SOUTHERN UNIVERSITY AND A&M COLLEGE SYSTEM

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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

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TABLE OF CONTENTS

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

July 17, 2023

Independent Auditor's Report

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the accompanying 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, 2022, 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.

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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the

Financial Statements section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of the Southern University Foundation, which were audited by another auditor, were audited in accordance with GAAS but not in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit 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 System's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 16, 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 is the responsibility of management and, 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 GAAS, 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 combining financial schedules on pages 72 through 79, for the year ended June 30, 2022, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022, 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 GAAS. In our opinion, the supplementary information combining financial schedules for the fiscal year ended June 30, 2022, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2023, 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:BQD:aa

SUS 2022

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, 2022. 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 2022 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 2021 and 2020 semesters, the System experienced an overall increase in enrollment of 699 students, an increase of 5.6%. Enrollment increased from 12,469 students in Fall 2020 to 13,168 students in Fall 2021. The increase in enrollment is attributed to the Baton Rouge, Law Center, and Shreveport campuses. These increases were in undergraduate enrollments at the Baton Rouge and Shreveport campuses and graduate/professional at the Baton Rouge and Law Center campuses.

FINANCIAL HIGHLIGHTS

The System's net position reflects an increase of $45.2 million, or 149.4%, for the current fiscal year. The System's operating revenues increased by $25.9 million, or 19.9%. This increase is primarily attributable to an increase in student tuition and fees, federal grants and contracts, and auxiliary enterprise revenues.

Nonoperating revenues increased by $1.6 million, or 0.8%. This increase is primarily attributable to an increase in state appropriations and decreases in federal nonoperating revenues and net investment income. Nonoperating expenses increased by $2.9 million, or 168.6%. This is due to an increase in net investment loss.

Total revenues increased by $27.5 million, or 8.6%, while total operating and nonoperating expenses increased by $51.4 million, or 19.0%.

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 SNP, SRECNP, and SCF.

BASIC FINANCIAL STATEMENTS

The **Statement of Net Position** (pages 17-18) 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 21-22) 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 24-25) 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/amortization 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 $93.3 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 $377.9 million and are comprised primarily of capital and leased assets totaling $355.7 million and restricted cash and cash equivalents and restricted investments totaling $22.2 million.

Deferred outflow of resources totals $71.2 million and is comprised of deferred outflows relating to pensions and to other postemployment benefits (OPEB).

Current liabilities total $40.2 million and primarily consist of accounts payable and accrued liabilities, unearned revenues, amounts held in custody for others, finance purchase obligations, other current liabilities, and the current portion of long-term debt obligations for lease liabilities, OPEB liability, and estimated liabilities for compensated absences.

Noncurrent liabilities total $343.6 million and include the noncurrent portion of long-term liabilities for notes payables, lease liabilities, finance purchase obligations, estimated liabilities for compensated absences, OPEB, and the net pension liability.

Deferred inflow of resources totals $83.3 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, amortization, 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 $333.6 million and includes capital investments and finance purchase obligations, net of related debt for land, buildings, equipment, infrastructure, improvements, construction in progress, and library holdings.

The **restricted nonexpendable net position** category totals $13.7 million and consists of endowment funds that have been restricted by the donor with a stipulation that as a condition of the award, the principal is to remain intact and invested for the purpose of producing current and future income that may be either expended or added to the principal.

The **temporarily restricted (expendable) net position** category totals $48.3 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 $320.2 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 2022 and 2021 are presented on the following Table 1.

Table 1:
Comparative Statement of Net Position
For the Fiscal Years as of
June 30, 2022, and 2021

	2022	2021 (Restated)	Change	Percentage Change
Assets				
Current assets	$93,333,269	$71,291,588	$22,041,681	30.9%
Capital and leased assets	355,708,500	347,771,789	7,936,711	2.3%
Other noncurrent assets	22,221,234	26,792,873	(4,571,639)	(17.1%)
Total assets	471,263,003	445,856,250	25,406,753	5.7%
Deferred outflows of resources				
Deferred outflows relating to OPEB	24,030,059	15,366,504	8,663,555	56.4%
Deferred outflows relating to pensions	47,204,162	63,269,256	(16,065,094)	(25.4%)
Total deferred outflows of resources	71,234,221	78,635,760	(7,401,539)	(9.4%)
Total Assets and Deferred outflows of resources	$542,497,224	$524,492,010	$18,005,214	3.4%
Liabilities				
Current liabilities	$40,181,739	$35,309,939	$4,871,800	13.8%
Noncurrent liabilities	343,642,823	430,576,233	(86,933,410)	(20.2%)
Total liabilities	383,824,562	465,886,172	(82,061,610)	(17.6%)
Deferred inflows of resources				
Deferred inflows relating to OPEB	13,352,887	22,168,739	(8,815,852)	(39.8%)
Deferred inflows relating to pensions	69,955,909	6,224,648	63,731,261	1,023.9%
Total deferred inflows of resources	$83,308,796	$28,393,387	$54,915,409	193.4%
Net Position				
Net investment in capital assets	$333,566,657	$326,287,096	$7,279,561	2.2%
Restricted:				
Nonexpendable	13,653,061	12,969,229	683,832	5.3%
Expendable	48,342,999	37,898,247	10,444,752	27.6%
Unrestricted	(320,198,851)	(346,942,121)	26,743,270	7.7%
Total net position	$75,363,866	$30,212,451	$45,151,415	149.4%
Total liabilities, Deferred inflows of resources, and Net Position	$542,497,224	$524,492,010	$18,005,214	3.4%

** Amounts for 2021 were not restated for GASB Statement No. 87 regarding Leases. The restatement of the prior year was immaterial.

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 or amortized.

Total assets of the System increased by $25.4 million, or 5.7%. The System recognized a decrease in total liabilities of $82.1 million, or 17.6%. 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, 2022, the Statement of Revenues, Expenses, and Changes in Net Position reports a net operating loss of $161.5 million. The net operating loss does not include revenues for state appropriations of $58.3 million, federal nonoperating revenues of $122.3 million, gifts of $1.1 million, other nonoperating revenues of $8.9 million, net investment loss of $3.7 million, and interest expense of $0.9 million. After adjusting for these nonoperating revenues and expenses, the net income before other revenues, expenses, gains, and losses is $24.5 million.

The operating revenues are received for providing goods and services to various customers and other System constituents. Operating revenues total $156.1 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 $317.6 million for the year and include education and general expenses by functional breakdown (including pension and compensated absences expenses), depreciation and amortization, and auxiliary 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 is federal funding related to the *Coronavirus Aid, Relief, and Economic Security (CARES Act), the Coronavirus Response and Relief Supplemental Appropriations Act 2021 (CRRSAA*), and the *American Rescue Plan (ARP).* Nonoperating revenues totaled $190.5 million for the 2022 fiscal year.

The Statement of Revenues, Expenses, and Changes in Net Position reports an increase in net position of $45.2 million at the end of the 2022 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, 2022, and 2021

	2022	2021 (Restated)	Change	Percent Change
Operating Revenues:				
Student tuition and fees, net	$70,488,661	$62,111,946	$8,376,715	13.5%
Federal appropriations	3,653,993	3,406,930	247,063	7.3%
Federal grants and contracts	41,762,709	33,962,645	7,800,064	23.0%
State and local grants and contracts	5,799,568	3,952,242	1,847,326	46.7%
Nongovernmental grants and contracts	2,226,245	1,284,312	941,933	73.3%
Auxiliary enterprises, net	23,046,917	16,781,609	6,265,308	37.3%
Other operating revenue	9,166,169	8,707,247	458,922	5.3%
Total operating revenues	156,144,262	130,206,931	25,937,331	19.9%
Nonoperating Revenues				
State appropriations	58,317,648	47,676,942	10,640,706	22.3%
Gifts	1,076,664	460,258	616,406	133.9%
Federal nonoperating revenues	122,263,037	126,786,244	(4,523,207)	(3.6%)
Net investment income		5,851,351	(5,851,351)	(100.0%)
Other nonoperating revenues	8,863,517	8,151,713	711,804	8.7%
Total nonoperating revenues	190,520,866	188,926,508	1,594,358	0.8%
Total Revenues	346,665,128	319,133,439	27,531,689	8.6%
Operating Expenses:				
Education and general:				
Instruction	47,118,020	49,712,963	(2,594,943)	(5.2%)
Research	8,079,276	7,400,643	678,633	9.2%
Public service	9,856,768	7,717,054	2,139,714	27.7%
Academic support	32,499,069	31,892,687	606,382	1.9%
Student services	23,017,741	20,985,706	2,032,035	9.7%
Institutional support	80,029,560	70,381,346	9,648,214	13.7%
Operations and maintenance of plant	28,149,483	22,952,875	5,196,608	22.6%
Depreciation and amoritzation	17,128,088	15,519,129	1,608,959	10.4%
Scholarships and fellowships	48,272,219	21,682,476	26,589,743	122.6%
Auxiliary enterprises	23,446,963	20,781,425	2,665,538	12.8%
Other operating expenses		70,998	(70,998)	(100.0%)
Total operating expenses	317,597,187	269,097,302	48,499,885	18.0%
Nonoperating Expenses:				
Net investment loss	3,660,955		3,660,955	100.0%
Interest expense	936,628	1,711,775	(775,147)	(45.3%)
Total nonoperating expenses	4,597,583	1,711,775	2,885,808	168.6%
Total expenses	322,194,770	270,809,077	51,385,693	19.0%
Income (loss) before other revenues, expenses, gains, and losses	24,470,358	48,324,362	(23,854,004)	(49.4%)
Capital appropriations	19,563,166	1,492,117	18,071,049	1,211.1%
Capital grants and gifts	444,559	1,872,328	(1,427,769)	(76.3%)
Additions to permanent endowments	673,332	250,000	423,332	169.3%
Change in Net Position	45,151,415	51,938,807	(6,787,392)	(13.1%)
Net position at beginning of year (restated)	30,212,451	(21,726,356)	51,938,807	239.1%
Net position at the end of the year	$75,363,866	$30,212,451	$45,151,415	149.4%

