571,977)
Increase in net pension liability	5,678,932
Increase in deferred inflows related to OPEB	14,716,541
Decrease in deferred inflows related to pensions	(4,880,531)
Increase in other liabilities	808,649
Net cash used by operating activities	($94,865,652)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and cash equivalents classified as current assets	$12,955,619
Cash and cash equivalents classified as noncurrent assets	6,668,637
Cash and cash equivalents at the end of the year	$19,624,256
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Capital appropriations for construction of capital assets	$1,345,283
Net decrease in the fair value of investments	($391,859)
Loss on disposal of capital assets	($31,368)
Federal gifts and grants	$1,160,268
Non-employer contributing entity revenue	$607,041

(Concluded)

The accompanying notes are an integral part of this statement.

INTRODUCTION

The Southern University System (System) is a publicly-supported system of institutions of higher education. The System is a component unit of the state of Louisiana within the executive branch of government. The System is under the management and supervision of the Southern University Board of Supervisors. However, the annual budget of the university and proposed 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 a six-year term 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 for the university. As a state institution, operations of the System's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

In April 1880, Southern University was chartered by the General Assembly of the State of Louisiana. The first site of the university was in New Orleans on Calliope Street, and the university opened on March 7, 1881, with 12 students. In 1890, an Agriculture and Mechanical Department was established, and in 1981, Southern University was recognized by the federal government as a Land Grant College under the Federal Act of 1890, known as the Second Morrill Act. In 1914, Southern University in New Orleans was closed by legislative authorization, and Southern University was opened in Scotlandville, Louisiana. It is now the Southern University System, composed of campuses located in Baton Rouge, New Orleans, and Shreveport, and is managed by the Southern University Board of Supervisors. The New Orleans and Shreveport campuses were established in September 1959 and September 1967, respectively. The System is comprised of six separate agencies: Board and System Administration; Southern University and A&M at Baton Rouge; Southern University Law Center; Southern University at New Orleans; Southern University at Shreveport; and Southern University Agricultural Research and Extension Center.

The universities offer numerous bachelor degrees in the areas of agriculture, arts and humanities, business, education, science, engineering, and home economics. In addition, master and doctoral degrees are offered through the System's Graduate School, and Juris Doctorate degrees are offered through the System's Law Center. Southern University at Shreveport offers only certificates, technical diplomas, and associate degrees.

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 GASB. The accompanying financial statements have been prepared in accordance with these principles.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the state of Louisiana. The System is considered a component unit of the state of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters such as: (1) a 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 System primarily serves state residents. The accompanying financial statements of the System contain subaccount information of the various funds of the state of Louisiana and present information only as to the transactions of the programs of the System as authorized by Louisiana statutes and administrative regulations.

Annually, the state of Louisiana issues a Comprehensive Annual Financial Report, which includes the activity contained in the accompanying financial statements. The Louisiana Legislative Auditor audits the basic financial statements of the System and the state of Louisiana.

COMPONENT UNITS

Criteria described in GASB Codification Section 2100 were used to evaluate whether potential component units should be blended with the System, discretely presented, disclosed in the notes to the financial statements, or excluded from the reporting entity. This evaluation was made to identify those component units for which the System is financially accountable and other organizations for which the nature and significance of their relationship with the System are such that exclusion would cause the financial statements of the System to be misleading or incomplete.

<u>Discrete Component Unit</u>

The Southern University System Foundation (Foundation), originally chartered in 1968, is a legally separate, tax exempt organization which was organized to promote the educational and cultural welfare of the System and to provide scholarships and awards for a student to continue his or her studies at any campus within the System.

The consolidated financial statements of the Foundation include the Foundation as described above and Millennium Housing, LLC (Millennium), a nonprofit corporation organized under the laws of the state of Louisiana and owned by the Foundation. Millennium was formed to develop facilities and other auxiliary capital projects for the System. The Foundation, which has a December 31 year-end, is being included as a discretely presented component unit of the System in the accompanying financial statements.

The assets of the Foundation equal 3% or more of the assets of the System; therefore, the financial statements are presented as a discrete component unit in the System's financial statements. During the year ended June 30, 2020, the Foundation made distributions to or on behalf of the System for both restricted and unrestricted purposes in the amount of $5,323,237. To obtain a copy of the Foundation's audit report, write to:

Southern University System Foundation
Post Office Box 2468
Baton Rouge, Louisiana 70821

Blended Component Unit

SUSLA Facilities, Inc. (Facilities), originally chartered in 2006, is a nonprofit corporation. The corporation is a legally separate, tax exempt entity which was organized to promote, assist, and benefit the mission of Southern University at Shreveport through acquiring, constructing, developing, renovating, rehabilitating, repairing, managing, and leasing residential, classroom, administrative, and other facilities on the campus of Southern University at Shreveport. The Facilities, which has a June 30 year-end, has been blended into the accompanying financial statements of the System.

C. BASIS OF ACCOUNTING

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

Southern University System Foundation (Foundation), a discrete component unit, and SUSLA Facilities, Inc., a nongovernmental blended component unit, reported under the *Not-for-Profit Entities* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), FASB Topic 958. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Except for necessary presentation adjustments, no modifications have been made to their financial information in the System's financial statements for these differences.

D. BUDGET PRACTICES

The state of Louisiana's appropriation to the System is an annual lapsing appropriation established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires the budget be approved by the Board of Regents for Higher Education and certain legislative and executive agencies of state government. The Joint Legislative

Committee on the Budget grants budget revisions. 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) certain capital leases are not recorded. The other funds of the System, although subject to internal budgeting, are not required to submit budgets for approval through the legislative budget process.

E. CASH AND CASH EQUIVALENTS

The System defines cash as cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include time deposits and repurchase agreements. Under state law, the System 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 system 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 certificates of deposits, regardless of maturity. These terms are also used in preparing the Statement of Cash Flows. Under state law, these 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.

F. INVENTORIES

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

G. RESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents and investments that are externally restricted to make debt service payments, to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets are reported as noncurrent restricted assets. Noncurrent restricted investments also include endowments and similar type accounts for which donors or other outside sources have stipulated that, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity. Some cash and all System investments are classified as noncurrent assets in the Statement of Net Position.

In accordance with Louisiana Revised Statute (R.S.) 49:327, the System 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 or endowment instrument or bond indenture. Investments maintained in investment accounts in the Foundation are authorized by policies and procedures established by the Board of Regents.

There are no formally adopted policies to further limit interest rate risk, credit risk, custodial credit risk, concentration of credit risk, or foreign currency risk.

H. CAPITAL ASSETS

The System follows the capitalization policies established by the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy. 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 System's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Buildings and improvements costing $100,000 or more are capitalized. Renovations to buildings 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 depreciable costs of $3 million or more is capitalized. Computer software purchased for internal use with depreciable costs of $1 million or more is 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, and 3 to 10 years for most movable property. Library collections regardless of age with a total acquisition value of $5 million or more are capitalized and depreciated.

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 or termination of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic 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 (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 time 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 employee's hourly rate of pay at termination or transfer.

K. NONCURRENT LIABILITIES

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

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

L. NET POSITION

The System's net position is classified in the following components:

(a) *Net Investment in capital assets* consists of the System's total investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(b) *Restricted – nonexpendable* consists of endowments and similar type funds for which donors or other outside sources have stipulated that, as a condition of the gift instrument, 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.

(c) *Restricted – expendable* consists of resources that the System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(d) *Unrestricted* consists of 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 System 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 System's policy is to first apply the expense toward unrestricted resources, then toward restricted resources.

M. CLASSIFICATION OF REVENUES AND EXPENSES

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

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

(b) *Nonoperating revenue* includes activities that have the characteristics of nonexchange transactions, such as state appropriations, gifts and contributions, investment income, and grants that do not have the characteristics of exchange transactions.

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

(d) *Nonoperating expenses* include transactions resulting from financing activities, capital acquisitions, and investing activities.

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

O. USE OF ESTIMATES

The preparation of financial statements 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 significantly from those estimates.

P. ELIMINATING INTERFUND ACTIVITY

Activities among the departments, campuses, and auxiliary units of the System are eliminated for the purpose of preparing the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

Q. ADOPTION OF NEW ACCOUNTING PRINCIPLES

The System did not adopt new accounting principles or standards during the year ended June 30, 2020.

FOUNDATION

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION AND PURPOSE

The Foundation is a nonprofit corporation organized to promote the educational and cultural welfare of the Southern University and A&M College System and to develop, expand, and improve the System's facilities.

The consolidated financial statements of the Foundation include:

(1) Foundation, as described above, and

(2) Millennium Housing, LLC (Millennium), a nonprofit corporation organized under the laws of the State of Louisiana and owned by the Foundation. Millennium was formed to develop facilities and other auxiliary capital projects for the System.

Throughout the notes to the consolidated financial statements, the Foundation and Millennium will be collectively referred to as the Foundation. The financial statements of the Foundation and Millennium have been consolidated as they are under common management.

The Foundation has entered into an agreement with the Southern University at Baton Rouge campus to jointly promote the ancillary activities of the Bayou Classic with a representative organization from Grambling State University. The promoters share joint revenues and expenses equally. The promoters engaged the services of a third-party event manager to handle game management as well as sponsor solicitation. The event manager collects events proceeds and incurs expenses on behalf of the promoters and remits the net proceeds to the Foundation.

B. BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. 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. Accordingly, actual results could differ from those estimates.

D. NET ASSETS

The Foundation's resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*. Under the ASU 2016-14, the Foundation is required to report only two classes of net assets: "net assets without donor restrictions" and "net assets with donor restrictions."

Net Assets without Donor Restrictions – are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purposes.

Net Assets with Donor Restrictions – are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment returns available for operations.

E. CLASSIFICATION OF TRANSACTIONS

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

F. CASH AND CASH EQUIVALENTS

For accounting and reporting purposes, cash and cash equivalents includes cash on hand, demand deposits, and all highly liquid investments with original maturities of three months or less. However, cash and cash equivalents that are required by donors to be maintained permanently are classified with endowment investments.

G. RESTRICTED ASSETS

Cash and cash equivalents, and investments that are held on behalf of the System are classified as restricted assets in the Statement of Financial Position along with assets held by the Bond Trustee on behalf of the Millennium Housing, LLC for the construction projects.

H. FIXED ASSETS

Fixed assets of the Foundation are recorded as assets and are stated at historical cost if purchased or at fair value at the date of the gift, if donated. The Foundation utilizes the straight-line method of depreciation over the estimated useful life of the asset. Additions, improvements, and expenditures that significantly extend the useful life of an asset are capitalized. The Foundation follows the practice of capitalizing all fixed asset purchases that exceed $1,000.

The useful lives of the Foundation's assets are estimated as follows:

Description	Estimated Lives
Furniture, Fixtures, and Office Equipment	5-10 years
Scoreboard Equipment	10 years
Software	5 years
Leasehold Improvements	39 years

I. ENDOWMENT INVESTMENTS

Endowment investments are in short-term money market securities, equity investments, and fixed income investment. Endowment investments are carried at cost, which approximates market value. Interest earned from investments, including realized and unrealized gains and losses, is reported in the net assets without donor restrictions class except where the instructions of the donor specify otherwise. The investment policies and other disclosures are discussed in the Endowment note 19.

J. PLEDGES

Unconditional promises to give are recognized as revenue in the period in which a written or oral agreement to contribute cash or other assets is received. An allowance for doubtful accounts is established based on the prior collection history of pledged contributions and management's analysis of specific promises made. Conditional promises to give are not recognized until they become unconditional; that is, when the donor-imposed conditions are substantially met.

K. PREPAID EXPENSES

Prepaid expenses are primarily insurance, software, and rent.

L. INVESTMENT AND INVESTMENT INCOME

Investments in equity securities and mutual funds are measured at fair value in the Statement of Financial Position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is recorded as an increase in the amounts held in custody for others liability account as the investments are held on behalf of the System.

M. REVENUE RECOGNITION

Contributions are recorded when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases those net asset classes. When a donor restriction expires, donor restricted net assets are reclassified and reported in the Statement of Activities as net assets without donor restrictions. Contributions restricted for acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service. The Foundation does not currently imply time restrictions on contributions of long-lived assets about how long the donated asset must be used.

