SOUTHERN UNIVERSITY AND A&M COLLEGE SYSTEM

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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

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President-Chancellor
DR. RAY BELTON

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LOUISIANA LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

June 21, 2022

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, 2021, 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 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*.

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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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 15, the Schedule of the System's Proportionate Share of the Net Pension Liability on page 68, the Schedule of System's Contributions on page 68, and the Schedule of the System's Proportionate Share of the Total Collective OPEB Liability on page 70 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 schedules, 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 72 through 79, for the fiscal year ended June 30, 2021, 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, 2021, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2021.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2022, 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,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

JO:AD:RR:EFS:ch

SUS 2021

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, 2021. 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 2021 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 2019 and 2020 semesters, the System experienced an overall decrease in enrollment of 582 students, a decrease of 4.5%. Enrollment decreased from 13,051 students in Fall 2019 to 12,469 students in Fall 2020. The decrease in enrollment is attributed to the Baton Rouge, New Orleans, and Shreveport campuses.

These decreases were in undergraduate enrollment at the Baton Rouge and Shreveport campuses. The Baton Rouge and New Orleans campuses experienced a decrease in graduate enrollment.

FINANCIAL HIGHLIGHTS

The System's net position reflects an increase of $52.1 million, or 240.0%, for the current fiscal year. The System's operating revenues decreased by $12.5 million, or 8.7%. This decrease is primarily attributable to a decrease in student tuition and fees, federal grants and contracts, nongovernmental grants and contracts, and auxiliary enterprise revenues.

Nonoperating revenues increased by $80.3 million, or 73.8%. This increase is primarily attributable to an increase in net investment income, federal nonoperating revenues primarily from federal funding related to the *Coronavirus Aid, Relief, and Economic Security (CARES Act) funds* and the *Coronavirus Response and Relief Supplemental Appropriations Act 2021 (CRRSAA),* and the SU A&M and SUSLA campus' debt cancellation. These campuses' debt of $35.7 million was cancelled by the U.S. Department of Education resulting in federal nonoperating revenue of the same amount.

Total revenues increased by $67.9 million, or 27.0%, while total operating and nonoperating expenses increased by $24.9 million, or 10.1%.

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 16-17) 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 20-21) 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 23-24) 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 $71.6 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 $374.5 million and are comprised primarily of capital assets totaling $347.7 million, and restricted cash and cash equivalents and restricted investments totaling $26.8 million.

Deferred outflow of resources total $78.6 million and is comprised of deferred outflows relating to pensions and to other postemployment benefits (OPEB).

Current liabilities total $35.3 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, claims and litigations payable, OPEB liability, and estimated liabilities for compensated absences.

Noncurrent liabilities total $430.6 million and include the long-term portion of noncurrent liabilities for capital lease obligations, estimated liabilities for compensated absences, OPEB liability, and the net pension liability.

Deferred inflow of resources totals $28.4 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 $326.2 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 $13 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 $37.9 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 $346.7 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 2021 and 2020 are presented on the following page in Table 1.

Table 1:
Comparative Statement of Net Position
For the Fiscal Years as of
June 30, 2021, and 2020

	2021	2020 (Restated)	Change	Percentage Change
Assets				
Current assets	$71,599,711	$53,867,014	$17,732,697	32.9%
Capital assets, net	347,661,588	356,564,533	(8,902,945)	(2.5%)
Other noncurrent assets	26,789,838	23,917,888	2,871,950	12.0%
Total assets	446,051,137	434,349,435	11,701,702	2.7%
Deferred outflow of resources				
Deferred outflows relating to OPEB	15,366,503	8,940,758	6,425,745	71.9%
Deferred outflows relating to pensions	63,269,256	46,223,329	17,045,927	36.9%
Total Deferred outflow of resources	78,635,759	55,164,087	23,471,672	42.5%
Total Assets and Deferred outflows of resources	$524,686,896	$489,513,522	$35,173,374	7.2%
Liabilities				
Current liabilities	$35,309,939	$34,148,005	1,161,934	3.4%
Noncurrent liabilities	430,576,233	435,274,829	(4,698,596)	(1.1%)
Total liabilities	465,886,172	469,422,834	(3,536,662)	(0.8%)
Deferred inflows of resources				
Deferred inflows relating to OPEB	22,168,741	29,908,962	(7,740,221)	(25.9%)
Deferred inflows relating to pensions	6,224,648	11,908,082	(5,683,434)	(47.7%)
Total Deferred inflows of resources	$28,393,389	$41,817,044	($13,423,655)	(32.1%)
Net Position				
Net investment in capital assets	$326,176,895	$298,820,746	27,356,149	9.2%
Restricted:				
Nonexpendable	12,969,229	12,719,229	250,000	2.0%
Expendable	37,931,986	33,968,466	3,963,520	11.7%
Unrestricted	(346,670,775)	(367,234,797)	20,564,022	5.6%
Total net position	$30,407,335	($21,726,356)	$52,133,691	240.0%
Total liabilities, Deferred inflows of resources, and Net Position	$524,686,896	$489,513,522	$35,173,374	7.2%

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 increased by $11.7 million, or 2.7%. The System recognized a decrease in total liabilities of $3.5 million, or 0.8%. 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, 2021, the Statement of Revenues, Expenses, and Changes in Net Position reports a net operating loss of $139.0 million. The net operating loss includes expenses but does not include revenues for state appropriations of $47.7 million, federal nonoperating revenues of $127.1 million, gifts of $0.4 million, net investment income and other nonoperating revenues of $14.0 million. After adjusting for these revenues in the nonoperating revenues (expenses) section of the statement and adjusting for interest expense of $1.7 million, the net income before other revenues, expenses, gains or losses is $48.5 million.

The operating revenues are received for providing goods and services to various customers and other System constituents. Operating revenues total $130.2 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 $269.2 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, federal funding related to the *Coronavirus Aid, Relief, and Economic Security (CARES Act) funds* and the *Coronavirus Response and Relief Supplemental Appropriations Act 2021 (CRRSAA*), and the SU A&M and SUSLA campuses' debt cancellation by the U.S. Department of Education. Nonoperating revenues total $189.2 million and interest expenses total $1.7 million, resulting in net nonoperating revenues of $187.5 million for the 2021 fiscal year.

The Statement of Revenues, Expenses, and Changes in Net Position reports an increase in net position of $52.1 million at the end of the 2021 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, 2021, and 2020

	2021	2020 (Restated)	Change	Percent Change
Operating Revenues:				
Student tuition and fees, net	$62,111,946	$64,386,172	($2,274,226)	(3.5%)
Federal appropriations	3,406,930	3,420,158	(13,228)	(0.4%)
Federal grants and contracts	33,976,302	42,476,745	(8,500,443)	(20.0%)
State and local grants and contracts	3,952,242	1,799,900	2,152,342	119.6%
Nongovernmental grants and contracts	1,284,312	2,282,302	(997,990)	(43.7%)
Auxiliary enterprises, net	16,781,609	23,979,656	(7,198,047)	(30.0%)
Other operating revenue	8,707,247	4,326,792	4,380,455	101.2%
Total operating revenues	130,220,588	142,671,725	(12,451,137)	(8.7%)
Nonoperating Revenues				
State appropriations	47,676,942	53,387,252	(5,710,310)	(10.7%)
Gifts	460,258	1,662,654	(1,202,396)	(72.3%)
Federal nonoperating revenues	127,080,710	46,752,862	80,327,848	171.8%
Net investment income	5,848,316	1,172,583	4,675,733	398.8%
Other nonoperating revenues	8,151,713	5,900,233	2,251,480	38.2%
Total nonoperating revenues	189,217,939	108,875,584	80,342,355	73.8%
Total Revenues	319,438,527	251,547,309	67,891,218	27.0%
Operating Expenses:				
Education and general:				
Instruction	49,746,900	47,409,966	2,336,934	4.9%
Research	7,404,142	6,580,763	823,379	12.5%
Public service	7,719,429	9,080,399	(1,360,970)	(15.0%)
Academic support	31,894,861	28,224,806	3,670,055	13.0%
Student services	20,986,745	21,990,358	(1,003,613)	(4.6%)
Institutional support	70,392,880	53,183,144	17,209,736	32.4%
Operations and maintenance of plant	22,913,293	19,222,607	3,690,686	19.2%
Depreciation	15,642,182	14,995,901	646,281	4.3%
Scholarships and fellowships	21,682,566	22,042,012	(359,446)	(1.6%)
Auxiliary enterprises	20,800,823	21,425,742	(624,919)	(2.9%)
Other operating expenses	23,685	6,723	16,962	252.3%
Total operating expenses	269,207,506	244,162,421	25,045,085	10.3%
Nonoperating expenses - interest expense	1,711,775	1,869,858	(158,083)	(8.5%)
Total expenses	270,919,281	246,032,279	24,887,002	10.1%
Income (loss) before other revenues, expenses, gains, and losses	48,519,246	5,515,030	43,004,216	779.8%
Capital appropriations	1,492,117	1,345,283	146,834	10.9%
Capital grants and gifts	1,872,328	1,233,210	639,118	51.8%
Additions to permanent endowments	250,000	200,000	50,000	25.0%
Change in Net Position	52,133,691	8,293,523	43,840,168	528.6%
Net position at beginning of year (restated)	(21,726,356)	(30,019,879)	8,293,523	27.6%
Net position at the end of the year	$30,407,335	($21,726,356)	$52,133,691	240.0%

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2021, the System's capital assets, at cost, totaled approximately $759.7 million. Net of accumulated depreciation, the System's capital assets at June 30, 2021, total approximately $347.7 million. This amount represents a net decrease (including additions and disposals net of depreciation) of approximately $8.9 million, or 2.5% from June 30, 2020. The decrease resulted from construction of buildings and purchases of capital assets, offset by current year depreciation, transfers, and retirements. For further information, see Note 6.