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL AND LEASED ASSETS

As of June 30, 2022, the System's capital assets, excluding right-to-use lease assets, totaled approximately $767.9 million at cost and approximately $355.1 million, net of accumulated depreciation. The System's right-to-use lease assets totaled approximately $0.6 million, net of accumulated amortization as of June 30, 2022. Combined, these amounts represent a net increase (including additions and disposals net of depreciation/amortization) of approximately $7.9 million, or 2.3% from June 30, 2021. The increase resulted mainly from construction of buildings and purchases of capital assets, offset by current year depreciation/amortization, transfers, and retirements. See Note 6 for further information.

LONG-TERM DEBT

The System's total amount of long-term debt at June 30, 2022, is $21.5 million. Of this amount, $820,000 is reported as current and is expected to be paid within one year. See Note 14 for further information.

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:

The State of Louisiana has maintained stable funding for colleges and universities over the last two years. The System did not sustain a budget reduction in fiscal year 2021-2022.

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 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 Historically-Black College and University (HBCU) System of higher education in the nation.

CHANGE IN KEY PERSONNEL

President-Chancellor Dennis J. Shields replaced Dr. Ray L. Belton, who retired effective June 30, 2022, as President-Chancellor of the System. Dr. Vladimir Appeaning was appointed as Interim Chancellor of the Shreveport Campus, replacing Dr. Rodney Ellis in November of 2021.

CONTACTING THE SYSTEM'S MANAGEMENT

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

Statement A

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Net Position, June 30, 2022

ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	$33,057,360
Receivables, net (note 4)	23,008,927
Due from State Treasury	2,821,223
Due from federal government	30,079,034
Inventories	244,663
Prepaid expenses and advances	2,232,525
Notes receivable, net (note 5)	193,192
Other current assets	1,696,345
Total current assets	93,333,269
Noncurrent assets:	
Restricted cash and cash equivalents (note 2)	4,705,186
Restricted investments (note 3)	17,516,048
Capital assets, net (note 6)	355,128,806
Leased assets, net (note 6)	579,694
Total noncurrent assets	377,929,734
Total assets	471,263,003
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB (note 11)	24,030,059
Deferred outflows related to pensions (note 9)	47,204,162
Total deferred outflows of resources	71,234,221
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$542,497,224
LIABILITIES	
Current liabilities:	
Accounts payable and accruals (note 7)	$16,174,107
Unearned revenues	12,834,862
Amounts held in custody for others	515,707
Finance purchase obligations (note 14 and 15)	820,000
Other liabilities	2,707,786
Compensated absences (note 8 and 14)	824,916
Lease liability (note 13 and 14)	331,672
OPEB liability (note 11)	5,972,689
Total current liabilities	40,181,739

(Continued)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Net Position, June 30, 2022

LIABILITIES	
Noncurrent liabilities:	
Compensated absences (note 8 and 14)	$14,489,858
Lease liability (note 13 and 14)	261,804
Notes payable (note 14 and 15)	989,617
Finance purchase obligation (note 14 and 15)	19,725,000
Net pension liability (note 9 and 14)	127,745,925
OPEB liability (note 11)	180,430,619
Total noncurrent liabilities	343,642,823
Total liabilities	383,824,562
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB (note 11)	13,352,887
Deferred inflows related to pensions (note 9)	69,955,909
Total deferred inflows of resources	83,308,796
NET POSITION	
Net investment in capital assets	333,566,657
Restricted for:	
Nonexpendable (note 17)	13,653,061
Expendable (note 17)	48,342,999
Unrestricted	(320,198,851)
TOTAL NET POSITION	75,363,866
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$542,497,224

(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, 2021

ASSETS	
Current assets:	
Cash and cash equivalents	$1,757,354
Accounts receivable (note 4)	215,965
Pledges receivable, net (note 4)	2,076,780
Prepaid expenses and advances	780,987
Total current assets	4,831,086
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	4,349,893
Investments (note 3)	21,573,229
Capital assets, net (note 6)	8,037,567
Other noncurrent assets	20,501,128
Total noncurrent assets	54,461,817
TOTAL ASSETS	$59,292,903

(Continued)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
SOUTHERN UNIVERSITY SYSTEM FOUNDATION
Statement of Financial Position, December 31, 2021

LIABILITIES	
Current liabilities:	
Accounts payable	$476,283
Amounts held in custody for others	14,180,317
Bonds payable and premium, net (note 16)	868,336
Other current liabilities	1,259,008
Deferred revenue	61,385
Total current liabilities	16,845,329
Noncurrent liabilities:	
Bonds payable and premium (note 16)	20,480,554
Other noncurrent liabilities	4,595,909
Total noncurrent liabilities	25,076,463
Total liabilities	41,921,792
NET ASSETS	
Without donor restrictions	6,096,782
With donor restrictions (note 17)	11,274,329
Total net assets	17,371,111
TOTAL LIABILITIES AND NET ASSETS	$59,292,903

(Concluded)

The accompanying notes are an integral part of this statement.

Statement C

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

OPERATING REVENUES	
Student tuition and fees	$109,469,739
Less scholarship allowances	(38,981,078)
Net student tuition and fees	70,488,661
Federal appropriations	3,653,993
Federal grants and contracts	41,762,709
State and local grants and contracts	5,799,568
Nongovernmental grants and contracts	2,226,245
Auxiliary enterprise revenues	25,720,761
Less scholarship allowances	(2,673,844)
Net auxiliary revenues	23,046,917
Other operating revenues	9,166,169
Total operating revenues	156,144,262
OPERATING EXPENSES	
Education and general:	
Instruction	47,118,020
Research	8,079,276
Public service	9,856,768
Academic support	32,499,069
Student services	23,017,741
Institutional support	80,029,560
Operation and maintenance of plant	28,149,483
Depreciation and amortization (note 6)	17,128,088
Scholarships and fellowships	48,272,219
Auxiliary enterprises	23,446,963
Total operating expenses	317,597,187
OPERATING LOSS	(161,452,925)

(Continued)

The accompanying notes are an integral part of this statement.

Statement C

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

NONOPERATING REVENUES (Expenses)	
State appropriations	$58,317,648
Gifts	1,076,664
Federal nonoperating revenues	122,263,037
Net Investment loss	(3,660,955)
Interest expense	(936,628)
Other nonoperating revenues	8,863,517
Net nonoperating revenues	185,923,283
Income before other revenues, expenses, gains, losses	24,470,358
Capital appropriations	19,563,166
Capital grants and gifts	444,559
Additions to permanent endowments	673,332
CHANGE IN NET POSITION	45,151,415
NET POSITION AT BEGINNING OF YEAR (restated) (note 18)	30,212,451
NET POSITION AT END OF YEAR	$75,363,866

(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, 2021

	Without Donor Restrictions	With Donor Restrictions	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions and other support	$6,437,504	$3,835,101	$10,272,605
Rental income	971,833	76,984	1,048,817
Bayou Classic revenues		657,119	657,119
Athletic sponsorships and support	151,667	34,733	186,400
Total revenues and support	7,561,004	4,603,937	12,164,941
Administration fees	473,788		473,788
Donor fees and registration	131,473	142,961	274,434
Interest and dividends, net of fees	859	123,412	124,271
Net realized gain (loss)		86,130	86,130
Net unrealized gain (loss)		500,330	500,330
Total other revenues and gains	606,120	852,833	1,458,953
Net assets released from restriction	2,458,102	(2,458,102)	
Total revenues, gains, and other support	10,625,226	2,998,668	13,623,894
EXPENSES			
Program services	4,154,037		4,154,037
Management and general	3,698,833		3,698,833
Fundraising	414,552		414,552
Total expenses	8,267,422		8,267,422
Changes in net assets	2,357,804	2,998,668	5,356,472
Net assets - beginning of year	3,738,978	8,275,661	12,014,639
Net assets - end of year	$6,096,782	$11,274,329	$17,371,111

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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	$68,779,121
Federal appropriations	3,653,993
Grants and contracts	42,524,579
Auxiliary enterprise charges	23,324,294
Payments for employee compensation	(121,714,948)
Payments for benefits	(48,946,461)
Payments for utilities	(9,936,304)
Payments for supplies and services	(94,963,079)
Payments for scholarships and fellowships	(46,982,782)
Loans to students	7,860
Other receipts	7,189,089
Net cash used by operating activities	(177,064,638)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	55,662,601
Gifts and grants for other than capital purposes	140,029,490
Private gifts for endowment purposes	673,332
Taylor Opportunity Program for Students (TOPS) receipts	3,323,944
TOPS disbursements	(3,829,837)
GO Grant receipts	2,254,750
GO Grant disbursements	(2,258,500)
Implicit loan reduction from other campuses	1,843,349
Implicit loan reduction to other campuses	(1,843,349)
Direct lending receipts	90,991,792
Direct lending disbursements	(91,384,300)
Federal Family Education Loan program receipts	1,838,981
Federal Family Education Loan program disbursements	(1,838,981)
Other receipts	8,049,608
Net cash provided by noncapital financing sources	203,512,880
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Proceeds from capital debt	989,617
Capital grants and gifts received	18,857
Purchases of capital assets	(4,254,809)
Principal paid on lease/installment purchases	(798,225)
Principal paid on right-of-use leases	(455,711)
Interest paid on lease/installment purchases	(936,628)
Deposits with trustees	49,481
Net cash used by capital financing sources	(5,387,418)

(Continued)

The accompanying notes are an integral part of this statement.