N. COMPENSATED ABSENCES

The Foundation accounts for compensated absences (e.g., unused vacation, sick leave) as directed by the Financial Accounting Standards Board Accounting Standards Codification No. 710-10-50-1 (FASB ASC 710-10-50-1), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to benefits. As of December 31, 2019, no estimates were made for compensated absences.

O. NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of revenue bonds payable and notes payable with contractual maturities greater than one year.

P. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Cost common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied.

Q. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Foundation and Millennium Housing, LLC. All material intercompany transactions have been eliminated.

R. TAXES STATUS

The Foundation operates as a public charity under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes and the excise tax which applies to certain foundations. However, the Foundation is subject to income tax on any unrelated business taxable income. Since the Foundation had no unrelated business income for the year ended December 31, 2019, no provision for income taxes is included in the accompanying financial statements.

2. CASH

At June 30, 2020, the System has cash and cash equivalents (book balance) totaling $19,624,256 as follows:

Demand deposits	$19,621,093
Certificates of Deposits	1,826
Petty Cash	1,337
Total	$19,624,256

These cash and cash equivalents reported on the Statement of Net Position as follows:

Current assets	$12,955,619
Noncurrent assets - restricted	6,668,637
Total	$19,624,256

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits may not be recovered. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the System or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2020, the System has $17,697,657 in deposits (collective bank balances), which are secured from risk by federal deposit insurance plus pledged securities.

FOUNDATION CASH AND CASH EQUIVALENTS

As of December 31, 2019, cash and cash equivalents totaled $2,572,268, which consisted of $1,120,385 unrestricted and $1,451,883 restricted.

FOUNDATION CONCENTRATIONS OF CREDIT RISK

The Foundation's cash balances are held in savings and trust, as well as investment institutions. The Federal Deposit Insurance Corporation (FDIC) provides deposit insurance coverage on non-interest bearing and interest-bearing accounts for deposits up to $250,000. The FDIC insurance coverage limit applies per depositor and per insured depository institution for each ownership category. As of December 31, 2019, funds on deposit with savings and trust institutions exceeded FDIC limits by $2,322,268. However, the excess funds are placed into a "Sweep Account," which automatically transfers amounts that exceed the FDIC limit into an overnight investment account at the close of each business day to ensure the funds are secure.

The Foundation's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

3. INVESTMENTS

The System maintains investment accounts as authorized by state law. At June 30, 2020, the System has investments totaling $17,260,152 as follows:

Type of Investment	Percentage of Investments	Credit Quality Rating	Fair Value June 30, 2020
Investments held by private foundation:			
Cash and cash alternatives	1.65%		$285,581
Mutual funds	73.80%		12,737,760
Subtotal - held by private foundation	75.45%	Not Rated	13,023,341
Louisiana Asset Management Pool	17.02%	AAAm	2,937,046
Fidelity Investment Money Market Fund	6.85%		1,181,578
Certificates of Deposit	0.68%		118,187
Subtotal - other investments	24.55%		4,236,811
Total Investments	100%		$17,260,152

These investments are reported on the Statement of Net Position as Noncurrent assets – restricted total $17,260,152.

	June 30, 2020				
Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	10+ Years
Certificates of Deposit	$118,187	$118,187			
Total	$118,187	$118,187	NONE	NONE	NONE

Investments are reported at fair market value. Investments totaling $13,023,341 are held by a private foundation in external investment pools and managed in accordance with the terms outlined in management agreements executed between the System and the Foundation and have no credit quality rating. The System is a voluntary participant. The Foundation holds and manages funds received by the System as state matching funds for the Endowed Chairs and Endowed Professorship programs. These investments are held by the System's discretely presented component unit.

There is no formal adopted investment policy regarding custodial credit risk.

INVESTMENTS – 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.

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

Fair values of assets measured on a recurring basis at June 30, 2020, are as follows:

		Fair Value Hierarchy		
	Fair Value June 30, 2020	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments held by private foundation:				
Cash and Cash alternatives	$285,581	$285,581		
Mutual funds	12,737,760	12,737,760		
Subtotal - held by private foundation	13,023,341	13,023,341	NONE	NONE
Louisiana Asset Management Pool	2,937,046		$2,937,046	
Fidelity Investment Money Market Fund	1,181,578	1,181,578		
Certificates of Deposit	118,187	118,187		
Subtotal - other investments	4,236,811	1,299,765	2,937,046	NONE
Total Investments at Fair Value Level	$17,260,152	$14,323,106	$2,937,046	NONE

FOUNDATION INVESTMENTS

Investments are stated at market value (fair value) in accordance with FASB ASC Topic 958-320, *Accounting for Certain Investments Held by Not-For-Profit Organizations*. Net appreciation (depreciation) in the fair value of investments, which consists of realized gains and losses and the unrealized appreciation (depreciation) on those investments, is shown in the Statement of Activities. Investments consist of the following at December 31, 2019:

Description	Fair Value
Money market funds	$414,638
Exchange-traded products	10,605,966
Equities	2,407,024
Fixed income	1,852,345
Total investments	$15,279,973

The above total represents the amount of investments that are maintained and managed on behalf of the System. These amounts are classified as noncurrent restricted assets in the Statement of Financial Position.

FOUNDATION FAIR VALUE OF INVESTMENTS

Fair values of investments measured on a recurring basis at December 31, 2019, are as follows:

		Fair Value Hierarchy		
	Fair Value December 31, 2019	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$15,279,973	$15,279,973		
Total Investments at Fair Value Level	$15,279,973	$15,279,973	NONE	NONE

4. RECEIVABLES

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

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student tuition and fees	$14,975,390	$4,949,205	$10,026,185
Auxiliary enterprises	4,345,933	838,244	3,507,689
State and private grants and contracts	2,186,485		2,186,485
Due from Office of Facility Planning	545,574		545,574
Accrued interest	49		49
Other	1,111,791		1,111,791
Total	$23,165,222	$5,787,449	$17,377,773

There is no noncurrent portion of receivables.

FOUNDATION RECEIVABLES

As of December 31, 2019, pledges receivable totaled $1,014,882.

Unconditional pledges receivable are due as follows on December 31, 2019:

Expected to be collected in:	
Less than one year	$739,714
One to five years	710,496
Gross pledges receivable	1,450,210
Less - allowance for doubtful accounts	(435,328)
Pledges receivable, net	$1,014,882

Capitalized Lease Receivable

The Foundation entered into a cooperative agreement with the System's Board to lease the projects included in the bond issuance. The System's Board will lease certain facilities from the Foundation under the facility lease and pay rent, subject to the appropriation, in an amount which will be sufficient to pay the principal and interest on the Series 2006 Bonds. The total amounts due from the System during the next fiscal year totals $1,720,075. The total amount due for succeeding years totals $20,349,925. The total Capitalized Lease Receivable balance at December 31, 2019, totaled $22,070,000.

Other Receivables

As of December 31, 2019, other receivables totaled $360,134, including Bayou Classic receivables $119,253. Management believes all receivables to be collectible; therefore, no allowance for doubtful collection is recorded.

5. NOTES RECEIVABLE

Notes receivable are comprised of loans to students under the Federal Perkins Loan program and Student Government Association loans. Loans are no longer issued under the Federal Perkins Loan program, but efforts are still made to collect on outstanding loans. Student Government Association loans are funded from self-assessed student fees and are available to qualified students for books and emergency financial needs.

Notes receivable are shown on Statement A, net of an allowance for doubtful accounts, at June 30, 2020. These receivables are composed of the following:

	Notes Receivable	Allowance for Doubtful Accounts	Notes Receivable, Net
Federal Perkins Loan	$424,276	$424,276	$0
Student Revolving Loans	208,287		208,287
Total	$632,563	$424,276	$208,287

6. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2020, follows:

The System capitalizes interest expense incurred as a component of the cost of its capital assets constructed for its own use. Interest is capitalized from the time activities begin on a project until the project is completed. For the fiscal year ended June 30, 2020, total interest paid on capital debt was $1,869,858.

Schedule of Capital Assets
(includes capital leases)

	Balance 6/30/2019	Prior Period Adjustments	Restated Balance 6/30/2019	Additions	Transfers	Retirements	Balance 6/30/2020
Capital assets not being depreciated:							
Land	$6,845,695		$6,845,695				$6,845,695
Non-depreciable land improvements	139,640		139,640				139,640
Construction-in-progress	34,497,933	$1,107,427	35,605,360	$2,536,646	($5,419,286)		32,722,720
Total capital assets not being depreciated	$41,483,268	$1,107,427	$42,590,695	$2,536,646	($5,419,286)	NONE	$39,708,055
Capital assets being depreciated:							
Infrastructure	$32,844,713		$32,844,713				$32,844,713
Less accumulated depreciation	(25,977,844)		(25,977,844)	($241,518)			(26,219,362)
Total infrastructure	6,866,869	NONE	6,866,869	(241,518)	NONE	NONE	6,625,351
Land improvements	15,215,072		15,215,072				15,215,072
Less accumulated depreciation	(9,245,211)		(9,245,211)	(482,736)			(9,727,947)
Total land improvements	5,969,861	NONE	5,969,861	(482,736)	NONE	NONE	5,487,125
Buildings	512,338,746	$2,475,456	514,814,202	-	$5,419,286		520,233,488
Less accumulated depreciation	(210,824,075)	(311,180)	(211,135,255)	(11,560,705)			(222,695,960)
Total buildings	301,514,671	2,164,276	303,678,947	(11,560,705)	5,419,286	NONE	297,537,528
Equipment (including library books)	139,277,379		139,277,379	1,942,988		($1,636,375)	139,583,992
Less accumulated depreciation	(131,269,586)	(6,146)	(131,275,732)	(2,705,314)		1,605,005	(132,376,041)
Total equipment	8,007,793	(6,146)	8,001,647	(762,326)	NONE	(31,370)	7,207,951
Software (internally generated and purchased)	7,317,561		7,317,561				7,317,561
Less accumulated amortization - software	(7,317,561)		(7,317,561)				(7,317,561)
Total software	NONE	NONE	NONE	NONE	NONE	NONE	NONE
Total capital assets being depreciated	$322,359,194	$2,158,130	$324,517,324	($13,047,285)	$5,419,286	($31,370)	$316,857,955
Capital asset summary:							
Capital assets not being depreciated	$41,483,268	$1,107,427	$42,590,695	$2,536,646	($5,419,286)	NONE	$39,708,055
Capital assets being depreciated	706,993,471	2,475,456	709,468,927	1,942,988	5,419,286	($1,636,375)	715,194,826
Total cost of capital assets	748,476,739	3,582,883	752,059,622	4,479,634	NONE	(1,636,375)	754,902,881
Less accumulated depreciation	(384,634,277)	(317,326)	(384,951,603)	(14,990,273)	NONE	1,605,005	(398,336,871)
Capital assets, net	$363,842,462	$3,265,557	$367,108,019	($10,510,639)	NONE	($31,370)	$356,566,010

On October 18, 2019, the SUSLA Facilities Corporation transferred a building to Southern University at Shreveport in the amount of $1,618,681. This transaction is reflected in the Capital Assets as a transfer of construction in progress to buildings and in the segment information note 25 as a transfer to affiliate in the amount of $1,618,681. The SUSLA Facilities Corporation and Southern University at Shreveport are blended component units of the Southern University System and have a June 30 fiscal year-end.

FOUNDATION FIXED ASSETS

Land, building and equipment as of December 31, 2019, are summarized as follows:

Land and improvements	$1,215,840
Building	6,943,959
Office equipment	256,465
Software	126,242
Other fixed assets	3,411,619
Subtotal	11,954,125
Less - accumulated depreciation	(3,385,435)
Total	$8,568,690

Depreciation expense totaled $239,076 for the year ended December 31, 2019.

7. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accruals at June 30, 2020:

Vendors payables	$5,175,083
Accrued salaries and benefits	5,964,411
Accrued interest	325,908
Total	$11,465,402

8. COMPENSATED ABSENCES

At June 30, 2020, employees of the System have accumulated and vested annual leave, sick leave, and compensatory leave of $6,289,754, $7,048,565, and $316,643, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

9. LASERS AND TRSL PENSION PLANS

General Information about the Pension Plans

Plan Descriptions

The System is a participating employer in two state public employee retirement systems, LASERS and TRSL. Both systems have separate boards of trustees and administer cost-sharing, multiple-employer defined benefit pension plans, including classes of employees with different benefits and contribution rates (sub-plans). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all sub-plans administered by these systems to the State Legislature. Each system issues a public report that includes financial statements and required supplementary information. Copies of the reports for LASERS and TRSL may be obtained at www.lasersonline.org and www.trsl.org, respectively.