LONG-TERM DEBT

The System's total amount of long-term debt at June 30, 2021, is $268.0 million. Of this amount, $1.8 million is reported as current and is expected to be paid within one year. See Note 14 for further information.

During the 2021 fiscal year, the System retired $35.4 million in notes payable debt.

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:

- ***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, SUBR submitted a self-study demonstrating compliance with all relevant standards and hosted a peer-review committee visit in March 2020.

    SUBR received formal notification in January 2021 indicating full affirmation of the institution's accreditation during the annual December 2020 meetings of the Board of SACSCOC accrediting agency.

  - **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** –SUSLA's SACSCOC accreditation was reaffirmed at the June 2021 meeting.

- ***Coronavirus Response and Relief Supplemental Appropriations Act 2021 (CRRSAA)***: The Higher Education Emergency Relief Fund II (HEERF II) was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260, signed into law on December 27, 2020. In total, the CRRSAA authorizes $81.88 billion in support for education, in addition to the $30.75 billion expeditiously provided last spring through the Coronavirus Aid, Recovery, and Economic Security (CARES) Act, Public Law 116-136. The System received federal awards from the following HEERF II programs:

    - Student Aid - $7.2 million

    - Institutional Portion - $18.3 million

    - Historically Black Colleges and Universities (HBCU) - $40.4 million

- ***American Rescue Plan (ARP)***: The Higher Education Emergency Relief Fund III (HEERF III) was authorized by the American Rescue Plan (ARP), Public Law 117-2, signed into law on March 11, 2021, providing $39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID 19 pandemic. ARP funds are in addition to funds authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260 and the Coronavirus Aid, Recovery, and Economic Service (CARES) Act, Public Law 116-136. Emergency funds available to institutions and their students under all emergency funds total $76.2 billion. The System received federal awards from the following HEERF III programs:

    - Student Aid - $22.3 million

    - Institutional Portion - $21.8 million

    - Historically Black Colleges and Universities (HBCU) - $74.8 million

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

- Changes in current enrollment

- Changes in tuition and fees
- Changes in state appropriations
- Changes in the System's proportionate shares of the net pension liability and the total collective OPEB liability

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.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Net Position, June 30, 2021

ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	$11,085,853
Receivables, net (note 4)	17,726,192
Due from State Treasury	166,176
Due from federal government	39,815,548
Inventories	265,868
Prepaid expenses and advances	1,898,993
Notes receivable, net (note 5)	201,052
Other current assets	440,029
Total current assets	71,599,711
Noncurrent assets:	
Restricted cash and cash equivalents (note 2)	7,647,815
Restricted investments (note 3)	19,142,023
Capital assets, net (note 6)	347,661,588
Total noncurrent assets	374,451,426
Total assets	446,051,137
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to OPEB (note 11)	15,366,503
Deferred outflows related to pensions (note 9)	63,269,256
Total deferred outflows of resources	78,635,759
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$524,686,896
LIABILITIES	
Current liabilities:	
Accounts payable and accruals (note 7)	$14,888,696
Unearned revenues	10,867,501
Amounts held in custody for others	501,413
Other liabilities	1,264,489
Compensated absences (note 8 and 14)	788,846
Capital lease obligations (note 13 and 14)	939,693
Claims and litigation payable (note 12 and 14)	49,000
OPEB liability (note 11)	6,010,301
Total current liabilities	35,309,939

(Continued)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Net Position, June 30, 2021

LIABILITIES	
Noncurrent liabilities:	
Compensated absences (note 8 and 14)	$13,679,197
Capital lease obligations (note 13 and 14)	20,545,000
Net pension liability (note 9 and 14)	232,014,557
OPEB liability (note 11)	164,337,479
Total noncurrent liabilities	430,576,233
Total liabilities	465,886,172
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB (note 11)	22,168,741
Deferred inflows related to pensions (note 9)	6,224,648
Total deferred inflows of resources	28,393,389
NET POSITION	
Net investment in capital assets	326,176,895
Restricted for:	
Nonexpendable (note 17)	12,969,229
Expendable (note 17)	37,931,986
Unrestricted	(346,670,775)
TOTAL NET POSITION	30,407,335
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$524,686,896

(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, 2020

ASSETS	
Current assets:	
Cash and cash equivalents	$1,756,463
Accounts receivable (note 4)	55,697
Pledges receivable, net (note 4)	1,753,216
Prepaid expenses and advances	602,078
Other current assets	4,464
Total current assets	4,171,918
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	2,397,359
Investments (note 3)	17,534,718
Capital assets, net (note 6)	8,330,086
Other noncurrent assets	21,325,000
Total noncurrent assets	49,587,163
TOTAL ASSETS	$53,759,081

(Continued)

The accompanying notes are an integral part of this statement

Statement B

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
SOUTHERN UNIVERSITY SYSTEM FOUNDATION
Statement of Financial Position, December 31, 2020

LIABILITIES	
Current liabilities:	
Accounts payable	$124,024
Amounts held in custody for others	13,192,795
Bonds payable and premium, net (note 16	828,336
Other current liabilities	1,291,319
Deferred revenue	61,385
Total current liabilities	15,497,859
Noncurrent liabilities:	
Bonds payable and premium (note 16)	21,348,890
Other noncurrent liabilities	4,897,693
Total noncurrent liabilities	26,246,583
Total liabilities	41,744,442
NET ASSETS	
Without donor restrictions	3,738,978
With donor restrictions (note 17)	8,275,661
Total net assets	12,014,639
TOTAL LIABILITIES AND NET ASSETS	$53,759,081

(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, 2021

OPERATING REVENUES	
Student tuition and fees	$101,831,030
Less scholarship allowances	(39,719,084)
Net student tuition and fees	62,111,946
Federal appropriations	3,406,930
Federal grants and contracts	33,976,302
State and local grants and contracts	3,952,242
Nongovernmental grants and contracts	1,284,312
Auxiliary enterprise revenues	19,206,569
Less scholarship allowances	(2,424,960)
Net auxiliary revenues	16,781,609
Other operating revenues	8,707,247
Total operating revenues	130,220,588
OPERATING EXPENSES	
Education and general:	
Instruction	49,746,900
Research	7,404,142
Public service	7,719,429
Academic support	31,894,861
Student services	20,986,745
Institutional support	70,392,880
Operation and maintenance of plant	22,913,293
Depreciation (note 6)	15,642,182
Scholarships and fellowships	21,682,566
Auxiliary enterprises	20,800,823
Other operating expenses	23,685
Total operating expenses	269,207,506
OPERATING LOSS	(138,986,918)

(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, 2021

NONOPERATING REVENUES (Expenses)	
State appropriations	$47,676,942
Gifts	460,258
Federal nonoperating revenues	127,080,710
Net Investment income	5,848,316
Interest expense	(1,711,775)
Other nonoperating revenues	8,151,713
Net nonoperating revenues	187,506,164
Income before other revenues, expenses, gains, losses	48,519,246
Capital appropriations	1,492,117
Capital grants and gifts	1,872,328
Additions to permanent endowments	250,000
CHANGE IN NET POSITION	52,133,691
NET POSITION AT BEGINNING OF YEAR (restated) (note 18)	(21,726,356)
NET POSITION AT END OF YEAR	$30,407,335

(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, 2020

	Without Donor Restrictions	With Donor Restrictions	TOTAL
REVENUES, GAINS AND OTHER SUPPORT			
Contributions and other support	$2,456,208	$4,426,324	$6,882,532
Rental income	509,291	80,639	589,930
Athletic sponsorships and support	29,300		29,300
Total Revenues and Support	2,994,799	4,506,963	7,501,762
Administration fees	326,773		326,773
Donor fees and registration	116,842	88,560	205,402
Interest and dividends, net of fees	6,581	154,806	161,387
Net realized gain (loss)		52,121	52,121
Net unrealized gain (loss)		310,005	310,005
Total Other Revenues and Gains	450,196	605,492	1,055,688
Net Assets Released from Restriction	2,458,102	(2,458,102)	
Total Revenues, Gains, and Support	5,903,097	2,654,353	8,557,450
EXPENSES			
Program services	4,213,569		4,213,569
Management and general	1,469,788		1,469,788
Fundraising	134,930		134,930
Total expenses	5,818,287		5,818,287
Changes in net assets	84,810	2,654,353	2,739,163
Net assets - beginning of year (restated)	3,654,168	5,621,308	9,275,476
Net assets - end of year	$3,738,978	$8,275,661	$12,014,639