Statement E

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	($3,551,884)
Purchase of investments	1,519,939
Net cash used by investing sources	(2,031,945)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,028,879
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18,733,667
CASH AND CASH EQUIVALENTS AT END OF YEAR	$37,762,546
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	($161,452,925)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	16,800,063
Amortization of right-to-use lease assets	328,025
Non-employer contributing entity (NCE) revenue	672,530
Changes in assets and liabilities:	
Increase in accounts receivable, net	(3,914,536)
Decrease in inventories	21,205
Increase in due from federal government	(7,240,104)
Increase in prepaid expenses and advances	(333,532)
Decrease in notes receivable	7,860
Increase in other assets	(1,098,386)
Increase in deferred outflows related to OPEB	(8,663,555)
Decrease in deferred outflows related to pensions	16,065,095
Increase in accounts payable and accrued liabilities	1,762,259
Increase in unearned revenue	1,967,361
Decrease in claims and litigation	(49,000)
Increase in compensated absences	846,731
Increase in OPEB liability	16,055,527
Decrease in net pension liability	(104,268,632)
Decrease in deferred inflows related to OPEB	(8,815,851)
Increase in deferred inflows related to pensions	63,731,261
Increase in other liabilities	513,966
Net cash used by operating activities	($177,064,638)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and cash equivalents classified as current assets	$33,057,360
Cash and cash equivalents classified as noncurrent assets	4,705,186
Cash and cash equivalents at the end of the year	$37,762,546
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Capital appropriations for construction of capital assets	$19,563,166
Capital gifts and grants	$425,702
Net decrease in the fair value of investments	($2,201,662)
Loss on disposal of capital assets	($2,256)
Non-employer contributing entity revenue	$672,530
Right-to-use lease acquisitions	$907,719

(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 College 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 System's universities offer numerous bachelor's 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 universities' Graduate Schools, 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, discretely presented, 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 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.

<u>Discrete Component Unit</u>

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

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

The assets of the Foundation equal 3% or more of the assets of the System; therefore, the financial statements are presented as a discrete component unit in the System's financial statements. During the year ended June 30, 2022, the Foundation made distributions to or on behalf of the System for both restricted and unrestricted purposes in the amount of $2,251,307. 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 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 AND LEASED ASSETS

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.

Leased Assets

The System follows the materiality threshold established by the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy for GASB 87, *Leases*. A threshold of $100,000 is applied against the total contract value in the identification and reporting of leases under GASB 87. The threshold is applicable to lessee and lessor leases of all types including, but not limited to, leases of land, buildings, office space, vehicles, printers, computers, and other equipment. Amortization is calculated using the straight-line method over the shorter of the lease term or the useful life of the leased assets and is computed using the state's implemented lease software, LeaseController.

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, financed purchase obligations, and lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences, the pension liability, the actuarially accrued liability for Other Postemployment Benefits, 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 and leased assets, net of accumulated depreciation/amortization 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. 87, *Leases*, issued by the Government Accounting Standards Board for the year ended June 30, 2022. This statement was issued to establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The cumulative effect of applying this Statement resulted in the addition of leased assets and lease liabilities, with no impact on beginning net position, and the beginning net position is not restated. The effect of implementing this standard changed the classification of debt from lease liability to a finance purchase obligations. The impact of this change is presented in Notes 6, 13, 14, and 15.

2. CASH

At June 30, 2022, the System has cash and cash equivalents (book balance) totaling $37,762,546:

Demand deposits	$37,762,546

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

Current assets	$33,057,360
Noncurrent assets - restricted	4,705,186
Total	$37,762,546

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, 2022, the System has $42,100,127 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, 2022, the System has investments totaling $17,516,048 as follows:

Type of Investment	Percentage of Investments	Credit Quality Rating	Fair Value June 30, 2022
Investments held by private foundation:			
Cash and cash alternatives	4.88%		$854,775
Mutual funds	77.69%		13,608,380
Subtotal - held by private foundation	82.57%	Not Rated	14,463,155
Louisiana Asset Management Pool	16.75%	AAAm	2,933,775
Certificates of Deposit	0.68%		119,118
Subtotal - other investments	17.43%		3,052,893
Total Investments	100%		$17,516,048

These investments, reported on the Statement of Net Position as Noncurrent assets – restricted, total $17,516,048.

	June 30, 2022				
Type of Investment	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	10+ Years
Certificates of Deposit	$119,118	$119,118			
Total	$119,118	$119,118	NONE	NONE	NONE

Investments are reported at fair market value. Investments totaling $14,463,155 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, 2022, are as follows:

		Fair Value Hierarchy		
	Fair Value June 30, 2022	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	$854,775	$854,775		
Mutual funds	13,608,380	13,608,380		
Subtotal - held by private foundation	14,463,155	14,463,155	NONE	NONE
Louisiana Asset Management Pool	2,933,775		$2,933,775	
Certificates of Deposit	119,118	119,118		
Subtotal - other investments	3,052,893	119,118	2,933,775	NONE
Total Investments at Fair Value Level	$17,516,048	$14,582,273	$2,933,775	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, 2021:

Description	Fair Value
Money market funds	$544,070
Exchange-traded products	14,241,312
Equities	4,904,734
Fixed income	1,883,113
Total investments	$21,573,229

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, 2021, are as follows:

		Fair Value Hierarchy		
	Fair Value December 31, 2021	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$21,573,229	$21,573,229		
Total Investments at Fair Value Level	$21,573,229	$21,573,229	NONE	NONE

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2022. These receivables are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student tuition and fees	$14,187,511	$4,864,768	$9,322,743
Auxiliary enterprises	4,413,414	498,815	3,914,599
State and private grants and contracts	4,889,383		4,889,383
Due from Office of Facility Planning	495,374		495,374
Other	4,386,828		4,386,828
Total	$28,372,510	$5,363,583	$23,008,927

There is no noncurrent portion of receivables.

FOUNDATION RECEIVABLES

As of December 31, 2021, pledges receivable totaled $2,076,780.

Unconditional pledges receivable are due as follows on December 31, 2021:

Expected to be collected in:	
Less than one year	$928,896
One to five years	1,605,920
Gross pledges receivable	2,534,816
Less - allowance for doubtful accounts	(458,036)
Pledges receivable, net	$2,076,780

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 amounts due from the System during the next fiscal year totals $1,718,825. The amount due for succeeding years totals $18,777,839. The Capitalized Lease Receivable balance at December 31, 2021, totaled $20,496,664.

Other Receivables

As of December 31, 2021, other receivables totaled $215,965. 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, 2022. These receivables are composed of the following:

	Notes Receivable	Allowance for Doubtful Accounts	Notes Receivable, Net
Student Revolving Loans	$193,192		$193,192
Total	$193,192	NONE	$193,192

6. CAPITAL AND LEASED ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2022, follows:

Schedule of Capital Assets
(Includes SUS Foundation Financed Purchase)