TRSL also administers an optional retirement plan (ORP), which was created by Louisiana Revised Statute (R.S.) 11:921-931 for academic and administrative employees of public institutions of higher education and is considered a defined contribution plan (see Note 10 below). A portion of the employer contributions for ORP plan members is dedicated to the unfunded accrued liability of the TRSL defined benefit plan.

LASERS Retirement Benefits

LASERS administers a plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in R.S. 11:411-417. Act 992 of the 2010 Regular Legislative Session closed existing sub-plans for members hired before January 1, 2011, and created new sub-plans for regular members, hazardous duty members, and judges. Act 226 of the 2014 Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. The age and years of creditable service required for a member to receive retirement benefits are established by R.S. 11:441 and vary depending on the member's hire date, employer, and job classification. The computation of retirement benefits is defined in R.S. 11:444.

The substantial majority of the System's members are regular plan members. Regular plan members hired prior to July 1, 2006, may retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, or at age 60 upon completing 10 years of creditable service. Regular plan members hired from July 1, 2006, through June 30, 2015, may retire with full benefits at age 60 upon completing five years of creditable service. Regular plan members hired on or after July 1, 2015, may retire with full benefits at age 62 upon completing five years of creditable service. Additionally, all regular plan members may choose to retire with 20 years of creditable service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for regular plan members is equal to 2.5% of average compensation multiplied by the number of years of creditable service, generally not to exceed 100% of average compensation. Average compensation for regular plan members is defined in R.S. 11:403 as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006, or highest 60 consecutive months of employment for members employed on or after that date. A member leaving service before attaining minimum retirement age but after completing certain minimum service requirements, generally 10 years, becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw the accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Eligibility requirements and benefit computations for disability benefits are provided for in R.S. 11:461. Generally, active regular plan members with 10 or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the LASERS Board of Trustees.

Provisions for survivor benefits are provided for in R.S. 11:471-478. Under these statutes, the deceased regular plan member, hired before January 1, 2011, who was in state service at the time of death must have a minimum of five years of service, at least two of which were earned immediately prior to death, or who had a minimum of 20 years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18 or age 23 if the child remains a full-time student. The minimum service requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child. The deceased regular plan member, hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The minimum service credits for a surviving spouse include active service at the time of death and a minimum of 10 years of service credit with two years being earned immediately prior to death, or a minimum of 20 years regardless of when earned. In addition, the deceased regular plan member's spouse must have been married for at least one year before death.

TRSL Retirement Benefits

TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in R.S 11:701. Statutory changes closed existing, and created new, sub-plans for members hired on or after January 1, 2011. The age and years of creditable service required for a member to receive retirement benefits are established by R.S. 11:761 and vary depending on the member's hire date. The computation for retirement benefits is defined in R.S. 11:768.

Most of the TRSL members at the System are participants in the Regular Plan. In the regular plan, eligibility for retirement is determined by the date the member joined TRSL. Members hired prior to January 1, 2011, are eligible to receive retirement benefits (1) at the age of 60 with five years of service, (2) at the age of 55 with at least 25 years of service, or (3) at any age with at least 30 years of service. Members hired between January 1, 2011, and June 30, 2015, are eligible to retire at age 60 with five years of service. Members hired on or after July 1, 2015, are eligible to retire at age 62 with five years of service. All regular plan members are eligible to retire at any age with 20 years of service but the benefit is actuarially-reduced if the member is hired on or after July 1, 1999. Retirement benefits for regular plan members are calculated by applying a percentage ranging from 2% to 2.5% of final average compensation multiplied by years of creditable service. Average compensation is defined in R.S. 11:701 as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to January 1, 2011, or highest 60 consecutive months of employment for members employed on or after that date.

Under R.S. 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011 and attained at least five years of service or if employed on or after January 1, 2011, and attained at least 10 years of service. Members employed prior to January 1, 2011, receive disability benefits equal to 2.5% of average compensation multiplied by the years of service, but not more than 50% of average compensation subject to statutory minimums. Members employed on or after January 1, 2011, receive disability benefits equivalent to the regular retirement formula without reduction by reason of age.

Survivor benefits are provided for in R.S. 11:762. In order for survivor benefits to be paid, the deceased member must have been in state service at the time of death and must have a minimum of five years of service, at least two of which were earned immediately prior to death, or must have had a minimum of 20 years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. The minimum service credit requirement is 10 years for a surviving spouse with no minor children. Surviving spouse benefits are equal to 50% of the benefit to which the member would have been entitled if retired on the date of death using a factor of 2.5% regardless of years of service or age, or $600 per month, whichever is greater. Benefits are payable to an unmarried child until age 21, or age 23 if the child remains a full-time student. Benefits are paid for life to a qualified handicapped child. Benefits are paid for life to a surviving spouse unless the deceased active member has less than 20 years of creditable service and the surviving spouse remarries before the age of 55.

Deferred Retirement Option Plan

Both LASERS and TRSL have established a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP and terminating employment, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial lump-sum benefit option in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits.

Cost of Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS and TRSL allow for the payment of ad hoc permanent benefit increases, also known as cost of living adjustments (COLAs), which are funded through investment earnings when recommended by the retirement system board of trustees and approved by the Legislature. Both LASERS and TRSL have established an Experience Account to fund permanent benefit increases for retirees. These ad hoc COLAs are not considered substantively automatic.

Contributions

Employee contribution rates are established by R.S. 11.62. Employer contribution rates are established annually under R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the respective pension system actuary. Employer contribution rates are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Each LASERS and TRSL sub-plan pays a separate actuarially-determined employer contribution rate. However, all assets of the pension plan are used for the payment of benefits for all classes of members, regardless of their sub-plan membership. For those members participating in the TRSL defined contribution ORP, a portion of the employer contributions is used to fund the TRSL defined benefit plan's unfunded accrued liability.

Employer contributions to LASERS for fiscal year 2020 totaled $7,171,767, with regular plan active member contributions ranging from 7.5% to 8%, and employer contributions of 40.7% of covered payroll. Employer defined benefit plan contributions to TRSL for fiscal year 2020 totaled $18,023,130, with regular plan active member contributions of 8%, and employer contributions of 22.2% for ORP members, and 25.3% to 26.0% for defined benefit plan members. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenue, totaled $607,041, and were recognized as revenue in fiscal year 2020 by the System.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the System reported liabilities of $62,885,233 and $147,482,481 under LASERS and TRSL, respectively, for its proportionate share of the collective Net Pension Liability (NPL). The NPL for LASERS and TRSL was measured as of June 30, 2019, and the total pension liabilities used to calculate the NPL were determined by actuarial valuations as of that date. The System's proportions of the NPL were based on projections of the System's long-term share of contributions to the pension plans relative to the projected contribution of all participating employers, actuarially determined. The System's projected contribution effort was calculated by multiplying the eligible annual compensation of active members in the Plan as of June 30, 2019, by the fiscal year 2020 actuarially required contribution rates. As of June 30, 2019, the most recent measurement date, the System's proportions and the changes in proportion from the prior measurement date were 0.86799%, or a decrease of 0.02407%, for LASERS, and 1.48601%, or an increase of 0.02232%, for TRSL.

For the year ended June 30, 2020, the System recognized a total pension expense of $24,455,407 for defined benefit plans, or $7,436,868 and $17,018,539 for LASERS and TRSL, respectively. At June 30, 2020, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	LASERS	TRSL	Total	LASERS	TRSL	Total
Differences between expected and actual experience	$386,142	$0	$386,142	($130,671)	($4,608,820)	($4,739,491)
Changes of assumptions	538,874	10,484,820	11,023,694	0	0	0
Net difference between projected and actual earnings on pension plan investments	2,172,635	0	2,172,635	0	(5,458,414)	(5,458,414)
Changes in proportion and differences between employer contributions and proportionate share of contributions	945,343	6,500,860	7,446,203	(917,942)	(792,274)	(1,710,216)
Employer contributions subsequent to the measurement date	7,171,767	18,023,130	25,194,897			0
Total	$11,214,761	$35,008,810	$46,223,571	($1,048,613)	($10,859,508)	($11,908,121)

Deferred outflows of resources related to pensions resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the LASERS and TRSL NPL in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	LASERS	TRSL	Total
2021	$2,214,500	$1,756,576	$3,971,076
2022	(632,286)	(725,739)	(1,358,025)
2023	597,727	3,072,185	3,669,912
2024	814,372	2,023,015	2,837,387
	$2,994,313	$6,126,037	$9,120,350

Actuarial Assumptions and Methodologies

The total pension liabilities for LASERS and TRSL in the June 30, 2019, actuarial valuations were determined using the following actuarial assumptions and methodologies, applied to all periods included in the measurements:

	LASERS	TRSL
Valuation Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Approach	Closed	Closed
Expected Remaining Service Lives	2 years	5 years
Investment Rate of Return (discount rate)	7.60% per annum, net of investment expense	7.55% per annum, net of investment expense
Inflation Rate	2.50% per annum	2.5% per annum
Mortality Rates	General active members: RP-2014 Blue Collar Employee tables, adjusted by 0.978 for males and 1.144 for females. General retiree/inactive members (males): RP-2014 Blue Collar Healthy Annuitant table, adjusted by 1.280. General retiree/inactive members (females): RP-2014 White Collar Healthy Annuitant table, adjusted by 1.417. Mortality assumptions for non-disabled members include improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. Disabled members: RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, with no projection for improvement.	Active members: RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-disabled inactive members: RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females Disabled inactive members: RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females Mortality base tables were adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.
Termination, Disability, Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study of the plan's members for 2019.	Termination, disability, and retirement assumptions were projected based on a five year (2013-2017) experience study of the plan's members
Projected Salary Increases	Salary increases were projected based on a 2014-2018 experience study of the plan's members. The projected salary increase for regular plan members ranges from 3.2% to 13.0% depending on duration of service.	Salary increases were projected based on a 2013-2017 experience study of the System's members. The projected salary increase for regular plan members ranges from 3.3% to 4.8% depending on duration of service.
Cost of Living Adjustments	Not substantively automatic	Not substantively automatic

The projected benefit payments do not include provisions for potential future increases not yet authorized by the LASERS and TRSL Boards of Trustees as these ad hoc COLAs were deemed not to be substantively automatic. However, the LASERS and TRSL assumptions include an adjustment to recognize that investment earnings will be allocated to the experience account to fund potential future increases.

The June 30, 2019 valuations include the following changes in assumptions:

- The LASERS and TRSL Boards adopted plans to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments beginning July 1, 2017. The TRSL Board accelerated the discount rate reduction plan, resulting in a reduction of the discount rate by .10% for the June 30, 2019, valuation. Therefore, the discount rate was reduced from 7.65% to 7.60% for the LASERS June 30, 2019, valuation and from 7.65% to 7.55% for the TRSL June 30, 2019, valuation. In fiscal year 2020, the TRSL Board accelerated the discount rate reduction plan again, and a 7.45% rate was used to determine the projected actuarially required contribution rates for the 2020/2021 fiscal year.

- The LASERS termination, disability, retirement, inflation, mortality, salary increase, and expected remaining service lives assumptions and methods were updated to reflect the results of the most recent experience study of the plan's members observed for the period July 1, 2013, through June 30, 2018.