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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	$58,712,675
Federal appropriations	3,406,930
Grants and contracts	38,160,891
Auxiliary enterprise charges	21,799,434
Payments for employee compensation	(109,569,211)
Payments for benefits	(45,290,970)
Payments for utilities	(7,981,705)
Payments for supplies and services	(74,929,359)
Payments for scholarships and fellowships	(19,156,374)
Loans to students	7,235
Other receipts	9,284,126
Net cash used by operating activities	(125,556,328)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	51,526,074
Gifts and grants for other than capital purposes	67,268,919
Private gifts for endowment purposes	250,000
Taylor Opportunity Program for Students (TOPS) receipts	3,462,551
TOPS disbursements	(3,640,052)
GO Grant receipts	1,653,210
GO Grant disbursements	(1,648,460)
Implicit loan reduction from other campuses	(3,430,457)
Implicit loan reduction to other campuses	3,430,457
Direct lending receipts	88,130,319
Direct lending disbursements	(88,130,319)
Federal Family Education Loan program receipts	1,463,316
Federal Family Education Loan program disbursements	(1,463,316)
Other receipts	6,490,471
Net cash provided by noncapital financing sources	125,362,713
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Capital grants and gifts received	226,294
Purchases of capital assets	(3,608,845)
Principal paid on capital debt and leases	(518,101)
Interest paid on capital debt and leases	(1,724,225)
Deposits with trustees	(1,965,601)
Other sources	2,937,846
Net cash used by capital financing sources	(4,652,632)

(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, 2021

CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	$3,185,626
Interest received on investments	5,848,431
Purchase of investments	(5,078,398)
Net cash provided by investing sources	3,955,659
NET DECREASE IN CASH AND CASH EQUIVALENTS	(890,588)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	19,624,256
CASH AND CASH EQUIVALENTS AT END OF YEAR	$18,733,668
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	($138,986,918)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	15,642,182
Non-employer contributing entity (NCE) revenue	632,878
Changes in assets and liabilities:	
Decrease in accounts receivable, net	280,175
Decrease in inventories	13,042
Increase in due from federal government	(361,947)
Decrease in prepaid expenses and advances	35,247
Decrease in notes receivable	7,235
Decrease in other assets	28,517
Increase in deferred outflows related to OPEB	(6,425,764)
Increase in deferred outflows related to pensions	(17,045,909)
Increase in accounts payable and accrued liabilities	3,043,236
Increase in unearned revenue	685,273
Increase in compensated absences	813,081
Increase in OPEB liability	7,891,249
Increase in net pension liability	21,646,953
Decrease in deferred inflows related to OPEB	(7,740,220)
Decrease in deferred inflows related to pensions	(5,683,434)
Decrease in other liabilities	(31,204)
Net cash used by operating activities	($125,556,328)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and cash equivalents classified as current assets	$11,085,853
Cash and cash equivalents classified as noncurrent assets	7,647,815
Cash and cash equivalents at the end of the year	$18,733,668
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Capital appropriations for construction of capital assets	$1,492,117
Capital gifts and grants	$1,646,034
Net increase in the fair value of investments	$2,722,607
Loss on disposal of capital assets	($7,759)
Federal gifts and grants	$35,740,993
Non-employer contributing entity revenue	$632,878

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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 an Annual Comprehensive 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.

Discrete Component Unit

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, 2021, the Foundation made distributions to or on behalf of the System for both restricted and unrestricted purposes in the amount of $1,132,941. 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 implemented Statement No. 84, *Fiduciary Activities*, issued by the Government Accounting Standards Board for the year ended June 30, 2021. This statement was issued to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The adoption of this standard had no impact on the System's financial statements or note disclosures.

The System implemented Statement No. 90, *Majority Equity Interests*, issued by the Government Accounting Standards Board for the year ended June 30, 2021. This statement was issued to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The adoption of this standard had no impact on the System's financial statements or note disclosures.

2. CASH

At June 30, 2021, the System has cash and cash equivalents (book balance) totaling $18,733,668 as follows:

Demand deposits	$18,732,631
Petty Cash	1,037
Total	$18,733,668

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

Current assets	$11,085,853
Noncurrent assets - restricted	7,647,815
Total	$18,733,668

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, 2021, the System has $23,244,593 in deposits (collective bank balances), which are secured from risk by federal deposit insurance plus pledged securities.

3. INVESTMENTS

The System maintains investment accounts as authorized by state law. At June 30, 2021, the System has investments totaling $19,142,023 as follows:

Type of Investment	Percentage of Investments	Credit Quality Rating	Fair Value June 30, 2021
Investments held by private foundation:			
Cash and cash alternatives	3.68%		$704,571
Mutual funds	80.34%		15,378,586
Subtotal - held by private foundation	84.02%	Not Rated	16,083,157
Louisiana Asset Management Pool	15.36%	AAAm	2,940,003
Certificates of Deposit	0.62%		118,863
Subtotal - other investments	15.98%		3,058,866
Total Investments	100.00%		$19,142,023

These investments are reported on the Statement of Net Position as Noncurrent assets – restricted total $19,142,023.

	June 30, 2021				
Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	10+ Years
Certificates of Deposit	$118,863	$118,863			
Total	$118,863	$118,863	NONE	NONE	NONE

Investments are reported at fair market value. Investments totaling $16,083,157 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, 2021, are as follows:

		Fair Value Hierarchy		
	Fair Value June 30, 2021	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	$704,571	$704,571		
Mutual funds	15,378,586	15,378,586		
Subtotal - held by private foundation	16,083,157	16,083,157	NONE	NONE
Louisiana Asset Management Pool	2,940,003		$2,940,003	
Certificates of Deposit	118,863	118,863		
Subtotal - other investments	3,058,866	118,863	2,940,003	NONE
Total Investments at Fair Value Level	$19,142,023	$16,202,020	$2,940,003	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, 2020:

Description	Fair Value
Money market funds	$583,034
Exchange-traded products	12,978,151
Equities	2,943,668
Fixed income	1,029,865
Total	$17,534,718

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, 2020, are as follows:

		Fair Value Hierarchy		
	Fair Value December 31, 2020	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$17,534,718	$17,534,718		
Total Investments at Fair Value Level	$17,534,718	$17,534,718	NONE	NONE

4. RECEIVABLES

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

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student tuition and fees	$14,066,055	$5,568,138	$8,497,917
Auxiliary enterprises	4,394,998	558,993	3,836,005
State and private grants and contracts	2,748,055		2,748,055
Due from Office of Facility Planning	495,375		495,375
Other	2,148,840		2,148,840
Total	$23,853,323	$6,127,131	$17,726,192

There is no noncurrent portion of receivables.

FOUNDATION RECEIVABLES

As of December 31, 2020, pledges receivable totaled $1,753,216.

Unconditional pledges receivable are due as follows on December 31, 2020:

Less than one year	$662,383
One to five years	1,547,928
Gross pledges receivable	2,210,311
Less - allowance for doubtful accounts	(457,095)
Pledges receivable, net	$1,753,216

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 $1,717,825. The total amount due for succeeding years totals $19,607,175. The total Capitalized Lease Receivable balance at December 31, 2020, totaled $21,325,000.

Other Receivables

As of December 31, 2020, other receivables totaled $55,697. 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 Student Government Association 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, 2021. These receivables are composed of the following:

	Notes Receivable	Allowance for Doubtful Accounts	Notes Receivable, Net
Student Revolving Loans	$201,052		$201,052
Total	$201,052	NONE	$201,052

6. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2021, 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, 2021, total interest paid on capital debt was $1,711,775.