	Balance 6/30/2021	Prior Period Adjustments	Restated Balance 6/30/2021	Additions	Transfers	Retirements	Balance 6/30/2022
Capital assets not depreciated:							
Land	$6,845,695		$6,845,695				$6,845,695
Non-depreciable land improvements	139,640		139,640		$1,327,756		1,467,396
Construction in progress	10,911,263	($14,063)	10,897,200	$19,904,528	(1,822,716)		28,979,012
Total capital assets not depreciated	$17,896,598	($14,063)	$17,882,535	$19,904,528	($494,960)	NONE	$37,292,103
Other capital assets:							
Infrastructure	$32,844,713		$32,844,713				$32,844,713
Accumulated depreciation	(26,460,880)		(26,460,880)	($241,518)			(26,702,398)
Total infrastructure	6,383,833	NONE	6,383,833	(241,518)	NONE	NONE	6,142,315
Depreciable land improvements	16,540,812		16,540,812				16,540,812
Accumulated depreciation	(10,276,970)		(10,276,970)	(549,023)			(10,825,993)
Total land improvements	6,263,842	NONE	6,263,842	(549,023)	NONE	NONE	5,714,819
Buildings	543,885,489		543,885,489		$494,960	($5,465,337)	538,915,112
Accumulated depreciation	(234,793,796)		(234,793,796)	(13,076,504)		5,465,337	(242,404,963)
Total buildings	309,091,693	NONE	309,091,693	(13,076,504)	494,960	NONE	296,510,149
Equipment (including library books)	141,199,633		141,199,633	4,254,807		(10,497,319)	134,957,121
Accumulated depreciation	(133,174,011)	$124,265	(133,049,746)	(2,933,018)		10,495,063	(125,487,701)
Total equipment	8,025,622	124,265	8,149,887	1,321,789	NONE	(2,256)	9,469,420
Software (internally generated & purchased)	7,317,561		7,317,561				7,317,561
Accumulated amortization	(7,317,561)		(7,317,561)				(7,317,561)
Total software	NONE	NONE	NONE	NONE	NONE	NONE	NONE
Total other capital assets	$329,764,990	$124,265	$329,889,255	($12,545,256)	$494,960	($2,256)	$317,836,703
Capital asset summary:							
Capital assets not depreciated	$17,896,598	($14,063)	$17,882,535	$19,904,528	($494,960)	NONE	$37,292,103
Other capital assets, book value	741,788,208		741,788,208	4,254,807	494,960	($15,962,656)	730,575,319
Total cost of capital assets	759,684,806	(14,063)	759,670,743	24,159,335	NONE	(15,962,656)	767,867,422
Accumulated depreciation/amortization	(412,023,218)	124,265	(411,898,953)	(16,800,063)		15,960,400	(412,738,616)
Capital assets, net	$347,661,588	$110,202	$347,771,790	$7,359,272	NONE	($2,256)	$355,128,806

Schedule of Right-to-Use Leased Assets

	Balance 6/30/2021	Prior Period Adjustments	Restated Balance 6/30/2021	Additions	Retirements	Balance 6/30/2022
Leased buildings/office space				$173,533		$173,533
Accumulated amortization				(83,296)		(83,296)
Total leased buildings/office space	NONE	NONE	NONE	90,237	NONE	90,237
Leased machinery/equipment				734,186		734,186
Accumulated amortization				(244,729)		(244,729)
Total leased machinery/equipment	NONE	NONE	NONE	489,457	NONE	489,457
Total leased assets	NONE	NONE	NONE	$579,694	NONE	$579,694
Leased asset summary:						
Leased assets, at cost				$907,719		$907,719
Accumulated amortization				(328,025)		(328,025)
Leased assets, net	NONE	NONE	NONE	$579,694	NONE	$579,694

FOUNDATION FIXED ASSETS

Land, building and equipment as of December 31, 2021, are summarized as follows:

Land and improvements	$1,215,839
Building	6,943,959
Office equipment	113,916
Software	136,832
Other fixed assets	3,577,977
Subtotal	11,988,523
Less - accumulated depreciation	(3,950,956)
Total	$8,037,567

Depreciation expense totaled $293,519 for the year ended December 31, 2021.

7. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accruals at June 30, 2022:

Vendors payables	$9,285,566
Accrued salaries and benefits	6,556,768
Accrued interest	313,458
Other	18,315
Total	$16,174,107

8. COMPENSATED ABSENCES

At June 30, 2022, employees of the System have accumulated and vested annual leave, sick leave, and compensatory leave of $7,312,118; $7,693,291; and $309,365, 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 2022 totaled $6,866,712, with regular plan active member contributions ranging from 7.5% to 8%, and employer contributions of 39.5% of covered payroll. Employer defined benefit plan contributions to TRSL for fiscal year 2022 totaled $21,135,302, with regular plan active member contributions of 8%, and employer contributions of 21.47% for ORP members, and 24.5% to 25.2% 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 $672,530, and were recognized as revenue in fiscal year 2022 by the System.

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

At June 30, 2022, the System reported liabilities of $44,538,449 and $83,207,476 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, 2021, 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, 2021, by the fiscal year 2022 employer actuarially required contribution rates. As of June 30, 2021, the most recent measurement date, the System's proportions and the changes in proportions from the prior measurement date were 0.8092%, or decrease of 0.0235%, for LASERS, and 1.5586%, or an increase of 0.0919%, for TRSL.

For the year ended June 30, 2022, the System recognized a total pension expense of $4,202,269 for defined benefit plans, or $1,106,575 and $3,095,694 for LASERS and TRSL, respectively. At June 30, 2022, 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	$43,987	$424,976	$468,963		($1,258,147)	($1,258,147)
Changes of assumptions	1,090,928	8,099,616	9,190,544			
Net difference between projected and actual earnings on pension plan investments				($10,386,533)	(56,167,451)	(66,553,984)
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,194	9,534,444	9,542,638	(835,826)	(1,307,952)	(2,143,778)
Employer contributions subsequent to the measurement date	6,866,711	21,135,306	28,002,017			
Total	$8,009,820	$39,194,342	$47,204,162	($11,222,359)	($58,733,550)	($69,955,909)

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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	LASERS	TRSL	Total
2023	($1,495,198)	($7,137,674)	($8,632,872)
2024	(1,600,504)	(8,172,051)	(9,772,555)
2025	(2,359,724)	(10,273,813)	(12,633,537)
2026	(4,623,824)	(15,090,970)	(19,714,794)
	($10,079,250)	($40,674,508)	($50,753,758)

Actuarial Assumptions and Methodologies

The total pension liabilities for LASERS and TRSL in the June 30, 2021, 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, 2021	June 30, 2021
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)	7.40% net of investment expense	7.40% 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 members: RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females Mortality base tables were adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.
Termination, Disability, Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study of the plan's members.	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, 2021, valuations include the following changes in assumptions:

- The discount rate was reduced from 7.55% to 7.40% for the LASERS June 30, 2021 valuation and from 7.45% to 7.40% for the TRSL June 30, 2021 valuation. In fiscal year 2022, the LASERS and TRSL Boards adopted additional reductions to the discount rate and a 7.25% rate was used to determine the projected actuarially-required contribution rates for the 2022/2023 fiscal year.

For LASERS and TRSL, the long-term expected rate of return on pension plan investments 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 adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term nominal rate of return is 7.61%, and 7.87%, 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, 2021, are summarized for each plan in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
LASERS (geometric)		
Cash	1.00%	-0.29%
Domestic equity	31.00%	4.09%
International equity	23.00%	5.12%
Domestic fixed income	3.00%	0.49%
International fixed income	18.00%	3.94%
Alternative investments	24.00%	6.93%
Total	100.00%	5.81%
TRSL (arithmetic)		
Domestic equity	27.00%	4.21%
International equity	19.00%	5.23%
Domestic fixed income	13.00%	0.44%
International fixed income	5.50%	0.56%
Private Equity	25.50%	8.48%
Other Private Assets	10.00%	4.27%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.40% for both LASERS and TRSL. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially-determined rates approved by PRSAC taking into consideration the recommendation of the respective pension system's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
	(6.40%)	(7.40%)	(8.40%)
LASERS	$60,346,233	$44,538,449	$31,088,013
TRSL	$137,699,934	$83,207,476	$37,373,584

Pension plan fiduciary net position

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

Payables to the Pension Plan

At June 30, 2022, the System had $822,590 and $1,828,214 in payables to LASERS and TRSL, respectively, for the June 2022 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 2022 totaled $3,937,256, which represents pension expense for the System. Employee contributions totaled $1,467,072. The fiscal year 2022 employee and employer contribution rates were 8% and 6.2%, respectively, with an additional employer contribution of 21.47% (shared UAL) made to the TRSL defined benefit plan described in Note 9 above.

11. POSTEMPLOYMENT 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, 2022, the System reported a liability of $186,403,308 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2021, 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, 2021, the most recent measurement date, the System's proportion and the change in proportion from the prior measurement date was 2.0357%, a decrease of 0.0205%.

The total collective OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- <u>Actuarial Cost Method</u> – 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 –2.4%

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

- Discount rate – 2.18% based on June 30, 2021, Standard & Poor's 20-year municipal bond index rate

- Mortality rates – assumptions are consistent with the pension plans disclosed in note 9.

- Healthcare cost trend rates – 7.0% for pre-Medicare eligible members grading down by .25% each year, beginning in 2023-2024, to an ultimate rate of 4.5% in 2033 and thereafter; 5.5% for post-Medicare eligible members grading down by .10% each year, beginning in 2023-2024, to an ultimate rate of 4.5% in 2033 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 Consumer Price Index, 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, 2020, through December 31, 2021 and medical claims for retired participants for the period January 1, 2019, through December 31, 2019, and from January 1, 2021 through December 31, 2021. The claims experience was trended to the valuation date. Per capita costs for fully-insured plans were based on calendar year 2022 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 – Active employees who do not have current medical coverage are assumed not to participate in the medical plan as retirees. The percentage of employees and their dependents who are currently covered for medical coverage that are assumed to 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	Participation %
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 used in the pension valuations disclosed in Note 9. The actuarial assumption for plan election coverage is based on a review of experience for the period July 1, 2018, through June 30, 2021. Other actuarial 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 2.66% to 2.18%.
- Baseline per capita costs were updated to reflect 2021 claims and enrollment.
- Medical plan election percentages were updated based on the coverage elections of recent retirees.
- The healthcare cost trend rate assumption was revised based on updated National Health Care Trend Survey information.