For LASERS and TRSL, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adjusting for expected inflation of 2.5% and the effect of rebalancing/diversification. The resulting expected long-term nominal rate of return is 8.74%, and 8.48%, for LASERS and TRSL, respectively. The target allocation and best estimates of geometric/arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized for each plan in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
LASERS (geometric)		
Cash	0.00%	0.24%
Domestic equity	23.00%	4.83%
International equity	32.00%	5.83%
Domestic fixed income	6.00%	2.79%
International fixed income	10.00%	4.49%
Alternative investments	22.00%	8.32%
Risk Parity	7.00%	5.06%
Total	100.00%	6.09%
TRSL (arithmetic)		
Domestic equity	27.00%	4.60%
International equity	19.00%	5.70%
Domestic fixed income	13.00%	1.69%
International fixed income	5.50%	2.10%
Private Equity	25.50%	8.67%
Other Private Assets	10.00%	3.65%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.60% and 7.55% for LASERS and TRSL, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially-determined rates approved by PRSAC, taking into consideration the recommendation of the respective pension system's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the NPL to changes in the discount rate

The following presents the System's proportionate share of the NPL for LASERS and TRSL using the current discount rate as well as what the System's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	(6.60%)	(7.60%)	(8.60%)
LASERS	$79,369,045	$62,885,233	$48,961,741

	1.0% Decrease	Current Discount Rate	1.0% Increase
	(6.55%)	(7.55%)	(8.55%)
TRSL	$196,320,284	$147,482,481	$106,319,668

Pension plan fiduciary net position

Detailed information about the LASERS and TRSL fiduciary net position is available in the separately issued Comprehensive Annual Financial Reports at www.lasersonline.org and www.trsl.org, respectively.

Payables to the Pension Plan

At June 30, 2020, the System had $798,629 and $ 1,550,414 in payables to LASERS and TRSL, respectively, for the June 2020 employee and employer legally-required contributions.

10. OPTIONAL RETIREMENT PLAN

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. 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 the optional retirement plan rather than the 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 the TRSL. Such benefits and other rights of the 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 the ORP an amount equal to the contribution rates established for the regular retirement plan of TRSL as disclosed in Note 9. Effective July 1, 2018, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount) for employers at higher education institutions is established by board resolution at an amount equal to or greater than 6.2%. The transfer amount for employers at non-higher education institutions is the greater of: (1) the employer normal cost contribution for the TRSL Regular Plan; or (2) 6.2%. The amount must be set as a percentage of pay.

Employer ORP contributions to TRSL for fiscal year 2020 totaled $3,956,448, which represents pension expense for the System. Employee contributions totaled $1,425,745. The fiscal year 2020 employee and employer contribution rates were 8% and 6.2%, respectively, with an additional employer contribution of 22.2% (shared UAL) made to the TRSL defined benefit plan described in Note 9 above.

11. POSTEMPLOYEMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The Office of Group Benefits (OGB) administers the State of Louisiana Post-Retirement Benefits Plan – a defined-benefit, multiple-employer other post-employment benefit plan. The plan provides medical, prescription drug, and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they are enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (Louisiana State Employees' Retirement System, Teachers' Retirement System of Louisiana, Louisiana School Employees' Retirement System, or Louisiana State Police Retirement System), or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. Benefit provisions are established under R.S. 42:851 for health insurance benefits and R.S. 42:821 for life insurance benefits. The obligations of the plan members, employers, and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75. The plan is funded on a "pay-as-you-go basis" under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

Employer contributions are based on plan premiums and the employer contribution percentage. Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers retirees four self-insured healthcare plans and one fully insured plan. In addition, retirees who have Medicare Part A and Part B coverage also have access to six fully insured Medicare Advantage plans and an Individual Medicare Market Exchange plan that provides monthly health reimbursement arrangement credits.

The employer contribution percentage is based on the date of participation in an OGB plan and employee years of service at retirement. Employees who begin participation or rejoin the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65, who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer and retiree is based on the following schedule:

OGB Participation	Employer Share	Retiree Share
Under 10 years	19%	81%
10 - 14 years	38%	62%
15 - 19 years	56%	44%
20+ years	75%	25%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retirees and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees. The retiree is responsible for 100% of the premium for dependents. The total monthly premium for retirees in the basic or supplemental life insurance plan varies according to age group.

Total Collective OPEB Liability and Changes in Total Collective OPEB Liability

At June 30, 2020, the System reported a liability of $162,456,531 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2019, and was determined by an actuarial valuation as of that date.

The System's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability (AAL) in relation to the total OPEB AAL liability for all participating entities included in the state of Louisiana reporting entity. At July 1, 2019, the most recent measurement date, the System's proportion and the change in proportion from the prior measurement date was 2.1037%, a decrease of 0.0053%.

The total collective OPEB liability in the July 1, 2019, actuarial valuation was determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method – Entry Age Normal, level percentage of pay
- Estimated Remaining Service Lives – 4.5
- Inflation rate – Consumer Price Index (CPI) 2.8%
- Salary increase rate – consistent with the pension plan disclosed in note 9
- Discount rate – 2.79% based on June 30, 2019, Standard & Poor's 20-year municipal bond index rate
- Mortality rates – assumptions are consistent with the pension plans disclosed in note 9.
- Healthcare cost trend rates – 7% for pre-Medicare eligible members grading down by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2029

and thereafter; 5.5% for post-Medicare eligible members grading down by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2023-2024 and thereafter; the initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth.

- Healthcare claim cost – Per capita costs for the self-insured plans were based on medical and prescription claims for the period January 1, 2018 through December 31, 2019, trended to the valuation date, and adjusted for incurred but not reported claims using completion factors based on prior year data. Per capita costs for fully-insured plans were based on calendar year 2020 premiums adjusted to the valuation date using the trend assumptions above. Per capita costs were adjusted for expected age-related differences in morbidity, where applicable.

- Participation rates – The percentage of employees and their dependents eligible for early retiree benefits that will participate in the retiree medical plan is outlined in the table below. Active participants who have been covered continuously under the plan since before January 1, 2002 are assumed to participate at a rate of 88%. This rate assumes that a one-time irrevocable election to participate is made at the time of retirement.

Years of Service	July 1, 2019 Valuation
Under 10 years	52%
10 - 14 years	73%
15 - 19 years	84%
20+ years	88%

Future retirees are assumed to participate in the life insurance benefit at a 52% rate and elect a total of $45,000 in basic and supplemental life insurance coverage, before any age reductions. Spouses are assumed to elect $2,000 of coverage.

Changes of assumptions and other inputs from the prior valuation include the following:

- The discount rate decreased from 2.98% to 2.79%.

- Baseline per capita costs were adjusted to reflect 2019 claims and enrollment, retiree contributions were updated based on 2020 premiums, and life insurance contributions were updated to reflect 2020 premium schedules.

- The impact of the High Cost Excise Tax was removed because the tax was repealed in December 2019.

- Demographic assumptions for LASERS pension plan members were updated consistent with the LASERS pension plan based on the recent experience study reflected in the June 30, 2019 pension valuation.

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the discount rate

The following presents the System's proportionate share of the total collective OPEB liability using the current discount rate as well as what the System's proportionate share of the total collective OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease (1.79%)	Current Discount Rate (2.79%)	1.0% Increase (3.79%)
Proportionate Share of Total Collective OPEB Liability	$188,302,302	$162,456,531	$141,744,006

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the healthcare cost trend rates

The following presents the System's proportionate share of the total collective OPEB liability using the current healthcare cost trend rates as well as what the System's proportionate share of the total collective OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

	1.0% Decrease	Current Healthcare Cost Trend Rates	1.0% Increase
Pre-65 Rates	6.0% decreasing to 3.5%	7.0% decreasing to 4.5%	8.0% decreasing to 5.5%
Post-65 Rates	4.5% decreasing to 3.5%	5.5% decreasing to 4.5%	6.5% decreasing to 5.5%
Proportionate Share of Total Collective OPEB Liability	$141,464,990	$162,456,531	$189,045,495

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the System recognized OPEB expense of $168,438. At June 30, 2020, System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience (dollars)	$1,964,485	($559,094)
Changes of assumptions or other inputs	148,908	(26,337,154)
Changes in employer's proportionate share	1,260,647	(2,628,811)
Difference between proportionate share of employer benefit payments and actual benefit payments	28,307	(532,811)
Amounts paid by the employer for OPEB subsequent to the measurement date	5,687,319	-
TOTAL	$9,089,666	($30,057,870)

Deferred outflows of resources related to OPEB resulting from the System's benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Net Amount Recognized in OPEB Expense
2021	($9,887,603)
2022	(8,400,379)
2023	(5,940,658)
2024	(2,426,880)
	($26,655,520)

12. CONTINGENT LIABILITIES AND RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund that is operated by the Office of Risk Management (ORM), the agency responsible for the state's risk management program, or by General Fund appropriation. The System is involved in 17 lawsuits at June 30, 2020, that are being handled by contract attorneys. In the opinion of legal counsel, the possibility that the System will incur a liability in one of the cases is probable, and the amount of $49,000 is reflected on the financial statements. The amount of settlements paid in the last three years did not exceed insurance coverage. The System uses internal funds that are legally available to handle risks of loss for claims and litigations not handled by ORM. The System does not participate in a risk pool other than ORM. The System is not the guarantor of indebtedness with even a remote chance that it will be called on to honor its guarantee. The System has not been informed of any disallowed costs from federal grant agencies.

13. LEASE OBLIGATIONS

Operating Leases

For the fiscal year ended June 30, 2020, total operating lease expenditures were $2,236,344. There were no future minimum annual rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2020.

Capital Leases

During fiscal year 2020, SU A&M continued to operate under an amended and restated cooperative endeavor and lease agreement with the Foundation (Millennium). This agreement adjusts the Campus' base rental payments downward.

The System records items under capital leases as assets and obligations in the accompanying financial statements. Assets under capital lease are included as capital assets in note 6. The capital lease obligation is associated with the capital lease agreement described at note 22. The capital lease obligation reported by the System does not equal the capital lease receivable reported by the Foundation due to its fiscal year ending on December 31. The following is a schedule of future minimum lease payments under these capital leases, together with the present value of minimum lease payments, at June 30, 2020:

Fiscal Year Ended June 30,	
2021	$1,861,144
2022	1,858,018
2023	1,698,325
2024	1,696,325
2025	1,692,325
2026-2030	8,429,000
2031-2035	8,447,363
2036-2039	6,719,200
Total mimimum payments	32,401,700
Less - amount representing interest	(10,012,314)
Present value of net minimum lease payments	$22,389,386

The gross amount, including capitalized interest, of assets held under capital leases as of June 30, 2020, totals $29,736,661 and includes buildings, land improvements, and equipment of $25,184,393; $2,769,851; and $1,782,417, respectively.

Lessor Leases

The System's leasing operations consist primarily of leasing property for providing food services to students and bookstore operations. The following schedule provides an analysis of the cost and carrying amount of the System's investment in property on operating leases and property held for lease as of June 30, 2020:

Nature of Lease	Cost	Accumulated Depreciation	Carrying Amount
Office space	$5,190,037	($4,433,887)	$756,150
Buildings	2,923,357	(1,129,959)	1,793,398
Total	$8,113,394	($5,563,846)	$2,549,548

The following is a schedule, by fiscal years, of the minimum future rentals on noncancelable operating leases as of June 30, 2020:

Nature of Operating Lease	2021	2022	2023	2024	2025	2026-2030	2031	Total Minimum Future Rentals
Office space	$1,743,210	$1,776,010	$1,686,010	$1,600,000	$1,643,000	$7,030,000		$15,478,230
Building	80,000	85,000	90,000	95,000	100,000	450,000		900,000
Land	46,968	48,267	49,603	50,986	3,600	18,000	$2,700	220,124
Other	50,000	50,000						100,000
Total	$1,920,178	$1,959,277	$1,825,613	$1,745,986	$1,746,600	$7,498,000	$2,700	$16,698,354

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume. For fiscal year ended June 30, 2020, contingent rentals received from operating leases were $311,020: $168,903 for office space, $7,163 for buildings, and $134,954 for other.

14. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term transactions of the System for the year ended June 30, 2020*:

	Balance, June 30, 2019 Restated	Additions	Reductions	Balance, June, 30 2020	Amounts Due Within One Year
Notes payable	$36,819,122		$1,464,721	$35,354,401	$1,496,902
Compensated absences payable	12,903,139	$836,581	84,758	13,654,962	859,141
Capital lease obligations	22,964,079		574,693	22,389,386	904,693
Claims payable	82,822		33,822	49,000	49,000
Net pension liabilities	204,688,782	5,678,932		210,367,714	
Total long-term liabilities	$277,457,944	$6,515,513	$2,157,994	$281,815,463	$3,309,736

* See note 11 for the required disclosures related to changes in total OPEB liabilities.

15. NOTES PAYABLE

Loan – Southern University at Shreveport (SUSLA)

The System Board of Supervisors with and on behalf of SUSLA entered into an agreement with the U.S. Department of Education to borrow $12,046,928 in September 2017 to refinance the debt on existing student housing facilities. Total debt retired included $12.1 million in bonds held by SUSLA Facilities, Inc. The refinancing reduced the interest rate on the debt and the debt service requirements for the remainder of the loans.