Schedule of Capital Assets
(includes capital leases)

	Balance 6/30/2020	Prior Period Adjustments	Restated Balance 6/30/2020	Additions	Transfers	Retirements	Balance 6/30/2021
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	32,722,720		32,722,720	$3,138,150	($24,949,607)		10,911,263
Total capital assets not being depreciated	$39,708,055	NONE	$39,708,055	$3,138,150	($24,949,607)	NONE	$17,896,598
Capital assets being depreciated:							
Infrastructure	$32,844,713		$32,844,713				$32,844,713
Less accumulated depreciation	(26,219,362)		(26,219,362)	($241,518)			(26,460,880)
Total infrastructure	6,625,351	NONE	6,625,351	(241,518)	NONE	NONE	6,383,833
Land improvements	15,215,072		15,215,072		$1,325,740		16,540,812
Less accumulated depreciation	(9,727,947)		(9,727,947)	(549,023)			(10,276,970)
Total land improvements	5,487,125	NONE	5,487,125	(549,023)	1,325,740	NONE	6,263,842
Buildings	520,233,488		520,233,488	28,134	23,623,867		543,885,489
Less accumulated depreciation	(222,695,960)		(222,695,960)	(12,097,836)			(234,793,796)
Total buildings	297,537,528	NONE	297,537,528	(12,069,702)	23,623,867	NONE	309,091,693
Equipment (including library books)	139,583,993		139,583,993	3,580,712		($1,965,072)	141,199,633
Less accumulated depreciation	(132,376,042)	($1,477)	(132,377,519)	(2,753,805)		1,957,313	(133,174,011)
Total equipment	7,207,951	(1,477)	7,206,474	826,907	NONE	(7,759)	8,025,622
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	$316,857,955	($1,477)	$316,856,478	($12,033,336)	$24,949,607	($7,759)	$329,764,990
Capital asset summary:							
Capital assets not being depreciated	$39,708,055	NONE	$39,708,055	$3,138,150	($24,949,607)	NONE	$17,896,598
Capital assets being depreciated	715,194,827	NONE	715,194,827	3,608,846	24,949,607	($1,965,072)	741,788,208
Total cost of capital assets	754,902,882	NONE	754,902,882	6,746,996	NONE	(1,965,072)	759,684,806
Less accumulated depreciation	(398,336,872)	(1,477)	(398,338,349)	(15,642,182)	NONE	1,957,313	(412,023,218)
Capital assets, net	$356,566,010	($1,477)	$356,564,533	($8,895,186)	NONE	($7,759)	$347,661,588

FOUNDATION FIXED ASSETS

Land, building and equipment as of December 31, 2020, are summarized as follows:

Land and improvements	$1,215,840
Building	6,943,959
Office equipment	279,274
Software	136,831
Other fixed assets	3,411,619
Subtotal	11,987,523
Less - accumulated depreciation	(3,657,437)
Total	$8,330,086

Depreciation expense totaled $272,002 for the year ended December 31, 2020.

7. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accruals at June 30, 2021:

Vendors payables	$7,546,885
Accrued salaries and benefits	6,635,845
Accrued interest	313,458
Other	392,508
Total	$14,888,696

8. COMPENSATED ABSENCES

At June 30, 2021, employees of the System have accumulated and vested annual leave, sick leave, and compensatory leave of $6,795,420, $7,336,066, and $336,557, 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 2021 totaled $6,920,640, with regular plan active member contributions ranging from 7.5% to 8%, and employer contributions of 40.1% of covered payroll. Employer defined benefit plan contributions to TRSL for fiscal year 2021 totaled $19,272,291, with regular plan active member contributions of 8%, and employer contributions of 21.8% for ORP members, and 25.0% to 25.8% for defined benefit plan members. The proportionate share of non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenue and state revenue sharing funds, totaled $632,878, and were recognized as revenue in fiscal year 2021 by the System.

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

At June 30, 2021, the System reported liabilities of $68,869,934 and $163,144,623 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, 2020, 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, 2020, by the fiscal year 2021 actuarially required contribution rates. As of June 30, 2020, the most recent measurement date, the System's proportions and the changes in proportion from the prior measurement date were 0.8327%, or a decrease of 0.0353%, for LASERS, and 1.4667%, or a decrease of 0.0194%, for TRSL.

For the year ended June 30, 2021, the System recognized a total pension expense of $25,743,405 for defined benefit plans, or $7,712,725 and $18,030,680 for LASERS and TRSL, respectively. At June 30, 2021, 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				($661,402)	($2,618,833)	($3,280,235)
Changes of assumptions	$220,362	$9,705,486	$9,925,848			
Net difference between projected and actual earnings on pension plan investments	10,067,466	12,593,789	22,661,255			
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,761	4,459,457	4,489,218	(1,218,018)	(1,726,395)	(2,944,413)
Employer contributions subsequent to the measurement date	6,920,641	19,272,294	26,192,935			
Total	$17,238,230	$46,031,026	$63,269,256	($1,879,420)	($4,345,228)	($6,224,648)

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, 2022. 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
2022	$93,965	$3,821,673	$3,915,638
2023	2,903,264	7,566,689	10,469,953
2024	3,111,104	6,513,567	9,624,671
2025	2,329,838	4,511,580	6,841,418
	$8,438,171	$22,413,509	$30,851,680

Actuarial Assumptions and Methodologies

The total pension liabilities for LASERS and TRSL in the June 30, 2020, 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, 2020	June 30, 2020
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)	7.55% per annum, net of investment expense	7.45% per annum, net of investment expense
Inflation Rate	2.3% per annum	2.3% 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 retiree 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 retiree/inactive members: RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females Disability retiree mortality: 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.	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 3.0 to 12.8% 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 3.1% to 4.6% 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, 2020 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. Therefore, the discount rate was reduced from 7.60% to 7.55% for the LASERS June 30, 2020 valuation. The TRSL Board accelerated the plan with a .10% reduction in the discount rate for the June 30, 2019 valuation and adopted further reductions in the discount rate for the June 30, 2020 valuation. Therefore, the discount rate was reduced from 7.55% to 7.45% for the TRSL June 30, 2020 valuation. In fiscal year 2021, the LASERS Board and TRSL Board adopted additional reductions to the discount rate beyond the original plan and a 7.40% rate was used to determine the projected actuarially required contribution rates for the 2021/2022 fiscal year.

- The LASERS and TRSL Boards reduced the inflation assumption from 2.50% to 2.30%, effective July 1, 2020. Since the inflation assumption is also a component of the salary increase assumption, all salary increase assumptions for these plans were reduced by .20%.

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 2.3%, and the effect of rebalancing/diversification. The resulting expected long-term nominal rate of return is 8.25%, and 8.17%, 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, 2020, are summarized for each plan in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
LASERS (geometric)		
Cash	0.00%	-0.59%
Domestic equity	23.00%	4.79%
International equity	32.00%	5.83%
Domestic fixed income	6.00%	1.76%
International fixed income	10.00%	3.98%
Alternative investments	29.00%	6.69%
Risk Parity	0.00%	4.20%
Total	100.00%	
TRSL (arithmetic)		
Domestic equity	27.00%	4.60%
International equity	19.00%	5.54%
Domestic fixed income	13.00%	0.69%
International fixed income	5.50%	1.50%
Private Equity	25.50%	8.62%
Other Private Assets	10.00%	4.45%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.55% and 7.45% 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 rates 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 (6.55%)	Current Discount Rate (7.55%)	1.0% Increase (8.55%)
LASERS	$84,630,434	$68,869,934	$55,495,413

	1.0% Decrease (6.45%)	Current Discount Rate (7.45%)	1.0% Increase (8.45%)
TRSL	$212,971,522	$163,144,623	$121,200,065

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, 2021, the System had $781,146 and $1,744,004 in payables to LASERS and TRSL, respectively, for the June 2021 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 2021 totaled $3,862,095, which represents pension expense for the System. Employee contributions totaled $1,417,243. The fiscal year 2021 employee and employer contribution rates were 8% and 6.2%, respectively, with an additional employer contribution of 21.8% (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, 2021, the System reported a liability of $170,347,780 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2020, 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, 2020, the most recent measurement date, the System's proportion and the change in proportion from the prior measurement date was 2.0562%, a decrease of 0.0475%.

The total collective OPEB liability in the July 1, 2020, 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. Service costs are attributed through all assumed ages of exit from active service. For current DROP participants, assumed exit from active service is the date at which DROP ends.

- Estimated Remaining Service Lives – 4.5

- Inflation rate – Consumer Price Index (CPI) 2.8%

- Salary increase rate – consistent with the pension plans disclosed in note 9

- Discount rate – 2.66% based on June 30, 2020, 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 – 6.75% for pre-Medicare eligible members grading down by .25% each year, beginning in 2021-2022, to an ultimate rate of 4.5% in 2029 and thereafter; 5.25% for post-Medicare eligible members grading down by .25% each year, beginning in 2021-2022, to an ultimate rate of 4.5% in 2023-2024 and thereafter; the initial trend was developed using the actuary's National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers CPI, Gross Domestic Product, and technology growth.

- Healthcare claim cost – Per capita costs for the self-insured plans were based on prescription drug claims for retired participants for the period January 1, 2019, through December 31, 2020 and medical claims for retired participants for the period January 1, 2018, through December 31, 2019, trended to the valuation date. The last month of the prescription drug claim experience was 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 2021 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 medical 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, 2020 Valudation
Under 10 years	33%
10 - 14 years	60%
15 - 19 years	80%
20+ years	88%

Future retirees are assumed to participate in the life insurance benefit at a 36% 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.

The actuarial assumptions related to mortality, retirement, termination, disability, and salary increases are based on experience studies and assumptions used in the pension valuations disclosed in Note 9. Other assumptions are based on an experience study of OPEB plan experience for the period July 1, 2017, through June 30, 2020.

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

- The discount rate decreased from 2.79% to 2.66%.

- Baseline per capita costs were updated to reflect 2020 claims and enrollment for prescription drug costs and retiree contributions were updated based on 2021 premiums. The 2020 medical claims and enrollment experience was not included in the projection of expected 2021 plan costs due to the COVID-19 pandemic which resulted in 2020 medical claims experience which is not reflective of what is expected in future years.