<u>Sensitivity of the proportionate share of the total collective OPEB liability to changes in the discount rate</u>

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	Current Discount Rate	1.0% Increase
	(1.18%)	(2.18%)	(3.18%)
Proportionate Share of Total Collective OPEB Liability	$217,977,119	$186,403,308	$161,335,248

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

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

	1.0% Decrease	Current Healthcare Cost Trend Rates	1.0% Increase
Pre-65 Rates	6.0% decreasing to 3.5%	7.0% decreasing to 4.5%	8.0% decreasing to 5.5%
Post-65 Rates	4.5% decreasing to 3.5%	5.5% decreasing to 4.5%	6.5% decreasing to 5.5%
Proportionate Share of Total Collective OPEB Liability	$160,625,387	$186,403,308	$219,428,070

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

For the year ended June 30, 2022, the System recognized OPEB expense of $4,548,807. At June 30, 2022, 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	$3,743,900	($108,204)
Changes of assumptions or other inputs	13,695,093	(8,332,975)
Changes in employer's proportionate share	444,731	(4,536,935)
Difference between proportionate share of benefit payments and actual benefit payments	173,647	(374,773)
Amounts paid by the employer for OPEB subsequent to the measurement date	5,972,688	
Total	$24,030,059	($13,352,887)

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, 2023. 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
2023	($1,811,108)
2024	1,599,288
2025	3,445,771
2026	1,470,533
	$4,704,484

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 10 lawsuits at June 30, 2022, that are being handled by contract attorneys. 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

Lessee Leases

The System leases building space for offices, classrooms and a lab, as well as equipment for printing and copying. The terms of the two lease arrangements range from 13 months to two years. Leases, as a lessee, are included in intangible right-to-use lease assets and lease obligations on the Statement of Net Position. An intangible right-to-use lease asset represents the System's right to use an underlying asset for the lease term. Lease obligations represent the System's liability to make lease payments arising from the lease agreement. Intangible right-to-use lease assets and lease obligations are recognized based on the present value of lease payments over the lease term, where the initial term exceeds 12 months.

Variable payments are based on future performance or usage and are not included in the measurement of the lease liability. The System made no variable payments on its leases as of June 30, 2022. The system had no residual value guarantee payments, termination penalties or other expenses related to its leases as of June 30, 2022.

As of June 30, 2022, the combined value of the lease liabilities was $593,476. In determining the present values, discount rates of 0.29% to 3.00% were applied.

The future principal and interest lease payments as of June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
2023	$331,672	$11,059	$342,731
2024	261,804	3,522	265,326
Total	$593,476	$14,581	$608,057

As disclosed in Note 6, the System has a total of $907,719 right-to-use lease assets, which is offset by accumulated amortization of $328,025. The right-to-use lease assets are amortized using a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

	Recorded Amount	Accumulated Amortiziation	Net Right-to-Use Lease Asset
Building	$173,533	$83,296	$90,237
Equipment	734,186	244,729	489,457
	$907,719	$328,025	$579,694

Lessor Leases

The System did not record lessor leases as of June 30, 2022.

14. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term transactions of the System for the year ended June 30, 2022:

	Balance, June 30, 2021 Restated	Additions	Reductions	Balance, June 30, 2022	Amounts Due Within One Year
Direct borrowings or placements:					
Notes payable		$989,617		$989,617	
Finance purchase obligations	$21,484,693		$939,693	20,545,000	$820,000
Subtotal	21,484,693	989,617	939,693	21,534,617	820,000
Other liabilities:					
Compensated absences payable	14,468,043	1,074,680	227,949	15,314,774	824,916
Lease liability		880,848	287,372	593,476	331,672
Claims payable	49,000		49,000		
Net pension liabilities	232,014,557		104,268,632	127,745,925	
Subtotal	246,531,600	1,955,528	104,832,953	143,654,175	1,156,588
Total long-term liabilities	$268,016,293	$2,945,145	$105,772,646	$165,188,792	$1,976,588

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

15. NOTES PAYABLE

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

During fiscal year 2021-2022 SU A&M entered into Capital Project Loan Agreements with HBCU Series A 2021-5 and HBCU Series A 2021-6 to finance the construction of a new student union and honors housing residence hall facility. Subject to the terms and conditions of these agreements and in reliance on the representations and warranties of the borrower set forth herein, the lender agrees to make to the borrower, and the borrower agrees to borrow from the lender, a loan in the maximum aggregate principal each in the amount of $34,500,000 for the purpose of financing or refinancing the costs of the project. Loan funds will be advanced to the borrower.

The Southern University Baton Rouge Campus's future note payable from direct borrowings and direct placements related to business-type activities, not to exceed $69,000,000, contain (1) a provision that in an event of default, the lender may declare the principal of, and interest on, the loan forthwith due and payable whereupon the principal of, and interest on, the loan will become forthwith due and payable and (2) a provision that at the behest of the United States Department of Education, the loan agreement could be terminated and a declaration made that any loan funds which have been provided to the borrower up until the event of default as well as, the interest accrued thereon from the date the funds were received at the rate established under the terms of the loan agreement, to be immediately due and payable in full to the lender.

The Southern University Baton Rouge Campus shall fund a separate and dedicated account maintained and held by the Trustee under the Supplemental Indenture [the "Southern University and Agricultural and Mechanical College at Baton Rouge Replacement Fund (Series A 2021)"] into which required deposits will be made for payments beginning on September 1, 2024. This is a Capital Projects Loan Agreement for the amounts advanced for the cost of construction. The exact amount of the future minimum debt has not been determined or amortized. Per the agreements, $989,617 was advanced to Southern University Baton Rouge Campus in fiscal year 2022 for the cost of issuance and pooled escrow.

Financed Purchase Obligations

During fiscal year 2019, the System entered into an amended and restated cooperative endeavor and financed purchase agreement with the Foundation (Millennium). This agreement adjusts the System's base rental payments downward. During fiscal year 2022, the System continued to operate under the amended and restated cooperative endeavor and lease agreement with the Foundation (Millennium).

The System records capital assets and obligations for certain contracts having similar features of a lease, except that title to the assets transfers at the end of the lease term, as financed purchases in accordance with GASB Statement No. 87, *Leases*.

Assets under the Foundation agreement are included as capital assets in note 6. The liability is associated with the Foundation agreement described at note 22. The financed purchase obligations liability reported by the System does not equal the lease receivable reported by the Foundation due to the Foundation's fiscal year ending on December 31. The following is a schedule, by fiscal years, of future minimum contractual payments, as of June 30, 2022:

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	$820,000	$878,325	$1,698,325
2024	860,000	836,325	1,696,325
2025	900,000	792,325	1,692,325
2026	940,000	746,325	1,686,325
2027	990,000	698,075	1,688,075
2028-2032	5,745,000	2,686,237	8,431,237
2033-2037	7,060,000	1,369,525	8,429,525
2038-2039	3,230,000	130,400	3,360,400
Total mimimum contractual payments	$20,545,000	$8,137,537	$28,682,537

The gross amount of assets held under the agreement as of June 30, 2022, totals $29,736,661 and includes buildings, land improvements, equipment, and other of $25,184,393; $ 2,769,851; $983,951; and $798,466, respectively.

The building finance purchase obligation is considered a direct borrowing and contains provisions for events of default that include failure to make timely payment of the agreed upon rental amounts. Failure to make these timely payments could result in the System's inability to continue using the building facilities. The System may also be required to pay the remaining fiscal year's payments for which an appropriation has been made to be immediately due and payable and, additionally, be responsible for liquidated damages for an amount equal to the amount necessary to pay in full or legally defease the bonds.

16. BONDS AND LOANS 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 and 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 (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, 2021, 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 $20,545,000 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
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	990,000	48,336	1,038,336
2027 and thereafter	16,035,000	562,210	16,597,210
Total	$20,545,000	$803,890	$21,348,890

Interest expense related to the bonds for the year ended December 31, 2021, totaled $966,661.

FOUNDATION LOANS 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) annual 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, 2021, are as follows:

Year Ended December 31,	
2022	$614,375
2023	621,168
2024	628,035
2025	634,978
2026	641,998
2027 and thereafter	1,144,916
Total	$4,285,470

Hancock Whitney Bank Loan

The Foundation also has an obligation to Whitney Bank bearing interest at 4.49%. The loan is payable in annual principal and interest payments 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, 2021, are as follows:

Year Ended December 31,	
2022	$77,995
Total	$77,995

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, 2021 are as follows:

Year Ending December 31,	
2022	$111,812
2023	116,955
2024	122,335
2025	127,963
2026	129,332
2027 and thereafter	280,034
Total	$888,431

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, 2022:

Nonexpendable - endowments	$13,653,061
Expendable:	
Gifts, grants, and contracts	$6,046,893
Endowment income	4,578,847
Student fees, faculty and staff funds	21,695,094
Student loans	654,671
Unexpended plant	6,881,624
Renewals and replacements	7,073,618
Retirement of indebtedness funds	1,412,252
Total expendable	$48,342,999

Of the total net assets reported in the Statement of Net Position as of June 30, 2022, a total of $6,343,583 is restricted by enabling legislation.