The Shreveport Campus's outstanding notes from direct borrowings and direct placements related to business-type activities of $11,171,411 contain (1) a provision that in an event of default, the lender may declare the principal of, and interest on, the loan forthwith due and payable whereupon the principal of, and interest on, the loan will become forthwith due and payable and (2) a provision that at the behest of the United States Department of Education, the loan agreement could be terminated and a declaration made that any loan funds which have been provided to the borrower up until the event of default as well as the interest accrued thereon from the date the funds were received at the rate established under the terms of the loan agreement, to be immediately due and payable in full to the lender.

Loan – Southern University Agricultural & Mechanical College (SU A&M)

During fiscal year 2017-2018 SU A&M entered a refinancing program with HBCU Series A 2017-6 and HBCU 2017-5. The refinancing included the Dormitories and Intramural Complex in the amount of $23.7 million and $2.5 million, respectively. The refinancing reduced the amount owed under the Millennium Capital lease.

The Baton Rouge Campus's outstanding notes from direct borrowings and direct placements related to business-type activities of $24,182,990 contain (1) a provision that in an event of default, the lender may declare the principal of, and interest on, the loan forthwith due and payable whereupon the principal of, and interest on, the loan will become forthwith due and payable and (2) a provision that at the behest of the United States Department of Education, the loan agreement could be terminated and a declaration made that any loan funds which have been provided to the borrower up until the event of default as well as, the interest accrued thereon from the date the funds were received at the rate established under the terms of the loan agreement, to be immediately due and payable in full to the lender.

The following is a summary of future minimum payments as of June 30, 2020:

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	$1,496,902	$859,162	$2,356,064
2022	1,541,465	814,598	2,356,063
2023	1,578,464	777,599	2,356,063
2024	1,614,949	741,113	2,356,062
2025	1,654,731	701,332	2,356,063
2026-2030	8,904,702	2,875,612	11,780,314
2031-2035	10,053,545	1,726,770	11,780,315
2036-2040	8,509,643	459,717	8,969,360
Total	$35,354,401	$8,955,903	$44,310,304

16. BONDS PAYABLE

FOUNDATION REVENUE BONDS PAYABLE

On December 13, 2006, the Louisiana Public Facilities Authority issued $59,990,000 of Louisiana Public Facilities Authority Revenue Bonds (Series 2006) to the Foundation. The proceeds of the bonds are being used to (i) finance the design, development, acquisition, construction, installation, renovation, and equipping of (a) Student Housing Facilities to be located on the campus of Southern University and A&M College in Baton Rouge, Louisiana (SUBR); (b) certain auxiliary student projects, including a student intramural sports complex, a portion of a football and track complex, a baseball field house and north-end seating in Mumford Stadium, and refinancing a loan for the football field restoration at SUBR; (c) all equipment, furnishings, fixtures, and facilities incidental or necessary in connection therewith at SUBR; and (d) acquiring a building to be used by SUSLA (collectively, the "Project"); (ii) refinance portions of a bridge loan incurred to pay certain of such costs prior to delivery of the Series 2006 Bonds; (iii) pay costs of issuance including premium on the Bond Insurance Policy; (iv) fund a reserve fund; and (v) pay capitalized interest during construction of the Project.

The Foundation is required to submit certain prescribed documentation within 180 days after the last day of each fiscal year to the bond insurer and the trust officer. These documents include financial reports certified by independent certified public accountants, a copy of the budget, a no default certificate, a copy of the developer's certificate, and a copy of the disclosure certificate. As of December 31, 2019, the foundation is in compliance with the terms of the bond indenture.

In 2018 Millennium Housing, LLC (the sole member of which is the Southern University System Foundation) and the Louisiana Public Facilities Authority entered into an agreement to issue $22,485,000 aggregate principal amount of Refunding Revenue Bond Series 2018. The purpose of the bonds is for the refunding of all the Refunded Bonds, fund a debt service reserve fund and paying the cost of the issuance of the Bonds. The transactions occurred to allow a new bond issue to be made for the replacement of The Refunded Bond balance not defeased in 2017, the balance of which was $23,145,000 remaining from the 2006 series bond issue secured to build student apartments on the Baton Rouge Campus of Southern University.

Scheduled principal payments on the bonds are as follows:

Year Ended December 31,	Principal	Unamortized Premium	Total
2020	$745,000	$48,336	$793,336
2021	780,000	48,336	828,336
2022	820,000	48,336	868,336
2023	860,000	48,336	908,336
2024	900,000	48,336	948,336
2025 and thereafter	17,965,000	658,879	18,623,879
Total	$22,070,000	$900,559	$22,970,559

Interest expense related to the bonds for the year ended December 31, 2019, totaled $985,450.

FOUNDATION LOAN PAYABLE

The Foundation has a multiple advance loan obligation with Whitney Bank bearing a variable interest rate. The principal amount of the business loan agreement is $4,400,000 with interest payments commencing on June 1, 2019, and annually on the same day each year thereafter. Once the total amount of principal has been advanced under this note, the Foundation will not be entitled to further loan advances. Effective June 2, 2020 (the "Conversion Date"), the Foundation will not be entitled to any further advances on the Non-Revolving Line of Credit, interest shall accrue on the outstanding balance in effect as of the conversion date at the variable rate of One Month LIBOR plus a margin of 1.10%. The Note shall then be payable in seven (7) payments of interest plus principal beginning June 1, 2021, and annually on the same day thereafter, with the entire unpaid balance of principal and interest being payable on June 1, 2028. The specific purpose of this business loan is to finance the construction of the Valdry Center located at the Baton Rouge campus. The loan is collateralized by the real estate where the Center is located and other machinery, equipment, and furniture located within the Center. Loan maturities for each of the five years following December 31, 2019, are as follows:

Year Ended December 31,	
2020	$0
2021	628,571
2022	628,571
2023	628,571
2024	628,571
2025 and thereafter	1,885,716
	$4,400,000

Hancock Whitney Bank Loan

The Foundation also has an obligation to Whitney Bank bearing interest at 5.99%. The loan is payable in annual installments of $91,843 each, beginning August 24, 2020; and one (1) final principal and interest payment on August 24, 2022.

Loan maturities for each of the five years following December 31, 2019 are as follows:

Year Ended December 31,	
2020	$79,940
2021	86,940
2022	77,995
	$244,875

Hancock Whitney Bank Scoreboard Loan

The Foundation also has an obligation to Whitney Bank bearing interest at 4.60%. The principal amount of the business loan agreement is $750,000. The loan is payable in annual installments of $95,566, including interest, and is collateralized by a stadium scoreboard with an outdoor video screen, as well as rental revenues from electronic advertisements on the Southern University campus.

Loan maturities for each of the five years following December 31, 2019 are as follows:

Year Ending December 31,	
2020	$102,194
2021	106,895
2022	111,812
2023	116,955
2024	122,335
2025 and thereafter	543,465
Total	$1,103,656

17. RESTRICTED NET POSITION

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

Nonexpendable - endowments	$12,719,229
Expendable:	
Gifts, grants, and contracts	$6,954,398
Endowment income	4,179,623
Student fees, faculty and staff funds	12,414,148
Student loans	940,716
Unexpended plant	8,034,168
Renewals and replacements	1,141,330
Retirement of indebtedness funds	314,708
Total expendable	$33,979,091

Of the total net assets reported in the Statement of Net Position as of June 30, 2020, a total of $3,012,135 is restricted by enabling legislation.

FOUNDATION RESTRICTED NET ASSETS

At December 31, 2019, net assets with donor restrictions are available for the following purposes or periods:

Purpose restrictions, available for spending:	
Accrued interest payable	$487,538
Bonds payable and premium	793,336
Total restricted assets	$1,280,874
Time restrictions:	
Contributions and others, which are unavailable for spending until due, some of which are also subject to purpose restrictions	4,340,434
Total restricted assets	$5,621,308

18. RESTATEMENT OF BEGINNING NET POSITION

The beginning net position as reflected on Statement C has been restated to reflect the following adjustments:

Net Position at June 30, 2019	($33,135,222)
Capital asset adjustment - Buildings	2,164,276
Capital asset adjustment - CIP	1,107,427
Capital asset adjustment - Equipment	(6,146)
Receivable adjustment	(150,730)
FMV of investments adjustment	(4,726)
Prepaid expenses	1,242
Claims and Litigation	4,000
Net Position at July 1, 2019, as restated	($30,019,879)

The restatements increased the System's beginning net position by $3,115,343. The restatement was due to various adjustments as well as other errors. Had the error corrections affecting fiscal year 2019 been included in the June 30, 2019, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of $29,549,233 would have been $32,664,576.

FOUNDATION RESTATED NET ASSETS

The beginning net assets for the year ended December 31, 2019, were restated to properly reflect the balance which is due from the System at year end. Changes to net assets as a result of the corrections are shown below:

	Without donor Restrictions	With donor Restrictions	Total
Originally stated at January 1, 2019	$3,844,724	$5,057,908	$8,902,632
Change in due from affiliate	(72,053)		(72,053)
As restated at January 1, 2019	$3,772,671	$5,057,908	$8,830,579

In addition to the restatement noted above, the beginning net assets for the year ended December 31, 2019, was increased by $1,876,013 due to the 2017 refinancing of the bonds payable, and adjustments made to the Foundation's program services for computer, equipment lease, and other rentals.

19. DONOR RESTRICTED ENDOWMENTS

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

At June 30, 2020, net appreciation of $4,179,622 is available to be spent, of which $2,790,833 is restricted to specific purposes (net appreciation during the fiscal year). The state of Louisiana Board of Regents Endowed Chair and Endowed Professorship policy governs the amount of net appreciation available to spend for all endowments established under this policy. Other governing authority if applicable is defined within the donor agreements at the time that the endowment was established.

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 – ENDOWMENTS

The Foundation's endowments consist of individual funds established for Endowed Chairs, Endowed Professorships, and Endowed Scholarships. The Foundation's endowments include both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31, 2019, are as follows:

	Without donor Restrictions	With donor Restrictions	Total
Donor Restricted		$11,599,797	$11,599,797
Board-designated	3,680,176		3,680,176
Total	$3,680,176	$11,599,797	$15,279,973

20. RELATED PARTY TRANSACTIONS

During fiscal year ended June 30, 2020, the System had a relationship with the Foundation. The Foundation has a cooperative endeavor with the System to promote activities of the Southern University Athletic Department and coordinates the auxiliary activities of the Bayou Classic weekend. Southern University and A&M College and Southern University Shreveport also obtained financing for various capital projects through a third-party financing arrangement with its affiliate, the Southern University System Foundation, Millennium Housing, L.L.C. The System also has a cooperative endeavor agreement with the Foundation to manage certain endowments on the System's behalf.

The Southern University Law Center, Southern University at New Orleans, and Southern University at Shreveport also had a relationship with the Foundation during the fiscal year ending June 30, 2020. The three campuses, as well as Southern University and A&M College, invest funds with the Foundation. See note 3 for details. In addition, Southern University at Shreveport has obtained financing for various projects in previous years through a third-party arrangement with the Foundation.

Certain board members of the System are also board members of the Foundation. The System provides certain payroll management functions, as well as office space, meeting space, utilities and use of office furniture and equipment to the Foundation for a nominal monthly fee.

The Chancellor and Chief Finance Officer at Southern University at Shreveport also serve as ex-officio members of SUSLA Facilities, Inc., a nonprofit that operates campus housing on the Shreveport campus. SUSLA Facilities, Inc., was created for the purpose of issuing bonds for the construction of facilities and dormitories. For the purpose of financial reporting, SUSLA Facilities, Inc. is considered a blended unit of the System.

FOUNDATION - RELATED PARTY TRANSACTIONS

Certain board members of the Foundation are also board members of the System Board. The System provides certain payroll management functions as well as office space, meeting space, utilities, and use of all office furniture and equipment to the Foundation for a nominal monthly fee. The value of these services has not been determined by the System. The System has also entered into a cooperative endeavor agreement with the Foundation to manage certain endowments on its behalf.