- The salary increase rate assumption for LASERS and TRSL pension plan members was updated consistent with the June 30, 2020, LASERS and TRSL pension valuations as disclosed in Note 9.

- Based on a review of OPEB experience from July 1, 2017, through June 30, 2020, the percentage of future retirees assumed to be Medicare-eligible upon reaching age 65 was decreased from 100% to 99% and the percentage of current retirees under age 65 at June 30, 2017, assumed to be eligible was changed from 95% to rates ranging from 90% to 99% based on the date the retiree turns 65. Other assumptions were also updated based on the experience study, including the medical and life participation rates in the table above, the age difference between future retirees and their spouses, and medical plan election percentages.

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 (1.66%)	Current Discount Rate (2.66%)	1.0% Increase (3.66%)
Proportionate Share of Total Collective OPEB Liability	$197,793,228	$170,347,780	$148,385,474

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	5.75% decreasing to 3.5%	6.75% decreasing to 4.5%	7.75% decreasing to 5.5%
Post-65 Rates	4.25% decreasing to 3.5%	5.25% decreasing to 4.5%	6.25% decreasing to 5.5%
Proportionate Share of Total Collective OPEB Liability	$147,843,324	$170,347,780	$198,912,173

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

For the year ended June 30, 2021, the System recognized OPEB expense of ($264,416). At June 30, 2021, 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	$3,917,755	($327,875)
Changes of assumptions or other inputs	4,453,690	(16,301,012)
Changes in proportion and differences between benefit payments and proportionate share of benefit payments	852,689	(5,007,641)
Difference between proportionate share of benefit payments an actual benefit payments	132,068	(532,213)
Amounts paid by the employer for OPEB subsequent to the measurement date	6,010,301	
TOTAL	$15,366,503	($22,168,741)

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, 2022. 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
2022	($7,196,391)
2023	(4,786,149)
2024	(1,344,651)
2025	514,654
	($12,812,537)

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 14 lawsuits at June 30, 2021, 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, 2021, total operating lease expenditures were $3,467,599. 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, 2021.

Capital Leases

During fiscal year 2021, 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, 2021:

Fiscal Year Ended June 30,	
2022	$1,858,018
2023	1,698,325
2024	1,696,325
2025	1,692,325
2026	1,686,325
2027-2031	8,427,125
2032-2036	8,442,113
2037-2039	5,040,000
Total mimimum payments	30,540,556
Less - amount representing interest	(9,055,863)
Present value of net minimum lease payments	$21,484,693

The gross amount, including capitalized interest, of assets held under capital leases as of June 30, 2021, 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, 2021:

Nature of Lease	Cost	Accumulated Depreciation	Carrying Amount
Office space	$4,038,291	($3,785,922)	$252,369
Buildings	4,075,103	(1,890,823)	2,184,280
Total	$8,113,394	($5,676,745)	$2,436,649

The following is a schedule, by fiscal years, of the minimum future rentals on noncancelable operating leases as of June 30, 2021:

Nature of Operating Lease	2022	2023	2024	2025	2026	2027-2031	Total Minimum Future Rentals
Office space	$1,706,271	$1,660,141	$1,442,200	$1,478,000	$1,523,000	$4,847,000	$12,656,612
Building	250,000	255,000	260,000	265,000	270,000	840,000	2,140,000
Land	48,381	49,724	47,040	3,600	3,600	17,100	169,445
Other	50,000						50,000
Total	$2,054,652	$1,964,865	$1,749,240	$1,746,600	$1,796,600	$5,704,100	$15,016,057

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, 2021, contingent rentals received from operating leases were $130,834: $43,844 for office space and $86,990 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, 2021:

	Balance, June 30, 2020 Restated	Additions	Reductions	Balance, June, 30 2021	Amounts Due Within One Year
Notes payable	$35,354,401		$35,354,401		
Compensated absences payable	13,654,962	$813,081		$14,468,043	$788,846
Capital lease obligations	22,389,386		904,693	21,484,693	939,693
Claims payable	49,000			49,000	49,000
Net pension liabilities	210,367,604	21,646,953		232,014,557	
Total long-term liabilities	$281,815,353	$22,460,034	$36,259,094	$268,016,293	$1,777,539

* 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' 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.

On December 27, 2020, the Secretary of the U.S. Department of Education repaid in full the principal and interest on this loan that was disbursed by Rice Capital Access Program, LLC. Rice Capital Access Program, LLC, the Designated Bonding Authority, in its capacity as lender, acknowledged satisfaction and cancelled the Promissory Note on March 19, 2021. This debt cancellation resulted in revenue of $11.6 million being reported in the Statement of Revenues, Expenses, and Changes in Net Position. These revenues were included in federal nonoperating revenues along with PELL and COVID related funds totaling $31.1 million.

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' 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.

On December 27, 2020, the Secretary of the U.S. Department of Education repaid in full the principal and interest on this loan that was disbursed by Rice Capital Access Program, LLC. Rice Capital Access Program, LLC, the Designated Bonding Authority, in its capacity as lender, acknowledged satisfaction and cancelled the Promissory Note on March 19, 2021. This debt cancellation resulted in revenue of $24.1 million being reported in the Statement of Revenues, Expenses, and Changes in Net Position. These revenues were included in federal nonoperating revenues along with PELL and COVID related funds totaling $76.1 million.

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 Agricultural & Mechanical 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 Southern University at Shreveport, LA (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, 2020, 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 $21,325,000 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
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	940,000	48,336	988,336
2026 and thereafter	17,025,000	610,546	17,635,546
Total	$21,325,000	$852,226	$22,177,226

Interest expense related to the bonds for the year ended December 31, 2020, totaled $956,450.

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, 2020, are as follows:

Year Ended December 31,	
2021	$628,571
2022	628,571
2023	628,571
2024	628,571
2025	628,571
2026 and thereafter	1,257,145
	$4,400,000

Hancock Whitney Bank Loan

The Foundation also has an obligation to Whitney Bank bearing interest at 4.49%. 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, 2020 are as follows:

Year Ended December 31,	
2021	$86,940
2022	77,995
	$164,935

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, 2020, are as follows:

Year Ending December 31,	
2021	$106,895
2022	111,812
2023	116,955
2024	122,335
2025	127,963
2026 and thereafter	414,893
Total	$1,000,853

Economic Injury Disaster Loan

On August 11, 2020, the Foundation received a $149,900 Economic Injury Disaster Loan (EIDL Loan) from the Small Business Administration. The proceeds from the EIDL Loan are for working capital purposes. The EIDL Loan has a term of 30 years, interest of 2.75% per annum, and monthly payments of principal and interest beginning one year from the date of the EIDL Loan at $641 per month. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal. As a condition of the EIDL Loan, the Foundation granted the SBA a security interest in and to all collateral.

17. RESTRICTED NET POSITION

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

Nonexpendable - endowments	$12,969,229
Expendable:	
Gifts, grants, and contracts	$7,382,596
Endowment income	6,821,096
Student fees, faculty and staff funds	13,958,455
Student loans	648,689
Unexpended plant	5,959,578
Renewals and replacements	2,297,921
Retirement of indebtedness funds	863,651
Total expendable	$37,931,986

Of the total net assets reported in the Statement of Net Position as of June 30, 2021, a total of $4,411,137 is restricted by enabling legislation.

FOUNDATION RESTRICTED NET ASSETS

At December 31, 2020, net assets with donor restrictions are available for the following purposes or periods:

Purpose restrictions, available for spending:	
Accrued interest payable	$468,913
Bonds payable and premium	828,336
Total restricted assets	$1,297,249
Time restrictions:	
Contributions and others, which are unavailable for spending until due, some of which are also subject to purpose restrictions	6,978,412
Total restricted assets	$8,275,661

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, 2020	($21,154,138)
OPEB - Deferred Outflows	(148,908)
OPEB - Deferred Inflows	148,908
Pensions - Deferred Outflows	(242)
Pensions - Deferred Inflows	39
Net Pension Liability	110
Investments	(10,901)
Amounts held in Custody for Others	(181,641)
Other Current Assets	(378,382)
Due from federal government	276
Capital Asset adjustments	(1,477)
Net Position at July 1, 2020, as restated	($21,726,356)

The restatements decreased the System's beginning net position by $572,218. The restatement was due to various adjustments as well as other errors. Had the error corrections affecting fiscal year 2020 been included in the June 30, 2020, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of $8,865,741 would have been $8,293,523.

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, 2021, net appreciation of $6,822,805 is available to be spent, of which $5,686,283 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, 2020, the foundation's endowments were classified as follows:

	Without donor Restrictions	With donor Restrictions	Total
Donor Restricted		$13,031,175	$13,031,175
Board-designated	$4,503,543		4,503,543
Total	$4,503,543	$13,031,175	$17,534,718

20. RELATED PARTY TRANSACTIONS

During fiscal year ended June 30, 2021, 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, 2021. 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, 2020, totaled $1,232,538. 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 $257,942 for the year ended December 31, 2020.

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, 2020, the Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amounts of $1,132,941.