FOUNDATION RESTRICTED NET ASSETS

At December 31, 2021, net assets with donor restrictions are available for the following purposes or periods:

Purpose restrictions, available for spending:	
Accrued interest payable	$449,413
Bonds payable and premium	868,336
Subtotal	1,317,749
Time restrictions:	
Contributions and others, which are unavailable for spending until due, some of which are also subject to purpose restrictions	9,956,580
Total restricted assets	$11,274,329

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, 2021	$30,407,335
Receivable adjustment	(21,294)
Capital asset adjustment - construction in progress	(14,063)
Capital asset adjustment - equipment	124,264
Due from federal government	(286,829)
FMV of investments adjustment	3,035
Deferred Outflows relating to OPEB	1
Deferred Inflows relating to OPEB	2
Net Position at July 1, 2021, as restated	$30,212,451

The restatements decreased the System's beginning net position by $194,884. The restatement was due to various adjustments as well as other errors. Had the error corrections affecting fiscal year 2021 been included in the June 30, 2021, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of $52,133,691 would have been $51,938,807.

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, 2022, net appreciation of $4,578,847 is available to be spent, of which $3,541,865 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, 2021, the Foundation's endowments are as follows:

	Without donor Restrictions	With donor Restrictions	Total
Donor Restricted		$16,200,405	$16,200,405
Board-designated	$5,372,824		5,372,824
Total	$5,372,824	$16,200,405	$21,573,229

20. RELATED PARTY TRANSACTIONS

During fiscal year ended June 30, 2022, 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, 2022. 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 component 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, 2021, totaled $1,048,817. 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 $289,360 for the year ended December 31, 2021.

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, 2021, the Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amounts of $2,251,307.

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, 2021, for the Endowed Chair and Professorship program totaled $14,180,317.

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.

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	$38,948,895	$6,580,269	$78,652	$1,508,217	$1,987		$47,118,020
Research	4,636,957	425,916	5,295	2,269,585	741,523		8,079,276
Public Service	5,276,382	902,950	27,038	3,570,153	80,245		9,856,768
Academic Support	20,052,579	3,214,811	(26,477)	8,290,461	967,695		32,499,069
Student Services	11,435,349	1,927,856	26,335	8,265,930	1,362,271		23,017,741
Institutional Support	28,479,340	7,493,035	852,182	52,281,666	(9,076,663)		80,029,560
Operations and maintenance of plant	4,942,401	1,259,018	6,483,511	15,464,553			28,149,483
Depreciation and amortization						$17,128,088	17,128,088
Scholarships and fellowships	1,581,674	32,782		261,726	46,396,037		48,272,219
Auxiliary Enterprises	7,558,182	1,280,621	2,307,706	11,266,327	1,034,127		23,446,963
Other	86	(86)					
Total operating expenses	$122,911,845	$23,117,172	$9,754,242	$103,178,618	$41,507,222	$17,128,088	$317,597,187

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.

At June 30, 2022, SUSLA Facilities, Inc. did not have any assets or liabilities and had no activity during fiscal year ended June 30, 2022.

26. SUBSEQUENT EVENTS

On August 19, 2022, the System Board appointed Ms. Shawn Charles as Interim Vice Chancellor for Finance and Administration for the SUNO campus, replacing Dr. Teresa Hardee. On February 10, 2023, the System Board appointed Ms. Arlean Wehle as Vice Chancellor for Finance and Administration, replacing Ms. Shawn Charles.

On October 21, 2022, the System Board appointed Ms. Brandy Jacobsen as Interim Vice Chancellor for Finance and Administration for the SUSLA campus, replacing Dr. Antonius Pegues.

On March 17, 2023, the System Board appointed Dr. Aubra Gantt as Chancellor for the SUSLA campus effective June 1, 2023, replacing Dr. Vladimir Appeaning.

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, 2022

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

Fiscal Year*	System's proportion of the net pension liability (asset)	System's proportionate share of the net pension liability (asset)	System's covered payroll	System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System					
2015	0.99158%	$62,002,484	$18,265,649	339%	65.0%
2016	0.92291%	$62,772,084	$17,220,920	365%	62.7%
2017	0.88334%	$69,365,045	$16,862,931	411%	57.7%
2018	0.85103%	$59,902,206	$16,458,394	364%	62.5%
2019	0.89206%	$60,838,018	$16,393,265	371%	64.3%
2020	0.86799%	$62,885,233	$17,565,227	358%	62.9%
2021	0.83270%	$68,869,934	$17,611,807	391%	58.0%
2022	0.80920%	$44,538,449	$17,357,916	257%	72.8%
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%	$147,482,371	$72,612,019	203%	68.6%
2021	1.46666%	$163,144,623	$73,298,716	223%	65.6%
2022	1.55855%	$83,207,476	$78,905,299	105%	83.9%

*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%
2022	$6,866,712	$6,866,712	$0	$17,421,163	39.4%
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%
2022	$21,135,302	$21,135,302	$0	$86,329,110	24.5%

*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 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.

2022 (6) As provided by Act 37 of the 2021 Louisiana Regular Legislative Session, a permanent benefit increase (COLA) was granted to certain retirees whose monthly benefits fell below poverty levels, effective with the June 30, 2021, valuation.

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.

2022 (4) As provided by Act 37 of the 2021 Louisiana Regular Legislative Session, a permanent benefit increase (COLA) was granted to certain retirees whose monthly benefits fell below poverty levels, effective with the June 30, 2021, valuation.

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.

2022 (6) The discount rate was reduced from 7.55% to 7.40% for the June 30, 2021, 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.

2022 (5) The discount rate was reduced from 7.45% to 7.40% for the June 30, 2021, 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, 2022

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, 2022	2.0357%	$186,403,308	$91,781,467	203.09%
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.

The 2021 valuation reflects the following changes of assumptions and other inputs:

(1) decreased the discount rate from 2.66% to 2.18%,
(2) the baseline per capita costs were adjusted to reflect 2021 claims and enrollment. Plan claims and premiums increased less than had been expected, which decreased the Plan's liability. The estimate of future EGWP savings was increased. This further reduced the Plan's liability.
(3) medical plan election percentages were updated since the previous valuation.
(4) the healthcare cost trend assumption was revised since previous valuation. This changed the Plan's liability.
(5) an adjustment was made to the employer's actual benefit payments for the year ended June 30, 2021 for excluded agencies that were provided to Buck by the OGB.

SUPPLEMENTARY INFORMATION SCHEDULES

Combining Schedule of Net Position, by Campus, for the year ended June 30, 2022

Schedule 4 presents the Combining Schedule of Net Position, by campus, for the year ended June 30, 2022.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by Campus, for the year ended June 30, 2022

Schedule 5 presents the Combining Schedule of Revenues, Expenses, and Changes in Net Position, by Campus, for the year ended June 30, 2022.

Combining Schedule of Cash Flows, by Campus, for the year ended June 30, 2022

Schedule 6 presents the Combining Schedule of Cash Flows, by Campus, for the year ended June 30, 2022.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Net Position, by Campus, June 30, 2022

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER	AGRICULTURAL RESEARCH & EXTENSION CENTER
ASSETS				
Current assets:				
Cash and cash equivalents	$30,000	$10,555,283	$7,842,159	$3,657,284
Receivables, net	22,486	12,161,320	1,462,344	905,818
Due from State Treasury		2,445,583	21,524	229,883
Due from federal government		19,422,738	2,283,241	861,006
Due from other campuses	2,418,788	1,481,476	804,918	369,110
Inventories		244,663		
Prepaid expenses and advances	245,437	1,750,814	13,455	
Notes receivable, net				
Other current assets		506,881	372,572	
Total current assets	2,716,711	48,568,758	12,800,213	6,023,101
Noncurrent assets				
Restricted cash and cash equivalents		4,227,965	133,297	
Restricted investments	567,889	10,686,873	2,096,525	
Capital assets, net	56,367	149,538,863	7,100,310	10,327,169
Leased assets, net		489,458		
Total noncurrent assets	624,256	164,943,159	9,330,132	10,327,169
Total assets	3,340,967	213,511,917	22,130,345	16,350,270
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	889,576	13,237,971	2,582,511	1,435,531
Deferred outflows related to pensions	1,955,837	25,157,037	3,558,551	2,289,744
Total deferred outflows of resources	2,845,413	38,395,008	6,141,062	3,725,275
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$6,186,380	$251,906,925	$28,271,407	$20,075,545
LIABILITIES				
Current liabilities:				
Accounts payable and accruals	$147,484	$12,004,888	$944,405	$423,297
Due to other campuses				
Unearned revenues		9,311,294	364,184	294,911
Amounts held in custody for others		331,623	23,012	
Finance purchase obligations		769,324		
Other current liabilities		2,237,037	37,516	41,500
Compensated absences payable	105,459	396,722	70,288	73,141
Lease liability		247,212		
OPEB Liability	139,962	3,985,148	293,367	246,536
Total current liabilities	392,905	29,283,248	1,732,772	1,079,385
Noncurrent Liabilities:				
Compensated absences	807,333	7,059,665	1,744,024	1,146,364
Lease liability		254,731		
Notes payable		989,617		
Finance purchase obligation		18,505,995		
Net pension liability	5,718,971	66,550,631	9,170,324	6,161,072
OPEB Liability	9,516,585	92,559,952	21,334,254	15,122,090
Total noncurrent liabilities	16,042,889	185,920,591	32,248,602	22,429,526
Total liabilities	16,435,794	215,203,839	33,981,374	23,508,911
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	443,394	5,473,023	1,354,023	703,288
Deferred inflows related to pensions	3,028,177	37,317,830	7,498,821	4,044,277
Total deferred inflows of resources	3,471,571	42,790,853	8,852,844	4,747,565
NET POSITION				
Net investment in capital assets	56,367	129,260,186	7,100,310	10,327,169
Restricted for:				
Nonexpendable	360,000	7,736,684	1,727,500	
Expendable	1,473,203	24,569,962	5,709,617	2,387,303
Unrestricted	(15,610,555)	(167,654,599)	(29,100,238)	(20,895,403)
TOTAL NET POSITION	(13,720,985)	(6,087,767)	(14,562,811)	(8,180,931)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$6,186,380	$251,906,925	$28,271,407	$20,075,545