The Foundation is allowed to charge the System an administration fee for these services. In addition to the aforementioned agreement, the Foundation entered into a cooperative endeavor agreement with the System to construct certain housing facilities as well as other projects through a bond issuance. The System has agreed to pay certain rents to the Foundation for these services. The total amount of rent and interest paid during the year ended December 31, 2019, totaled $1,278,048. The schedule of rent payment coincides with the debt service payments.

The System provides to the Foundation without cost, services for the administration of the Foundation in the form of personnel. In addition, the System provides, without cost, certain other operating services associated with the Foundation. These services are valued at their estimated cost to the System. The amounts for these services have been reflected as contributed services revenue and corresponding general administrative services expenses in the financial statements. The value of these services was estimated as $291,734 for the year ended December 31, 2019.

21. FOUNDATIONS

The accompanying financial statements include the accounts of the Foundation but do not include the accounts of the Southern University Shreveport Foundation or the Southern University New Orleans Foundation. These foundations are separate corporations whose financial statements are subject to audit by independent certified public accountants.

FOUNDATION DISCLOSURE – AFFILIATION AGREEMENT

The purpose of the Foundation is to receive, hold, invest, and administer property and to make expenditures to support programs and activities designed to advance, promote, or otherwise benefit the System. Because of the close association of the Foundation with the System, an affiliation agreement was entered into by both parties on January 25, 2002.

During the year ended December 31, 2019, the Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amounts of $5,323,237.

FOUNDATION DISCLOSURE – DUE TO/FROM AFFILIATE/AMOUNTS HELD IN CUSTODY FOR OTHERS

The System has contracted with the Foundation to invest the System's Endowed Chairs for Eminent Scholars and Endowed Professorship endowment funds. The Endowed Chairs for Eminent Scholars endowment funds are established for $1,000,000, with $600,000 of private contributions and $400,000 of state matching portion allocated by the Board of Regents for Higher Education. The Endowed Professorship Program endowment funds are established for $100,000, with $60,000 of private contributions and $40,000 of state matching portion allocated by the Board of Regents for Higher Education. The amount due to the System as of December 31, 2019, for the Endowed Chair and Professorship program totaled $11,599,797. The Foundation also has certain receivables due from the System. These receivables include costs that were initially paid by the Foundation for which a reimbursement is due from the System. The receivables due from the System at December 31, 2019, total $4,086.

22. COOPERATIVE ENDEAVOR AGREEMENT

In 2006, Board of Supervisors of Southern University Agricultural and Mechanical College (the Board) entered into a Cooperative Endeavor and Lease Agreement with the Foundation, Millennium Housing, L.L.C. to obtain financing for various capital projects.

FOUNDATION GROUND LEASE

Pursuant to the Cooperative Endeavor and Lease Agreement between the Foundation and the Board, the Foundation (the Lessee) will lease the land on which the student housing facilities and certain auxiliary student facilities are being constructed and/or renovated for the Board (the Lessor). The annual rents will total $100, and the term is equal to the term of the Series 2006 bonds, terminating on the date of payment in full or defeasance of the Series 2006 bonds.

23. DEFERRED COMPENSATION PLAN

Certain employees of the System 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 of the Plan, available from the Louisiana Legislative Auditor's website at www.lla.la.gov.

24. FOUNDATION – PREPAID EXPENSES

Prepaid insurance	$625,962
Prepaid software, rent, and other items	22,839
Total	$648,801

25. SEGMENT INFORMATION

SUSLA Facilities, Inc., originally chartered in 2006, is a nonprofit corporation organized to promote, assist, and benefit the mission of Southern University at Shreveport through acquiring, constructing, developing, renovating, rehabilitating, repairing, managing, and leasing residential, classroom, administrative, and other facilities on the campus of Southern University at Shreveport.

Condensed financial information at June 30, 2020, for the System's blended component unit follows:

Condensed Statement of Net Position

	SUSLA Facilities, Inc.
Assets	
Current assets	$76
Total assets	76
Liabilities	
Current liabilities	76
Total liabilities	76
Net Position	
Net investment in capital assets	
Unrestricted	
Total net position	$0

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	SUSLA Facilities, Inc.
Operating revenues	$30,492
Operating expenses	
Net operating income	30,492
Nonoperating revenues (expenses):	
Transfer to affiliate	(1,618,681)
Changes in net position	(1,588,189)
Net position at beginning of year (restated)	1,588,189
Net position at end of year	$0

Condensed Statement of Cash Flows

	SUSLA Facilities, Inc.
Net cash flows provided (used) by:	
Operating activities	$30,568
Capital financing activities	(31,095)
Net decrease in cash	(527)
Cash, beginning of year	603
Cash, end of year	$76

26. SUBSEQUENT EVENTS

Beginning in the Spring 2020 academic semester, the System's universities' services were impacted because of the stay-at-home and social distancing measures orders associated with the COVID-19 public health emergency, which continued to impact the System after year end. These impacts include increased costs for preparation for and transition to online instruction, sanitation and personal protective equipment for students, faculty, and staff; a decrease in student on-campus housing occupancy and dining services; a decline in athletic revenue due to attendance restrictions imposed on sporting events or postponement or cancellation of Fall 2020 athletic events; and disruptions to research. In addition, the COVID-19 public health emergency has affected the revenues of the foundations that support the universities' programs. The full extent of the financial impact is not estimable by management because it is contingent upon the evolving nature of COVID-19 and the responses of governments and citizens and the development and distribution of a vaccine. The System will continue to monitor the revenue losses caused by COVID-19 and pursue additional federal and state assistance available to offset these impacts along with other steps to reduce expenses as deemed necessary.

FOUNDATION DISCLOSURE – SUBSEQUENT EVENTS

Management evaluated subsequent events and transactions for potential recognition of disclosure in the financial statements through September 17, 2020, the date which the financial statements were available to be issued and determined the following subsequent events require disclosure.

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of impact of the COVID-19 pandemic on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, customers, employees and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the System’s Proportionate Share of the Net Pension Liability

Schedule 1 presents the System’s Net Pension Liability.

Schedule of System’s Contributions

Schedule 2 presents the amount of contributions the System made to pension systems.

Schedule of the System’s Proportionate Share of the Total Collective OPEB Liability

Schedule 3 presents the System’s Other Postemployment Benefits Plan.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Schedules of Required Supplementary Information
Fiscal Year Ended June 30, 2020

Schedule of the System's Proportionate Share of the Net Pension Liability — **Schedule 1**

Fiscal Year*	System's proportion of the net pension liability (asset)	System's proportionate share of the net pension liability (asset)	System's covered payroll		System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System						
2015	0.99158%	$62,002,484	$18,265,649	^	339%	65.0%
2016	0.92291%	$62,772,084	$17,220,920	^	365%	62.7%
2017	0.88334%	$69,365,045	$16,862,931		411%	57.7%
2018	0.85103%	$59,902,206	$16,458,394		364%	62.5%
2019	0.89206%	$60,838,018	$16,393,265		371%	64.3%
2020	0.86799%	$62,885,233	$17,565,227		358%	62.9%
Teachers' Retirement System of Louisiana						
2015	1.39419%	$142,505,293	$65,981,943	^	216%	63.7%
2016	1.41168%	$151,786,564	$67,036,033	^	226%	62.5%
2017	1.38807%	$162,917,593	$66,184,774		246%	59.9%
2018	1.39933%	$143,458,562	$66,946,095		214%	65.6%
2019	1.46369%	$143,850,764	$70,977,098		203%	68.2%
2020	1.48601%	$147,482,481	$72,612,019		203%	68.6%

*Amounts presented were determined as of the measurement date (previous fiscal year end).

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of System's Contributions — **Schedule 2**

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	System's covered payroll		Contributions as a percentage of covered payroll
Louisiana State Employees' Retirement System						
2015	$6,423,036	$6,423,036	$0	$17,220,920	^	37.3%
2016	$6,278,510	$6,278,510	$0	$16,862,931	^	37.2%
2017	$5,896,489	$5,896,489	$0	$16,458,394		35.8%
2018	$6,240,101	$6,240,101	$0	$16,393,265		38.1%
2019	$6,644,683	$6,644,683	$0	$17,565,227		37.8%
2020	$7,171,768	$7,171,768	$0	$17,611,807		40.7%
Teachers' Retirement System of Louisiana						
2015	$18,313,185	$18,313,185	$0	$67,036,033	^	27.3%
2016	$16,142,757	$16,142,757	$0	$66,184,774	^	24.4%
2017	$15,761,248	$15,761,248	$0	$66,946,095		23.5%
2018	$17,438,717	$17,438,717	$0	$70,977,098		24.6%
2019	$17,866,820	$17,866,820	$0	$72,612,019		24.6%
2020	$18,023,131	$18,023,131	$0	$73,298,716		24.6%

*Amounts presented were determined as of the end of the fiscal year.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information

Changes to Covered payroll for LASERS and TRSL:

^ *Due to the implementation of GASB 82 in fiscal year 2017, prior amounts presented for covered payroll were restated to reflect payroll on which contributions are based.*

Changes of Benefit Terms include:

LASERS

2015 (1) A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session, and,

2015 (2) Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections as established by Act 852 of 2014.

2017 (3) A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session, and,

2017 (4) Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014.

2019 (5) Added survivor and disability benefits for members of the Hazardous Duty, Corrections Primary and Secondary, Wildlife, and Harbor Polic sub-plans as a result of Acts 224 and 595 of the 2018 Regular Legislative Session.

TRSL

2015 (1) A 1.5% COLA, effective July 1, 2014, provided by Act 204 of the 2014 Louisiana Regular Legislative Session.

2016 (2) Regular plan members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015 may retire with a 2.5% benefit factor after attaining age 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.

2017 (3) A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session

Changes of Assumptions include:

LASERS

2018 (1) Effective July 1, 2017, the LASERS Board reduced the inflation assumption from 3.0% to 2.75%. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25% in the June 30, 2017 valuation.

2018 (2) Effective July 1, 2017, the projected contribution requirement includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.

2018-2020 (3) Effective July 1, 2017, the LASERS board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017 valuation, to 7.65% for the June 30, 2018 valuation, and to 7.60% for the June 30, 2019 valuation.

2020 (4) Retirement, termination, disability, inflation, salary increase, and expected remaining service life assumptions and methods were updated with the June 30, 2019 valuation to reflect the results of the most recent experience study observed for the period July 1, 2013 - June 30, 2018.

TRSL

2018 (1) Effective July 1, 2017, the projected contribution requirement includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.

2018-2020 (2) Effective July 1, 2017, the TRSL board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments.Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017 valuation and to 7.65% for the June 30, 2018 valuation. In fiscal year 2019, the TRSL Board of Trustees accelerated the rate reduction plan by one year. Therefore, the discount rate was reduced from 7.65% to 7.55% for the June 30, 2019 valuation.

2019 (3) Demographic, mortality, and salary increase assumptions were updated with the June 30, 2018 valuation to reflect the results of the most recent experience study observed for the period July 1, 2012 - June 30, 2017.

Changes to Covered Payroll:

Due to the implementation of GASBS 82 in fiscal year 2017, prior amounts presented for covered payroll were restated to reflect payroll on which contributions are based.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Schedule of the System's Proportionate Share of the Total Collective OPEB Liability
For the Fiscal Year Ended June 30, 2020

Fiscal Year End*	Employer's proportion of the total collective OPEB liability	Employer's proportionate share of the total collective OPEB liability	Employer's covered-employee payroll	Employer's proportionate share of the total collective OPEB liability as a percentage of the covered-employee payroll
June 30, 2020	2.1037%	$162,456,531	$79,839,323	203.48%
June 30, 2019	2.1090%	$180,028,508	$79,490,877	226.48%
June 30, 2018	2.1285%	$184,990,677	$77,693,833	238.10%
June 30, 2017	2.1285%	$193,125,999	$73,560,127	262.54%

*The amounts presented were determined as of the measurement date (July 1).

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

Notes to Required Supplementary Information (Schedule 3)

There are no assets accumulated in a trust that meets the requirements in paragraph 4 of GASB Statement 75 to pay related benefits.

Changes in assumptions

The 2017 valuation reflects an increase in the discount rate from 2.71% as of July 1, 2016, to 3.13% as of July 1, 2017.