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, 2020, for the Endowed Chair and Professorship program totaled $13,192,795. 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. There were no receivables due from the System at December 31, 2020.

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. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Functional	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$37,124,399	$11,426,478	$75,841	$1,102,382	$17,800		$49,746,900
Research	4,683,178	904,997	5,378	1,188,055	622,534		7,404,142
Public Service	4,263,667	1,289,923	22,737	2,049,331	93,771		7,719,429
Academic Support	17,166,866	5,744,624	(1,991)	8,105,155	880,207		31,894,861
Student Services	10,009,640	3,313,848	23,879	6,111,107	1,528,271		20,986,745
Institutional Support	25,750,963	11,681,474	831,473	29,002,409	3,126,561		70,392,880
Operations and maintenance of plant	3,997,557	2,262,002	5,088,021	11,565,713			22,913,293
Depreciation						$15,642,182	15,642,182
Scholarships and fellowships	954,283	23,005		109,431	20,595,847		21,682,566
Auxiliary Enterprises	6,745,889	2,554,445	1,934,764	8,402,374	1,163,351		20,800,823
Other		8,530		15,155			23,685
Total operating expenses	$110,696,442	$39,209,326	$7,980,102	$67,651,112	$28,028,342	$15,642,182	$269,207,506

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, 2021, 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	
Operating expenses	
Net operating income	None
Nonoperating revenues (expenses):	
Transfer to affiliate	None
Changes in net position	None
Net position at beginning of year (restated)	
Net position at end of year	$0

Condensed Statement of Cash Flows

	SUSLA Facilities, Inc.
Net cash flows provided (used) by:	
Operating activities	
Capital financing activities	
Net change in cash	None
Cash, beginning of year	76
Cash, end of year	$76

26. SUBSEQUENT EVENTS

On September 16, 2021, the Board of Supervisors of Southern University and Agricultural and Mechanical College System with and on behalf of Southern University and Agricultural and Mechanical College at Baton Rouge entered into an agreement with the U.S. Department of Education to borrow a maximum of $69 million for housing and student union facilities. Payment dates are May 1 and November 1 of each year, with the first payment due May 1, 2025. The maturity date of the debt instruments is May 1, 2051. Additional information is available upon request.

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, 2021

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%	$62,885,123	$17,565,227		358%	62.9%
2021	0.83270%	$68,869,934	$17,611,807		391%	58.0%
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%
2021	1.46666%	$163,144,623	$73,298,716		223%	65.6%

*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%
2021	$6,920,641	$6,920,641	$0	$17,357,916		39.9%
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%
2021	$19,272,291	$19,272,291	$0	$78,905,299		24.4%

*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 Police 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.

2018-2021 (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, to 7.60% for the June 30, 2019 valuation, and to 7.55% for the June 30, 2020 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.

2021 (5) Effective July 1, 2020, the LASERS Board reduced the inflation assumption from 2.5% to 2.3%. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .2% in the June 30, 2020 valuation.

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.

2018-2021 (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. The TRSL Board accelerated the plan with a .10% reduction in the discount rate for the June 30, 2019 valuation and adopted further reductions in the discount rate for the June 30, 2020 valuation. Therefore, the discount rate was reduced from 7.65% to 7.55% for the June 30, 2019 valuation and from 7.55% to 7.45% for the June 30, 2020 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.

2021 (4) Effective July 1, 2020, the TRSL Board reduced the inflation assumption from 2.5% to 2.3%. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .2% in the June 30, 2020 valuation.

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, 2021

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, 2021	2.0562%	$170,347,780	$86,833,572	196.18%
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.

The July 1, 2020 valuation reflects the following changes of assumptions and other inputs:

(1) decreased the discount rate from 2.79% to 2.66%.
(2) the baseline per capita costs were adjusted to reflect 2020 claims and enrollment for prescription drug costs, retiree contributions were updated based on 2021 premiums. The 2020 medical claims and enrollment experience were reviewed but not included in the projection of expected 2021 plan costs. Due to the COVID-19 pandemic, this experience was considered not reflective of what can be expected in future years.
(3) the LASERS and TRSL salary scale assumptions were updated to reflect the updated salary scale assumptions reported in the June 30, 2020, pension valuations.
(4) Medical and life participation rates, the age difference between future retirees and their spouses, Medicare eligibility rates, and medical plan election percentages have been updated based on a review of OPEB experience from July 1, 2017, through June 30, 2020.

SUPPLEMENTARY INFORMATION SCHEDULES

Combining Schedule of Net Position, by Campus, for the year ended June 30, 2021

Schedule 4 presents the Combining Schedule of Net Position, by campus, for the year ended June 30, 2021.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by Campus, for the year ended June 30, 2021

Schedule 5 presents the Combining Schedule of Revenues, Expenses, and Changes in Net Position, by Campus, for the year ended June 30, 2021.

Combining Schedule of Cash Flows, by Campus, for the year ended June 30, 2021

Schedule 6 presents the Combining Schedule of Cash Flows, by Campus, for the year ended June 30, 2021.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Net Position, by Campus, June 30, 2021

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER	AGRICULTURAL RESEARCH & EXTENSION CENTER
ASSETS				
Current assets:				
Cash and cash equivalents		($5,128,216)	$6,934,561	$2,938,744
Receivables, net	$43,517	12,677,926	269,050	815,130
Due from State Treasury		107,931	11,133	3,180
Due from federal government		27,305,323	1,193,864	692,669
Due from other campuses	2,883,256		207,186	84,464
Inventories		265,868		
Prepaid expenses and advances	110,180	1,628,820	20,984	
Notes receivable, net				
Other current assets		348,951	42,920	
Total current assets	3,036,953	37,206,603	8,679,698	4,534,187
Noncurrent assets				
Restricted cash and cash equivalents		7,178,274	274,074	
Restricted investments	654,996	11,639,705	2,472,191	
Capital assets, net	72,158	139,418,470	6,737,442	8,108,464
Total noncurrent assets	727,154	158,236,449	9,483,707	8,108,464
Total assets	3,764,107	195,443,052	18,163,405	12,642,651
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows related to OPEB	500,801	8,539,527	1,297,105	767,930
Deferred outflows related to pensions	2,502,414	33,957,880	5,400,036	3,249,960
Total deferred outflows of resources	3,003,215	42,497,407	6,697,141	4,017,890
Total assets and deferred outflows of resources	$6,767,322	$237,940,459	$24,860,546	$16,660,541
LIABILITIES				
Current liabilities:				
Accounts payable and accruals	$328,803	$11,309,696	$377,316	$337,655
Due to other campuses				
Unearned revenues		6,936,971	418,506	111,201
Amounts held in custody for others		335,563	68,876	
Other current liabilities		911,850	108,237	37,500
Compensated absences payable	116,110	394,996	55,206	88,433
Capital lease obligations		891,489		
Claims and litigation payable		49,000		
OPEB Liability	133,031	3,927,993	295,601	231,966
Total current liabilities	577,944	24,757,558	1,323,742	806,755
Noncurrent Liabilities:				
Compensated absences	694,685	6,632,470	1,645,284	844,640
Capital lease obligations		19,275,319		
Net pension liability	10,043,725	122,322,687	20,884,753	12,464,614
OPEB Liability	8,679,947	84,490,497	18,645,318	13,819,601
Total noncurrent liabilities	19,418,357	232,720,973	41,175,355	27,128,855
Total liabilities	19,996,301	257,478,531	42,499,097	27,935,610
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	816,027	10,232,307	2,222,189	1,189,226
Deferred inflows related to pensions	263,957	3,438,421	375,633	180,319
Total deferred inflows of resources	1,079,984	13,670,728	2,597,822	1,369,545
NET POSITION				
Net investment in capital assets	72,158	119,251,662	6,737,442	8,108,464
Restricted for:				
Nonexpendable	360,000	7,103,352	1,717,000	
Expendable	1,507,029	19,678,664	5,541,171	1,749,657
Unrestricted	(16,248,150)	(179,242,478)	(34,231,986)	(22,502,735)
TOTAL NET POSITION	(14,308,963)	(33,208,800)	(20,236,373)	(12,644,614)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$6,767,322	$237,940,459	$24,860,546	$16,660,541