	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	ELIMINATIONS	TOTAL SYSTEM
ASSETS				
Current assets:				
Cash and cash equivalents	$6,406,134	$4,566,500		$33,057,360
Receivables, net	5,174,394	3,681,447	($398,882)	23,008,927
Due from State Treasury	117,709	6,524		2,821,223
Due from federal government	5,383,799	2,128,250		30,079,034
Due from other campuses			(5,074,292)	
Inventories				244,663
Prepaid expenses and advances		222,819		2,232,525
Notes receivable, net	193,192			193,192
Other current assets	816,892			1,696,345
Total current assets	18,092,120	10,605,540	(5,473,174)	93,333,269
Noncurrent assets				
Restricted cash and cash equivalents		343,924		4,705,186
Restricted investments	3,137,803	1,026,958		17,516,048
Capital assets, net	159,546,629	28,559,468		355,128,806
Leased assets, net		90,236		579,694
Total noncurrent assets	162,684,432	30,020,586	NONE	377,929,734
Total assets	180,776,552	40,626,126	(5,473,174)	471,263,003
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	3,447,986	2,436,484		24,030,059
Deferred outflows related to pensions	7,871,206	6,371,787		47,204,162
Total deferred outflows of resources	11,319,192	8,808,271	NONE	71,234,221
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$192,095,744	$49,434,397	($5,473,174)	$542,497,224
LIABILITIES				
Current liabilities:				
Accounts payable and accruals	$896,008	$1,758,025		$16,174,107
Due to other campuses	4,313,259	761,033	($5,074,292)	
Unearned revenues	1,039,508	1,824,965		12,834,862
Amounts held in custody for others	16,865	144,207		515,707
Finance purchase obligations		50,676		820,000
Other current liabilities	62,999	727,616	(398,882)	2,707,786
Compensated absences payable	71,140	108,166		824,916
Lease liability		84,460		331,672
OPEB Liability	866,418	441,258		5,972,689
Total current liabilities	7,266,197	5,900,406	(5,473,174)	40,181,739
Noncurrent Liabilities:				
Compensated absences	2,200,513	1,531,959		14,489,858
Lease liability		7,073		261,804
Notes payable				989,617
Finance purchase obligations		1,219,005		19,725,000
Net pension liability	25,199,620	14,945,307		127,745,925
OPEB Liability	22,749,842	19,147,896		180,430,619
Total noncurrent liabilities	50,149,975	36,851,240	NONE	343,642,823
Total liabilities	57,416,172	42,751,646	(5,473,174)	383,824,562
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	3,560,477	1,818,682		13,352,887
Deferred inflows related to pensions	10,086,312	7,980,492		69,955,909
Total deferred inflows of resources	13,646,789	9,799,174	NONE	83,308,796
NET POSITION				
Net investment in capital assets	159,546,629	27,275,996		333,566,657
Restricted for:				
Nonexpendable	2,608,877	1,220,000		13,653,061
Expendable	8,561,908	5,641,006		48,342,999
Unrestricted	(49,684,631)	(37,253,425)		(320,198,851)
TOTAL NET POSITION	121,032,783	(3,116,423)	NONE	75,363,866
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$192,095,744	$49,434,397	($5,473,174)	$542,497,224

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, 2022

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER
OPERATING REVENUES			
Student tuition and fees		$68,097,885	$20,829,454
Less scholarship allowances		(27,823,544)	(824,026)
Net student tuition and fees		40,274,341	20,005,428
Federal appropriations			
Federal grants and contracts	$50,000	15,017,104	4,053,973
State and local grants and contracts		1,837,142	832,254
Nongovernmental grants and contracts		(3,369)	399,704
Auxiliary enterprise revenues	417	20,373,453	(3,082)
Less scholarship allowances		(2,601,521)	
Net auxiliary revenues	417	17,771,932	(3,082)
Other operating revenues	7,258	7,049,284	281,587
Total operating revenues	57,675	81,946,434	25,569,864
OPERATING EXPENSES			
Education and general:			
Instruction		30,940,920	5,567,994
Research		3,508,216	
Public service		3,546,297	91,784
Academic support	82,657	19,962,055	7,197,195
Student services		7,425,313	4,912,904
Institutional support	8,559,396	28,455,338	13,820,078
Operation and maintenance of plant		16,014,082	1,560,056
Depreciation and amortization	15,791	8,903,031	1,043,503
Scholarships and fellowships	49,700	33,976,728	4,340,359
Auxiliary enterprises		18,165,831	
Total operating expenses	8,707,544	170,897,811	38,533,873
OPERATING LOSS	(8,649,869)	(88,951,377)	(12,964,009)
NONOPERATING REVENUES (Expenses)			
State appropriations	3,348,376	25,697,575	5,116,603
Gifts	89,512	352,418	390,795
Federal nonoperating revenues	1,511	70,895,926	13,360,442
Net investment income (loss)	(74,662)	(3,100,810)	(324,666)
Interest expense		(879,856)	
Other nonoperating revenues	119,545	5,371,041	2,080,564
Net nonoperating revenues	3,484,282	98,336,294	20,623,738
INCOME (Loss) BEFORE OTHER REVENUES	(5,165,587)	9,384,917	7,659,729
Capital appropriations		16,870,632	
Capital grants and gifts		18,857	
Additions to permanent endowments		633,332	
Other additions, net	5,759,437	25,080	(1,858,051)
CHANGE IN NET POSITION	593,850	26,932,818	5,801,678
NET POSITION AT BEGINNING OF YEAR (Restated)	(14,314,835)	(33,020,585)	(20,364,489)
NET POSITION AT END OF YEAR	($13,720,985)	($6,087,767)	($14,562,811)

	AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	TOTAL SYSTEM
OPERATING REVENUES				
Student tuition and fees		$12,758,162	$7,784,238	$109,469,739
Less scholarship allowances		(4,977,674)	(5,355,834)	(38,981,078)
Net student tuition and fees		7,780,488	2,428,404	70,488,661
Federal appropriations	$3,653,993			3,653,993
Federal grants and contracts	4,815,510	7,298,328	10,527,794	41,762,709
State and local grants and contracts	397,204	1,106,281	1,626,687	5,799,568
Nongovernmental grants and contracts	1,490,039	27,744	312,127	2,226,245
Auxiliary enterprise revenues		2,420,218	2,929,755	25,720,761
Less scholarship allowances			(72,323)	(2,673,844)
Net auxiliary revenues		2,420,218	2,857,432	23,046,917
Other operating revenues		78,645	1,749,395	9,166,169
Total operating revenues	10,356,746	18,711,704	19,501,839	156,144,262
OPERATING EXPENSES				
Education and general:				
Instruction		6,363,151	4,245,955	47,118,020
Research	4,196,889	374,171		8,079,276
Public service	4,912,323	100,359	1,206,005	9,856,768
Academic support		1,483,264	3,773,898	32,499,069
Student services		3,832,067	6,847,457	23,017,741
Institutional support	6,738,015	15,236,558	7,220,175	80,029,560
Operation and maintenance of plant	375,665	4,019,579	6,180,101	28,149,483
Depreciation and amortization	427,359	5,163,040	1,575,364	17,128,088
Scholarships and fellowships		2,950,254	6,955,178	48,272,219
Auxiliary enterprises		1,890,087	3,391,045	23,446,963
Total operating expenses	16,650,251	41,412,530	41,395,178	317,597,187
OPERATING LOSS	(6,293,505)	(22,700,826)	(21,893,339)	(161,452,925)
NONOPERATING REVENUES (Expenses)				
State appropriations	10,096,270	7,458,009	6,600,815	58,317,648
Gifts		148,431	95,508	1,076,664
Federal nonoperating revenues		19,696,668	18,308,490	122,263,037
Net investment income (loss)		(18,929)	(141,888)	(3,660,955)
Interest expense			(56,772)	(936,628)
Other nonoperating revenues	627,003	583,668	81,696	8,863,517
Net nonoperating revenues	10,723,273	27,867,847	24,887,849	185,923,283
INCOME (Loss) BEFORE OTHER REVENUES	4,429,768	5,167,021	2,994,510	24,470,358
Capital appropriations	2,352,655	339,879		19,563,166
Capital grants and gifts		425,702		444,559
Additions to permanent endowments			40,000	673,332
Other additions, net	(2,250,133)	(949,397)	(726,936)	
CHANGE IN NET POSITION	4,532,290	4,983,205	2,307,574	45,151,415
NET POSITION AT BEGINNING OF YEAR (Restated)	(12,713,221)	116,049,578	(5,423,997)	30,212,451
NET POSITION AT END OF YEAR	($8,180,931)	$121,032,783	($3,116,423)	$75,363,866