The 2018 valuation reflects the following changes of assumptions and other inputs:

(1) decreased the discount rate from 3.13% to 2.98%,

(2) the baseline per capita costs were adjusted to reflect 2018 claims and enrollment, retiree contributions were updated based on 2019 premiums, and the impact of the High Cost Excise Tax was revisited, reflecting updated plan premiums, and

(3) the percentage of future retirees assumed to elect medical coverage was adjusted based on recent plan experience.

(4) updated demographic and mortality assumptions consistent with the TRSL plan based on recent experience studies reflected in the June 30, 2018, pension valuation,

(5) updated the mortality assumptions for members in LASERS using projection scale MP-2018 based on information released by the Society of Actuaries in October 2018.

The July 1, 2019 valuation reflects the following changes of assumptions and other inputs:

1) decreased the discount rate from 2.98% to 2.79%.

2) the baseline per capita costs were adjusted to reflect 2019 claims and enrollment, retiree contributions were updated based on 2020 premiums, and life insurance contributions were updated to reflect 2020 premium schedules.

3) the impact of the High Cost Excise Tax was removed because the tax was repealed in December 2019.

4) the demographic assumptions for the LASERS plan were revised to reflect the recent experience study reflected in the June 30, 2019, pension valuation.

SUPPLEMENTARY INFORMATION SCHEDULES

**Combining Schedule of Net Position, by Campus,
for the year ended June 30, 2020**

Schedule 4 presents the Combining Schedule of Net Position, by campus, for the year ended June 30, 2020.

**Combining Schedule of Revenues, Expenses, and Changes in Net Position,
by Campus, for the year ended June 30, 2020**

Schedule 5 presents the Combining Schedule of Revenues, Expenses, and Changes in Net Position, by Campus, for the year ended June 30, 2020.

**Combining Schedule of Cash Flows, by Campus,
for the year ended June 30, 2020**

Schedule 6 presents the Combining Schedule of Cash Flows, by Campus, for the year ended June 30, 2020.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Net Position, by Campus, June 30, 2020

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER	AGRICULTURAL RESEARCH & EXTENSION CENTER
ASSETS				
Current assets:				
Cash and cash equivalents		$4,784,732	$2,895,448	$1,150,280
Receivables, net	$36,864	9,917,155	266,634	673,274
Due from State Treasury		1,937,943	445,689	177,100
Due from federal government		9,758,843	270,919	921,976
Due from other campuses	3,413,393	2,094,796	843,149	310,062
Inventories		278,910		
Prepaid expenses and advances	132,612	4,087,233	7,764	
Notes receivable, net				
Other current assets		5,854	5,592	
Total current assets	3,582,869	32,865,466	4,735,195	3,232,692
Noncurrent assets				
Restricted cash and cash equivalents		5,952,244	232,509	
Restricted investments	544,236	9,656,040	2,062,012	
Capital assets, net	104,348	145,008,555	6,701,246	7,894,912
Total noncurrent assets	648,584	160,616,839	8,995,767	7,894,912
Total assets	4,231,453	193,482,305	13,730,962	11,127,604
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows related to OPEB	290,199	5,033,610	579,234	319,358
Deferred outflows related to pensions	1,836,072	24,640,318	3,743,004	2,209,392
Total deferred outflows of resources	2,126,271	29,673,928	4,322,238	2,528,750
Total assets and deferred outflows of resources	$6,357,724	$223,156,233	$18,053,200	$13,656,354
LIABILITIES				
Current liabilities:				
Accounts payable and accruals	$362,921	$9,330,550	$444,964	$73,673
Due to other campuses				
Unearned revenues		5,646,383	477,709	62,904
Amounts held in custody for others		352,168	262	
Other current liabilities		2,432,028	61,012	37,500
Compensated absences payable	124,653	454,485	43,655	60,342
Capital lease obligations		858,652		
Claims and litigation payable		49,000		
Notes payable		1,045,194		
OPEB Liability	134,679	3,960,963	299,968	206,930
Total current liabilities	622,253	24,129,423	1,327,570	441,349
Noncurrent Liabilities:				
Compensated absences	590,488	6,419,996	1,295,870	864,199
Capital lease obligations		20,166,808		
Notes payable		23,137,796		
Net pension liability	9,160,474	110,552,387	18,800,515	11,138,486
OPEB Liability	8,068,980	79,089,356	16,914,875	12,967,311
Total noncurrent liabilities	17,819,942	239,366,343	37,011,260	24,969,996
Total liabilities	18,442,195	263,495,766	38,338,830	25,411,345
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	1,324,676	16,417,993	3,014,256	1,717,455
Deferred inflows related to pensions	549,560	6,439,023	893,613	535,154
Total deferred inflows of resources	1,874,236	22,857,016	3,907,869	2,252,609
NET POSITION				
Net investment in capital assets	104,348	99,800,105	6,701,246	7,894,912
Restricted for:				
Nonexpendable	360,000	7,103,352	1,717,000	
Expendable	1,241,087	19,895,336	4,451,454	1,630,710
Unrestricted	(15,664,142)	(189,995,342)	(37,063,199)	(23,533,222)
TOTAL NET POSITION	(13,958,707)	(63,196,549)	(24,193,499)	(14,007,600)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$6,357,724	$223,156,233	$18,053,200	$13,656,354

	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	ELIMINATIONS	TOTAL SYSTEM
ASSETS				
Current assets:				
Cash and cash equivalents	$3,503,567	$621,592		$12,955,619
Receivables, net	3,989,296	4,294,141	($1,799,591)	17,377,773
Due from State Treasury	831,873	622,703		4,015,308
Due from federal government	2,423,457	1,154,566		14,529,761
Due from other campuses			(6,661,400)	
Inventories				278,910
Prepaid expenses and advances		148,022		4,375,631
Notes receivable, net	208,287			208,287
Other current assets	492,385			503,831
Total current assets	11,448,865	6,841,024	(8,460,991)	54,245,120
Noncurrent assets				
Restricted cash and cash equivalents		483,884		6,668,637
Restricted investments	3,136,521	1,861,343		17,260,152
Capital assets, net	166,657,857	30,199,092		356,566,010
Total noncurrent assets	169,794,378	32,544,319	NONE	380,494,799
Total assets	181,243,243	39,385,343	(8,460,991)	434,739,919
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows related to OPEB	1,720,237	1,147,028		9,089,666
Deferred outflows related to pensions	7,767,204	6,027,581		46,223,571
Total deferred outflows of resources	9,487,441	7,174,609	NONE	55,313,237
Total assets and deferred outflows of resources	$190,730,684	$46,559,952	($8,460,991)	$490,053,156
LIABILITIES				
Current liabilities:				
Accounts payable and accruals	$314,406	$938,888		$11,465,402
Due to other campuses	4,725,803	1,935,597	($6,661,400)	
Unearned revenues	2,866,244	1,128,988		10,182,228
Amounts held in custody for others	173,517	55,297		581,244
Other current liabilities	86,839	1,922,647	(1,799,591)	2,740,435
Compensated absences payable	84,975	91,031		859,141
Capital lease obligations		46,041		904,693
Claims and litigation payable				49,000
Notes payable		451,708		1,496,902
OPEB Liability	527,578	557,201		5,687,319
Total current liabilities	8,779,362	7,127,398	(8,460,991)	33,966,364
Noncurrent Liabilities:				
Compensated absences	1,886,214	1,739,054		12,795,821
Capital lease obligations		1,317,885		21,484,693
Notes payable		10,719,703		33,857,499
Net pension liability	36,609,660	24,106,192		210,367,714
OPEB Liability	22,876,448	16,852,242		156,769,212
Total noncurrent liabilities	61,372,322	54,735,076	NONE	435,274,939
Total liabilities	70,151,684	61,862,474	(8,460,991)	469,241,303
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	3,957,447	3,626,043		30,057,870
Deferred inflows related to pensions	2,100,280	1,390,491		11,908,121
Total deferred inflows of resources	6,057,727	5,016,534	NONE	41,965,991
NET POSITION				
Net investment in capital assets	166,657,857	17,663,755		298,822,223
Restricted for:				
Nonexpendable	2,608,877	930,000		12,719,229
Expendable	4,106,520	2,653,984		33,979,091
Unrestricted	(58,851,981)	(41,566,795)		(366,674,681)
TOTAL NET POSITION	114,521,273	(20,319,056)	NONE	(21,154,138)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$190,730,684	$46,559,952	($8,460,991)	$490,053,156

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by Campus
For the Fiscal Year Ended June 30, 2020

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER
OPERATING REVENUES			
Student tuition and fees		$61,668,580	$14,256,512
Less scholarship allowances		(24,102,828)	(785,519)
Net student tuition and fees		$37,565,752	$13,470,993
Federal appropriations			
Federal grants and contracts		18,710,435	3,032,372
State and local grants and contracts		635,740	
Nongovernmental grants and contracts		65,720	140,281
Auxiliary enterprise revenues	$868	20,069,043	9,803
Less scholarship allowances		(2,210,488)	
Net auxiliary revenues	868	17,858,555	9,803
Other operating revenues	5,594	2,958,575	(8,156)
Total operating revenues	6,462	77,794,777	16,645,293
OPERATING EXPENSES			
Education and general:			
Instruction		30,758,679	5,054,541
Research		3,435,931	
Public service		3,830,814	226,032
Academic support	88,314	20,371,117	3,488,094
Student services		7,800,781	2,906,465
Institutional support	9,173,384	16,566,128	5,233,701
Operation and maintenance of plant		12,242,980	963,865
Depreciation	32,190	7,078,451	784,854
Scholarships and fellowships	34,327	11,777,031	1,236,051
Auxiliary enterprises		16,843,024	
Other operating expenses			
Total operating expenses	9,328,215	130,704,936	19,893,603
OPERATING LOSS	(9,321,753)	(52,910,159)	(3,248,310)
NONOPERATING REVENUES (Expenses)			
State appropriations	3,305,062	22,632,746	4,859,468
Gifts	112,316	915,753	250,490
Federal nonoperating revenues		27,836,594	300,000
Net investment income (loss)	36,745	952,947	83,817
Interest expense		(1,529,272)	
Other nonoperating revenues	74,480	4,986,725	67,197
Net nonoperating revenues	3,528,603	55,795,493	5,560,972
INCOME (Loss) BEFORE OTHER REVENUES	(5,793,150)	2,885,334	2,312,662
Capital appropriations		1,075,333	
Capital grants and gifts		72,942	
Additions to permanent endowments			
Other additions, net	6,693,770	(670,652)	(1,855,008)
CHANGE IN NET POSITION	900,620	3,362,957	457,654
NET POSITION AT BEGINNING OF YEAR (Restated)	(14,859,327)	(66,559,506)	(24,651,153)
NET POSITION AT END OF YEAR	($13,958,707)	($63,196,549)	($24,193,499)

	AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	TOTAL SYSTEM
OPERATING REVENUES				
Student tuition and fees		$14,507,232	$10,609,385	$101,041,709
Less scholarship allowances		(5,198,143)	(6,569,047)	(36,655,537)
Net student tuition and fees		$9,309,089	$4,040,338	64,386,172
Federal appropriations	$3,420,158			3,420,158
Federal grants and contracts	2,541,397	9,760,326	8,432,215	42,476,745
State and local grants and contracts	316,636	475,841	371,683	1,799,900
Nongovernmental grants and contracts	2,013,870	62,431		2,282,302
Auxiliary enterprise revenues		3,550,948	2,852,640	26,483,302
Less scholarship allowances		(206,841)	(86,317)	(2,503,646)
Net auxiliary revenues		3,344,107	2,766,323	23,979,656
Other operating revenues	273,015	63,803	1,033,961	4,326,792
Total operating revenues	8,565,076	23,015,597	16,644,520	142,671,725
OPERATING EXPENSES				
Education and general:				
Instruction		7,262,490	4,427,532	47,503,242
Research	2,843,220	290,853		6,570,004
Public service	4,332,865	81,803	560,431	9,031,945
Academic support		1,412,933	2,892,088	28,252,546
Student services		4,955,554	6,324,079	21,986,879
Institutional support	3,839,983	10,773,301	7,025,045	52,611,542
Operation and maintenance of plant	172,045	3,568,261	2,168,876	19,116,027
Depreciation	344,326	5,304,722	1,445,730	14,990,273
Scholarships and fellowships		3,776,078	5,218,525	22,042,012
Auxiliary enterprises		1,525,602	3,121,285	21,489,911
Other operating expenses	6,723			6,723
Total operating expenses	11,539,162	38,951,597	33,183,591	243,601,104
OPERATING LOSS	(2,974,086)	(15,936,000)	(16,539,071)	(100,929,379)
NONOPERATING REVENUES (Expenses)				
State appropriations	5,720,385	10,416,406	6,453,185	53,387,252
Gifts		339,806	44,289	1,662,654
Federal nonoperating revenues	150,000	7,469,704	10,996,564	46,752,862
Net investment income (loss)		52,557	57,418	1,183,484
Interest expense			(340,586)	(1,869,858)
Other nonoperating revenues	141,842	586,534	43,455	5,900,233
Net nonoperating revenues	6,012,227	18,865,007	17,254,325	107,016,627
INCOME (Loss) BEFORE OTHER REVENUES	3,038,141	2,929,007	715,254	6,087,248
Capital appropriations		70,016	199,934	1,345,283
Capital grants and gifts		1,160,268		1,233,210
Additions to permanent endowments			200,000	200,000
Other additions, net	(2,783,852)	(626,221)	(758,037)	
CHANGE IN NET POSITION	254,289	3,533,070	357,151	8,865,741
NET POSITION AT BEGINNING OF YEAR (Restated)	(14,261,889)	110,988,203	(20,676,207)	(30,019,879)
NET POSITION AT END OF YEAR	($14,007,600)	$114,521,273	($20,319,056)	($21,154,138)