	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	ELIMINATIONS	TOTAL SYSTEM
ASSETS				
Current assets:				
Cash and cash equivalents	$4,470,992	$1,869,772		$11,085,853
Receivables, net	3,352,004	1,847,297	($1,278,732)	17,726,192
Due from State Treasury	32,799	11,133		166,176
Due from federal government	3,544,688	7,079,004		39,815,548
Due from other campuses		56,037	(3,230,943)	
Inventories				265,868
Prepaid expenses and advances	1,571	137,438		1,898,993
Notes receivable, net	201,052			201,052
Other current assets	48,084	74		440,029
Total current assets	11,651,190	11,000,755	(4,509,675)	71,599,711
Noncurrent assets				
Restricted cash and cash equivalents		195,467		7,647,815
Restricted investments	3,156,732	1,218,399		19,142,023
Capital assets, net	163,954,288	29,370,766		347,661,588
Total noncurrent assets	167,111,020	30,784,632	NONE	374,451,426
Total assets	178,762,210	41,785,387	(4,509,675)	446,051,137
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows related to OPEB	2,541,264	1,719,876		15,366,503
Deferred outflows related to pensions	10,206,025	7,952,941		63,269,256
Total deferred outflows of resources	12,747,289	9,672,817	NONE	78,635,759
Total assets and deferred outflows of resources	$191,509,499	$51,458,204	($4,509,675)	$524,686,896
LIABILITIES				
Current liabilities:				
Accounts payable and accruals	$501,631	$2,033,595		$14,888,696
Due to other campuses	3,230,943		($3,230,943)	
Unearned revenues	1,246,253	2,154,570		10,867,501
Amounts held in custody for others	20,732	76,242		501,413
Other current liabilities	58,146	1,427,488	(1,278,732)	1,264,489
Compensated absences payable	76,764	57,337		788,846
Capital lease obligations		48,204		939,693
Claims and litigation payable				49,000
OPEB Liability	868,729	552,981		6,010,301
Total current liabilities	6,003,198	6,350,417	(4,509,675)	35,309,939
Noncurrent Liabilities:				
Compensated absences	2,051,381	1,810,737		13,679,197
Capital lease obligations	-	1,269,681		20,545,000
Net pension liability	39,672,177	26,626,601		232,014,557
OPEB Liability	21,023,444	17,678,672		164,337,479
Total noncurrent liabilities	62,747,002	47,385,691	NONE	430,576,233
Total liabilities	68,750,200	53,736,108	(4,509,675)	465,886,172
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	5,058,663	2,650,329		22,168,741
Deferred inflows related to pensions	1,346,290	620,028		6,224,648
Total deferred inflows of resources	6,404,953	3,270,357	NONE	28,393,389
NET POSITION				
Net investment in capital assets	163,954,288	28,052,881		326,176,895
Restricted for:				
Nonexpendable	2,608,877	1,180,000		12,969,229
Expendable	4,756,279	4,699,186		37,931,986
Unrestricted	(54,965,098)	(39,480,328)		(346,670,775)
TOTAL NET POSITION	116,354,346	(5,548,261)	NONE	30,407,335
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$191,509,499	$51,458,204	($4,509,675)	$524,686,896

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, 2021

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER
OPERATING REVENUES			
Student tuition and fees		$61,466,227	$19,476,326
Less scholarship allowances		(24,593,770)	(1,456,913)
Net student tuition and fees		36,872,457	18,019,413
Federal appropriations			
Federal grants and contracts		13,704,609	3,040,860
State and local grants and contracts		1,407,338	334,332
Nongovernmental grants and contracts		228,258	20,913
Auxiliary enterprise revenues	$758	14,426,053	2,669
Less scholarship allowances		(2,288,016)	
Net auxiliary revenues	758	12,138,037	2,669
Other operating revenues	10,171	6,833,532	183,152
Total operating revenues	10,929	71,184,231	21,601,339
OPERATING EXPENSES			
Education and general:			
Instruction		32,188,070	5,506,121
Research		4,121,130	
Public service		2,843,526	247,653
Academic support	94,994	19,799,494	7,437,676
Student services		8,115,756	3,879,383
Institutional support	9,089,264	28,104,813	6,107,463
Operation and maintenance of plant		16,273,869	1,216,952
Depreciation	32,190	7,552,778	868,887
Scholarships and fellowships	45,500	12,756,418	1,509,626
Auxiliary enterprises		16,664,195	
Other operating expenses		15,155	
Total operating expenses	9,261,948	148,435,204	26,773,761
OPERATING LOSS	(9,251,019)	(77,250,973)	(5,172,422)
NONOPERATING REVENUES (Expenses)			
State appropriations	3,199,565	19,875,115	3,908,258
Gifts	78,268	92,806	142,733
Federal nonoperating revenues	31,036	76,110,547	5,780,589
Net investment income (loss)	121,661	5,118,108	435,678
Interest expense		(1,382,018)	
Other nonoperating revenues	79,736	5,925,141	1,004,417
Net nonoperating revenues	3,510,266	105,739,699	11,271,675
INCOME (Loss) BEFORE OTHER REVENUES	(5,740,753)	28,488,726	6,099,253
Capital appropriations		503,973	
Capital grants and gifts		226,294	
Additions to permanent endowments			
Other additions, net	5,408,978	180,770	(1,671,973)
CHANGE IN NET POSITION	(331,775)	29,399,763	4,427,280
NET POSITION AT BEGINNING OF YEAR (Restated)	(13,977,188)	(62,608,563)	(24,663,653)
NET POSITION AT END OF YEAR	($14,308,963)	($33,208,800)	($20,236,373)

	AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	TOTAL SYSTEM
OPERATING REVENUES				
Student tuition and fees		$12,090,791	$8,797,686	$101,831,030
Less scholarship allowances		(4,939,198)	(8,729,203)	(39,719,084)
Net student tuition and fees		7,151,593	68,483	62,111,946
Federal appropriations	$3,406,930			3,406,930
Federal grants and contracts	2,336,752	7,779,344	7,114,737	33,976,302
State and local grants and contracts	123,402	773,540	1,313,630	3,952,242
Nongovernmental grants and contracts	1,010,000		25,141	1,284,312
Auxiliary enterprise revenues		2,142,751	2,634,338	19,206,569
Less scholarship allowances		(59,826)	(77,118)	(2,424,960)
Net auxiliary revenues		2,082,925	2,557,220	16,781,609
Other operating revenues	206,238	374,224	1,099,930	8,707,247
Total operating revenues	7,083,322	18,161,626	12,179,141	130,220,588
OPERATING EXPENSES				
Education and general:				
Instruction		6,993,436	5,059,273	49,746,900
Research	3,085,976	197,036		7,404,142
Public service	4,112,818	85,974	429,458	7,719,429
Academic support		1,289,342	3,273,355	31,894,861
Student services		3,783,189	5,208,417	20,986,745
Institutional support	3,460,045	15,103,172	8,528,123	70,392,880
Operation and maintenance of plant	266,753	3,425,088	1,730,631	22,913,293
Depreciation	409,796	5,252,532	1,525,999	15,642,182
Scholarships and fellowships		2,407,282	4,963,740	21,682,566
Auxiliary enterprises		1,519,204	2,617,424	20,800,823
Other operating expenses	8,530			23,685
Total operating expenses	11,343,918	40,056,255	33,336,420	269,207,506
OPERATING LOSS	(4,260,596)	(21,894,629)	(21,157,279)	(138,986,918)
NONOPERATING REVENUES (Expenses)				
State appropriations	6,711,927	8,661,520	5,320,557	47,676,942
Gifts		127,325	19,126	460,258
Federal nonoperating revenues		14,036,454	31,122,084	127,080,710
Net investment income (loss)		18,384	154,485	5,848,316
Interest expense			(329,757)	(1,711,775)
Other nonoperating revenues	609,746	433,800	98,873	8,151,713
Net nonoperating revenues	7,321,673	23,277,483	36,385,368	187,506,164
INCOME (Loss) BEFORE OTHER REVENUES	3,061,077	1,382,854	15,228,089	48,519,246
Capital appropriations	191,794	796,350		1,492,117
Capital grants and gifts		1,646,034		1,872,328
Additions to permanent endowments			250,000	250,000
Other additions, net	(1,779,643)	(1,432,315)	(705,817)	
CHANGE IN NET POSITION	1,473,228	2,392,923	14,772,272	52,133,691
NET POSITION AT BEGINNING OF YEAR (Restated)	(14,117,842)	113,961,423	(20,320,533)	(21,726,356)
NET POSITION AT END OF YEAR	($12,644,614)	$116,354,346	($5,548,261)	$30,407,335

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Cash Flows, by Campus
For the Fiscal Year Ended June 30, 2021

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER
CASH FLOWS FROM OPERATING ACTIVITIES:			
Tuition and fees		$30,740,600	$17,938,369
Federal appropriations			
Grants and contracts		15,976,038	2,479,503
Auxiliary enterprise charges	$758	17,139,867	1,390
Payments for employee compensation	(3,991,659)	(57,733,122)	(13,330,377)
Payments for benefits	(1,584,621)	(24,517,634)	(4,865,265)
Payment for utilities	(18,026)	(4,775,249)	(52,274)
Payments for supplies and services	(3,662,454)	(48,108,779)	(6,537,764)
Payments for scholarships and fellowships	(45,500)	(9,341,744)	(1,125,084)
Loans to students			
Other receipts (payments)	3,518	8,106,139	207,410
Net cash used by operating activities	(9,297,984)	(72,513,884)	(5,284,092)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
State appropriations	3,199,565	21,705,127	4,342,814
Gifts and grants for other than capital purposes	109,304	34,649,812	5,923,322
Private gifts for endowment purposes			
Taylor Opportunity Program for Students (TOPS) receipts		3,262,047	
TOPS disbursements		(3,439,548)	
GO Grant receipts		1,356,000	
GO Grant disbursements		(1,351,250)	
Implicit loan reduction from other campuses			
Implicit loan reduction to other campuses	530,137	2,094,796	635,963
Direct lending receipts		44,393,257	26,497,038
Direct lending disbursements		(44,393,257)	(26,497,038)
Federal Family Education Loan program receipts		1,463,316	
Federal Family Education Loan program disbursements		(1,463,316)	
Other receipts (payments)	5,458,978	5,414,987	(657,745)
Net cash provided by noncapital financing sources	9,297,984	63,691,971	10,244,354
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Capital grants and gifts received		226,294	
Purchases of capital assets		(1,465,079)	(905,083)
Principal paid on capital debt and leases		(907,784)	
Interest paid on capital debt and leases		(1,393,685)	
Deposits with Trustees		(1,965,601)	
Other sources		2,506,292	
Net cash used by capital financing sources		(2,999,563)	(905,083)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales and maturities of investments			
Interest received on investments	121,661	5,118,223	435,678
Purchase of investments	(121,661)	(1,983,665)	(410,179)
Net cash provided (used) by investing sources		3,134,558	25,499

(Continued)

	AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	TOTAL SYSTEM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees		$7,256,725	$2,776,981	$58,712,675
Federal appropriations	$3,406,930			3,406,930
Grants and contracts	3,593,368	6,975,992	9,135,990	38,160,891
Auxiliary enterprise charges		2,097,390	2,560,029	21,799,434
Payments for employee compensation	(6,370,278)	(15,292,858)	(12,850,917)	(109,569,211)
Payments for benefits	(2,561,375)	(6,597,558)	(5,164,517)	(45,290,970)
Payment for utilities	(48,080)	(1,996,692)	(1,091,384)	(7,981,705)
Payments for supplies and services	(1,778,096)	(7,867,892)	(6,974,374)	(74,929,359)
Payments for scholarships and fellowships	(130,971)	(3,097,165)	(5,415,910)	(19,156,374)
Loans to students		7,235		7,235
Other receipts (payments)	206,238	92,124	668,697	9,284,126
Net cash used by operating activities	(3,682,264)	(18,422,699)	(16,355,405)	(125,556,328)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	6,885,847	9,460,594	5,932,127	51,526,074
Gifts and grants for other than capital purposes		12,951,623	13,634,858	67,268,919
Private gifts for endowment purposes			250,000	250,000
Taylor Opportunity Program for Students (TOPS) receipts		135,136	65,368	3,462,551
TOPS disbursements		(135,136)	(65,368)	(3,640,052)
GO Grant receipts		297,210		1,653,210
GO Grant disbursements		(297,210)		(1,648,460)
Implicit loan reduction from other campuses		(1,494,860)	(1,935,597)	(3,430,457)
Implicit loan reduction to other campuses	225,598		(56,037)	3,430,457
Direct lending receipts		9,083,239	8,156,785	88,130,319
Direct lending disbursements		(9,083,239)	(8,156,785)	(88,130,319)
Federal Family Education Loan program receipts				1,463,316
Federal Family Education Loan program disbursements				(1,463,316)
Other receipts (payments)	(1,640,717)	(1,418,827)	(666,205)	6,490,471
Net cash provided by noncapital financing sources	5,470,728	19,498,530	17,159,146	125,362,713
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Capital grants and gifts received				226,294
Purchases of capital assets	(431,554)	(106,579)	(700,550)	(3,608,845)
Principal paid on capital debt and leases			389,683	(518,101)
Interest paid on capital debt and leases			(330,540)	(1,724,225)
Deposits with Trustees				(1,965,601)
Other sources	431,554			2,937,846
Net cash used by capital financing sources		(106,579)	(641,407)	(4,652,632)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments			3,185,626	3,185,626
Interest received on investments		18,384	154,485	5,848,431
Purchase of investments		(20,211)	(2,542,682)	(5,078,398)
Net cash provided (used) by investing sources		(1,827)	797,429	3,955,659

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by Campus, 2021

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		($8,686,918)	$4,080,678
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		10,736,976	3,127,957
CASH AND CASH EQUIVALENTS AT END OF YEAR		$2,050,058	$7,208,635
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	($9,251,019)	($77,250,973)	($5,172,422)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation expense	32,190	7,552,778	868,887
Non-Employer contributing entity (NCE) revenue	29,736	337,581	58,803
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable, net	(6,653)	(2,653,036)	(2,416)
(Increase) decrease in inventories		13,042	
(Increase) decrease in due from federal government		265,711	(922,945)
(Increase) decrease in prepaid expenses and advances	22,432	17,022	(13,220)
(Increase) decrease in notes receivable			
(Increase) decrease in other assets			(37,328)
(Increase) decrease in deferred outflows related to OPEB	(283,110)	(3,537,659)	(771,079)
(Increase) decrease in deferred outflows related to pensions	(666,603)	(9,317,780)	(1,656,742)
Increase (decrease) in accounts payable and accrued liability	(34,118)	1,598,305	(67,648)
Increase (decrease) in unearned revenue		1,290,588	(59,203)
Increase (decrease) in compensated absences	95,654	152,985	360,965
Increase (decrease) in OPEB payable	609,319	5,368,171	1,726,076
Increase (decrease) in net pension liability	883,659	11,770,639	2,083,783
Increase (decrease) in deferred inflows related to OPEB	(443,897)	(5,566,105)	(1,208,813)
Increase (decrease) in deferred inflows related to pensions	(285,574)	(3,000,576)	(518,015)
Increase (decrease) in other liabilities		445,423	47,225
Net cash used by operating activities	($9,297,984)	($72,513,884)	($5,284,092)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and cash equivalents classified as current assets		($5,128,216)	$6,934,561
Cash and cash equivalents classified as noncurrent assets		7,178,274	274,074
Cash and cash equivalents at the end of the year		$2,050,058	$7,208,635
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Capital appropriations for construction of capital assets		$503,973	
Capital gifts and grants			
Net increase in the fair value of investments	$121,524	$1,995,923	$447,223
Loss on disposal of capital assets		($6,359)	
Federal gifts and grants		$24,133,858	
Non-employer contributing entity revenue	$29,736	$337,581	$58,803

(Concluded)

	AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	TOTAL SYSTEM
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$1,788,464	$967,425	$959,763	($890,588)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,150,280	3,503,567	1,105,476	19,624,256
CASH AND CASH EQUIVALENTS AT END OF YEAR	$2,938,744	$4,470,992	$2,065,239	$18,733,668
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	($4,260,596)	($21,894,629)	($21,157,279)	($138,986,918)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	409,796	5,252,532	1,525,999	15,642,182
Non-Employer contributing entity (NCE) revenue	39,266	85,886	81,606	632,878
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	(141,856)	637,292	2,446,844	280,175
(Increase) decrease in inventories				13,042
(Increase) decrease in due from federal government	229,307	91,201	(25,221)	(361,947)
(Increase) decrease in prepaid expenses and advances		(1,571)	10,584	35,247
(Increase) decrease in notes receivable		7,235		7,235
(Increase) decrease in other assets		65,919	(74)	28,517
(Increase) decrease in deferred outflows related to OPEB	(440,023)	(821,045)	(572,848)	(6,425,764)
(Increase) decrease in deferred outflows related to pensions	(1,040,603)	(2,438,821)	(1,925,360)	(17,045,909)
Increase (decrease) in accounts payable and accrued liability	263,982	187,225	1,095,490	3,043,236
Increase (decrease) in unearned revenue	48,297	(1,619,991)	1,025,582	685,273
Increase (decrease) in compensated absences	8,532	156,956	37,989	813,081
Increase (decrease) in OPEB payable	877,326	(1,511,853)	822,210	7,891,249
Increase (decrease) in net pension liability	1,326,184	3,062,279	2,520,409	21,646,953
Increase (decrease) in deferred inflows related to OPEB	(646,907)	1,101,216	(975,714)	(7,740,220)
Increase (decrease) in deferred inflows related to pensions	(354,969)	(753,837)	(770,463)	(5,683,434)
Increase (decrease) in other liabilities		(28,693)	(495,159)	(31,204)
Net cash used by operating activities	($3,682,264)	($18,422,699)	($16,355,405)	($125,556,328)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents classified as current assets	$2,938,744	$4,470,992	$1,869,772	11,085,853
Cash and cash equivalents classified as noncurrent assets			195,467	7,647,815
Cash and cash equivalents at the end of the year	$2,938,744	$4,470,992	$2,065,239	$18,733,668
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital appropriations for construction of capital assets	$191,794	$796,350		$1,492,117
Capital gifts and grants		$1,646,034		$1,646,034
Net increase in the fair value of investments		$16,869	$141,068	$2,722,607
Loss on disposal of capital assets			($1,400)	($7,759)
Federal gifts and grants			$11,607,135	$35,740,993
Non-employer contributing entity revenue	$39,266	$85,886	$81,606	$632,878

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.

LOUISIANA LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

June 21, 2022

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, 2021, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated June 21, 2022.

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 for the 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,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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