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Cash Flows, by Campus
For the Fiscal Year Ended June 30, 2020

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER
CASH FLOWS FROM OPERATING ACTIVITIES:			
Tuition and fees		$36,192,948	$13,362,638
Federal appropriations			
Grants and contracts		17,786,619	3,371,176
Auxiliary enterprise charges	$868	17,832,071	(1,840)
Payments for employee compensation	(3,847,502)	(56,421,056)	(11,084,350)
Payments for benefits	(1,439,443)	(25,500,630)	(3,762,515)
Payment for utilities	(20,239)	(4,073,561)	
Payments for supplies and services	(4,650,305)	(29,855,774)	(3,587,922)
Payments for scholarships and fellowships	(34,327)	(12,248,575)	(888,902)
Loans to students			
Other receipts (payments)	(28,985)	2,958,575	125,535
Net cash used by operating activities	(10,019,933)	(53,329,383)	(2,466,180)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
State appropriations	3,305,062	20,899,807	4,435,813
Gifts and grants for other than capital purposes	112,316	28,012,142	250,490
Private gifts for endowment purposes			
Taylor Opportunity Program for Students (TOPS) receipts		3,097,742	
TOPS disbursements		(3,654,846)	
GO Grant receipts		1,311,625	
GO Grant disbursements		(1,309,625)	
Implicit loan reduction from other campuses			
Implicit loan reduction to other campuses	(91,916)	3,648,157	956,851
Direct lending receipts		50,207,283	20,878,499
Direct lending disbursements		(50,207,283)	(20,878,499)
Federal Family Education Loan program receipts		1,643,669	
Federal Family Education Loan program disbursements		(1,643,669)	
Other receipts (payments)	6,749,500	3,660,805	(1,541,545)
Net cash provided by noncapital financing sources	10,074,962	55,665,807	4,101,609
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Capital grants and gifts received		72,942	
Purchases of capital assets	(55,030)	(708,343)	(625,967)
Principal paid on capital debt and leases		(1,569,722)	
Interest paid on capital debt and leases		(1,535,778)	
Other sources		(90,225)	
Net cash used by capital financing sources	(55,030)	(3,831,126)	(625,967)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales and maturities of investments			
Interest received on investments	36,745	956,728	83,945
Purchase of investments	(36,744)	(442,122)	(65,316)
Net cash provided (used) by investing sources	1	514,606	18,629

(Continued)

Schedule 6

	AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	TOTAL SYSTEM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees		$9,738,824	$3,077,591	$62,372,001
Federal appropriations	$3,420,158			3,420,158
Grants and contracts	5,659,244	11,076,628	8,463,895	46,357,562
Auxiliary enterprise charges		3,436,270	2,650,394	23,917,763
Payments for employee compensation	(5,806,490)	(15,060,039)	(13,175,464)	(105,394,901)
Payments for benefits	(2,374,305)	(6,040,249)	(5,124,559)	(44,241,701)
Payment for utilities	(67,634)	(2,090,941)	(1,078,908)	(7,331,283)
Payments for supplies and services	(3,546,162)	(6,953,613)	(6,993,455)	(55,587,231)
Payments for scholarships and fellowships		(4,091,804)	(5,771,043)	(23,034,651)
Loans to students		8,453		8,453
Other receipts (payments)	273,014	(610,488)	1,930,527	4,648,178
Net cash used by operating activities	(2,442,175)	(10,586,959)	(16,021,022)	(94,865,652)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	6,003,411	9,597,879	6,433,756	50,675,728
Gifts and grants for other than capital purposes	150,000	7,809,510	11,040,853	47,375,311
Private gifts for endowment purposes			200,000	200,000
Taylor Opportunity Program for Students (TOPS) receipts		448,169	76,731	3,622,642
TOPS disbursements		(448,169)	(76,731)	(4,179,746)
GO Grant receipts		289,107		1,600,732
GO Grant disbursements		(289,107)		(1,598,732)
Implicit loan reduction from other campuses		(4,675,579)	2,581	(4,672,998)
Implicit loan reduction to other campuses	159,906			4,672,998
Direct lending receipts		18,167,077	11,742,632	100,995,491
Direct lending disbursements		(18,167,077)	(11,742,632)	(100,995,491)
Federal Family Education Loan program receipts				1,643,669
Federal Family Education Loan program disbursements				(1,643,669)
Other receipts (payments)	(2,720,862)	(15,278)	(784,691)	5,347,929
Net cash provided by noncapital financing sources	3,592,455	12,716,532	16,892,499	103,043,864
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Capital grants and gifts received				72,942
Purchases of capital assets	(45,567)	(120,737)	(432,320)	(1,987,964)
Principal paid on capital debt and leases			(469,692)	(2,039,414)
Interest paid on capital debt and leases			(341,015)	(1,876,793)
Other sources	45,567			(44,658)
Net cash used by capital financing sources		(120,737)	(1,243,027)	(5,875,887)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments			1,170,369	1,170,369
Interest received on investments		52,557	57,418	1,187,393
Purchase of investments		(50,731)	(1,247,420)	(1,842,333)
Net cash provided (used) by investing sources		1,826	(19,633)	515,429

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by Campus, 2020

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		($980,096)	$1,028,091
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		11,717,072	2,099,866
CASH AND CASH EQUIVALENTS AT END OF YEAR		$10,736,976	$3,127,957
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	($9,321,753)	($52,910,159)	($3,248,310)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation expense	32,190	7,078,451	784,854
Non-Employer contributing entity (NCE) revenue	26,516	325,124	53,996
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable, net	(34,579)	(1,559,829)	(32,556)
(Increase) decrease in inventories		44,794	
(Increase) decrease in due from federal government		(2,010,424)	198,523
(Increase) decrease in prepaid expenses and advances	(615)	174,895	5,029
(Increase) decrease in notes receivable			
(Increase) decrease in other assets			(1,056)
(Increase) decrease in deferred outflows related to OPEB	(150,034)	(1,294,551)	(319,427)
(Increase) decrease in deferred outflows related to pensions	(73,724)	(1,179,727)	(196,521)
Increase (decrease) in accounts payable and accrued liability	(529,096)	(1,389,104)	8,877
Increase (decrease) in unearned revenue		1,038,001	62,112
Increase (decrease) in claims and litigation		(4,000)	
Increase (decrease) in compensated absences	12,373	479,453	151,913
Increase (decrease) in OPEB payable	(730,074)	(10,988,985)	(1,602,123)
Increase (decrease) in net pension liability	214,617	3,093,362	514,736
Increase (decrease) in deferred inflows related to OPEB	738,286	8,234,788	1,605,328
Increase (decrease) in deferred inflows related to pensions	(204,040)	(2,628,114)	(436,748)
Increase (decrease) in other liabilities		166,642	(14,807)
Net cash used by operating activities	($10,019,933)	($53,329,383)	($2,466,180)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and cash equivalents classified as current assets		$4,784,732	$2,895,448
Cash and cash equivalents classified as noncurrent assets		5,952,244	232,509
Cash and cash equivalents at the end of the year		$10,736,976	$3,127,957
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Capital appropriations for construction of capital assets		$1,075,333	
Net decrease in the fair value of investments		($391,859)	
Loss on disposal of capital assets	($7,766)	($23,602)	
Federal gifts and grants			
Non-employer contributing entity revenue	$26,516	$325,124	$53,996

(Concluded)

	AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	TOTAL SYSTEM
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$1,150,280	$2,010,662	($391,183)	$2,817,754
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,492,905	1,496,659	16,806,502
CASH AND CASH EQUIVALENTS AT END OF YEAR	$1,150,280	$3,503,567	$1,105,476	$19,624,256
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	($2,974,086)	($15,936,000)	($16,539,071)	($100,929,379)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	344,326	5,304,722	1,445,730	14,990,273
Non-Employer contributing entity (NCE) revenue	33,285	90,768	77,352	607,041
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	(40,980)	(242,914)	(246,180)	(2,157,038)
(Increase) decrease in inventories				44,794
(Increase) decrease in due from federal government	796,117	(137,959)	143,802	(1,009,941)
(Increase) decrease in prepaid expenses and advances				179,309
(Increase) decrease in notes receivable		8,453	12,387	20,840
(Increase) decrease in other assets		60,205	163,859	223,008
(Increase) decrease in deferred outflows related to OPEB	(119,532)	(213,687)	(566,215)	(2,663,446)
(Increase) decrease in deferred outflows related to pensions	(119,971)	(351,382)	(223,609)	(2,144,934)
Increase (decrease) in accounts payable and accrued liability	(405,246)	(272,087)	(506,070)	(3,092,726)
Increase (decrease) in unearned revenue	24,739	899,097	(423,017)	1,600,932
Increase (decrease) in claims and litigation			(33,822)	(37,822)
Increase (decrease) in compensated absences	69,123	(84,758)	123,719	751,823
Increase (decrease) in OPEB payable	(959,711)	(1,911,074)	(1,380,010)	(17,571,977)
Increase (decrease) in net pension liability	315,339	900,492	640,386	5,678,932
Increase (decrease) in deferred inflows related to OPEB	863,111	1,995,757	1,279,271	14,716,541
Increase (decrease) in deferred inflows related to pensions	(268,689)	(743,800)	(599,140)	(4,880,531)
Increase (decrease) in other liabilities		47,208	609,606	808,649
Net cash used by operating activities	($2,442,175)	($10,586,959)	($16,021,022)	($94,865,652)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents classified as current assets	$1,150,280	$3,503,567	$621,592	$12,955,619
Cash and cash equivalents classified as noncurrent assets			483,884	6,668,637
Cash and cash equivalents at the end of the year	$1,150,280	$3,503,567	$1,105,476	$19,624,256
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital appropriations for construction of capital assets		$70,016	$199,934	$1,345,283
Net decrease in the fair value of investments				($391,859)
Loss on disposal of capital assets				($31,368)
Federal gifts and grants		$1,160,268		$1,160,268
Non-employer contributing entity revenue	$33,285	$90,768	$77,352	$607,041

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Exhibit A

The following pages contain a report on internal control over financial reporting and on compliance with laws and regulations, and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.

March 31, 2021

Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Southern University System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated March 31, 2021. Our report was modified to include emphasis of matter paragraphs regarding actuarial assumptions and financial statement comparability.

Our report includes reference to another auditor who audited the financial statements of the Southern University System Foundation, the only discretely presented component unit in the basic financial statements of the System, as described in our report on the System's financial statements. The financial statements of the Southern University System Foundation were audited in accordance with auditing standards generally accepted in the United States of America but not in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Report

An external auditor audited the Southern University System Foundation which is a discretely presented component unit included in the basic financial statements of the System. To obtain copies of this report, refer to note 1-B to the basic financial statements the for mailing address.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Thomas H. Cole

Thomas H. Cole, CPA, CGMA
Temporary Legislative Auditor

AB:AD:RR:EFS:aa
SUS2020