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Cash Flows, by Campus
For the Fiscal Year Ended June 30, 2022

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER	AGRICULTURAL RESEARCH & EXTENSION CENTER
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees		$41,574,955	$19,900,570	
Federal appropriations				$3,653,993
Grants and contracts	$50,000	9,400,788	3,411,972	6,602,142
Auxiliary enterprise charges	417	17,926,263	(4,677)	
Payments for employee compensation	(4,303,485)	(62,371,256)	(17,192,566)	(7,476,092)
Payments for benefits	(1,657,505)	(26,498,613)	(5,494,652)	(3,308,821)
Payment for utilities	(29,301)	(5,788,366)	(186,091)	(56,114)
Payments for supplies and services	(3,760,240)	(49,228,067)	(12,334,281)	(6,027,289)
Payments for scholarships and fellowships	(49,700)	(29,825,827)	(3,864,571)	(304,690)
Loans to students				
Other receipts (payments)	28,289	7,049,284	(475,367)	8,002
Net cash used by operating activities	(9,721,525)	(97,760,839)	(16,239,663)	(6,908,869)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	3,348,376	23,359,923	5,106,212	9,869,567
Gifts and grants for other than capital purposes	91,023	88,990,121	13,751,237	
Private gifts for endowment purposes		633,332		
Taylor Opportunity Program for Students (TOPS) receipts		3,156,127		
TOPS disbursements		(3,662,020)		
GO Grant receipts		1,859,250		
GO Grant disbursements		(1,863,000)		
Implicit loan reduction from other campuses				
Implicit loan reduction to other campuses	464,468	(1,481,476)	(597,732)	(284,646)
Direct lending receipts		44,122,374	27,866,414	
Direct lending disbursements		(44,514,882)	(27,866,414)	
Federal Family Education Loan program receipts		1,838,981		
Federal Family Education Loan program disbursements		(1,838,981)		
Other receipts (payments)	5,847,658	4,882,731	102,138	(1,664,103)
Net cash provided by noncapital financing sources	9,751,525	115,482,480	18,361,855	7,920,818
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Proceeds from capital debt		989,617		
Capital grants and gifts received		18,857		
Purchases of capital assets		(1,910,320)	(1,406,371)	(293,409)
Principal paid on lease/installment purchases		(750,021)		
Principal paid on right-of-use leases		(373,711)		
Interest paid on lease/installment purchases		(879,856)		
Deposits with Trustees		49,481		
Net cash used by capital financing sources		(2,855,953)	(1,406,371)	(293,409)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments		(3,085,330)	(324,666)	
Purchase of investments		952,832	375,666	
Net cash provided (used) by investing sources		(2,132,498)	51,000	

(Continued)

Schedule 6

	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	ELIMINATIONS	TOTAL SYSTEM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees	$6,881,110	$1,302,336	($879,850)	$68,779,121
Federal appropriations				3,653,993
Grants and contracts	7,029,280	16,030,397		42,524,579
Auxiliary enterprise charges	2,593,917	2,808,374		23,324,294
Payments for employee compensation	(16,451,126)	(13,920,423)		(121,714,948)
Payments for benefits	(6,808,123)	(5,178,747)		(48,946,461)
Payment for utilities	(2,611,373)	(1,265,059)		(9,936,304)
Payments for supplies and services	(9,517,413)	(14,095,789)		(94,963,079)
Payments for scholarships and fellowships	(4,225,855)	(8,712,139)		(46,982,782)
Loans to students	7,860			7,860
Other receipts (payments)	(1,663,521)	1,362,552	879,850	7,189,089
Net cash used by operating activities	(24,765,244)	(21,668,498)		(177,064,638)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	7,373,099	6,605,424		55,662,601
Gifts and grants for other than capital purposes	18,793,111	18,403,998		140,029,490
Private gifts for endowment purposes		40,000		673,332
Taylor Opportunity Program for Students (TOPS) receipts	104,521	63,296		3,323,944
TOPS disbursements	(104,521)	(63,296)		(3,829,837)
GO Grant receipts	395,500			2,254,750
GO Grant disbursements	(395,500)			(2,258,500)
Implicit loan reduction from other campuses	1,082,316	761,033		1,843,349
Implicit loan reduction to other campuses		56,037		(1,843,349)
Direct lending receipts	11,201,576	7,801,428		90,991,792
Direct lending disbursements	(11,201,576)	(7,801,428)		(91,384,300)
Federal Family Education Loan program receipts				1,838,981
Federal Family Education Loan program disbursements				(1,838,981)
Other receipts (payments)	(459,937)	(658,879)		8,049,608
Net cash provided by noncapital financing sources	26,788,589	25,207,613		203,512,880
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Proceeds from capital debt				989,617
Capital grants and gifts received				18,857
Purchases of capital assets	(88,203)	(556,506)		(4,254,809)
Principal paid on lease/installment purchases		(48,204)		(798,225)
Principal paid on right-of-use leases		(82,000)		(455,711)
Interest paid on lease/installment purchases		(56,772)		(936,628)
Deposits with Trustees				49,481
Net cash used by capital financing sources	(88,203)	(743,482)		(5,387,418)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments		(141,888)		(3,551,884)
Purchase of investments		191,441		1,519,939
Net cash provided (used) by investing sources		49,553		(2,031,945)

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by Campus, 2022

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER	AGRICULTURAL RESEARCH & EXTENSION CENTER
NET INCREASE IN CASH AND CASH EQUIVALENTS	$30,000	$12,733,190	$766,821	$718,540
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,050,058	7,208,635	2,938,744
CASH AND CASH EQUIVALENTS AT END OF YEAR	$30,000	$14,783,248	$7,975,456	$3,657,284
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	($8,649,869)	($88,951,377)	($12,964,009)	($6,293,505)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	15,791	8,658,302	1,043,503	427,359
Amortization of right-to-use lease assets		244,729		
Non-Employer contributing entity (NCE) revenue	31,324	353,776	74,510	40,973
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	21,031	1,026,249	(1,193,294)	(111,982)
(Increase) decrease in inventories		21,205		
(Increase) decrease in due from federal government		(9,855,316)	(1,089,377)	(168,337)
(Increase) decrease in prepaid expenses and advances	(135,257)	(121,994)	7,529	
(Increase) decrease in notes receivable				
(Increase) decrease in other assets			(329,652)	
(Increase) decrease in deferred outflows related to OPEB	(394,167)	(4,836,983)	(1,180,293)	(628,782)
(Increase) decrease in deferred outflows related to pensions	546,577	8,800,844	1,841,485	960,216
Increase (decrease) in accounts payable and accrued liabilities	(181,319)	1,087,700	567,089	85,642
Increase (decrease) in unearned revenue		2,374,323	(54,322)	183,710
Increase (decrease) in claims and litigation		(49,000)		
Increase (decrease) in compensated absences	101,997	428,921	113,822	286,432
Increase (decrease) in OPEB liability	843,569	8,126,609	2,686,702	1,317,059
Increase (decrease) in net pension liability	(4,324,754)	(55,772,056)	(11,714,429)	(6,303,542)
Increase (decrease) in deferred inflows related to OPEB	(360,668)	(4,451,886)	(1,101,394)	(572,070)
Increase (decrease) in deferred inflows related to pensions	2,764,220	33,879,409	7,123,188	3,863,958
Increase (decrease) in other liabilities		1,275,706	(70,721)	4,000
Net cash used by operating activities	($9,721,525)	($97,760,839)	($16,239,663)	($6,908,869)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents classified as current assets	$30,000	$10,555,283	$7,842,159	$3,657,284
Cash and cash equivalents classified as noncurrent assets		4,227,965	133,297	
Cash and cash equivalents at the end of the year	$30,000	$14,783,248	$7,975,456	$3,657,284
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital appropriations for construction of capital assets		$16,870,632		$2,352,655
Capital gifts and grants				
Net increase in the fair value of investments	($83,159)	($1,608,216)	($333,460)	
Loss on disposal of capital assets		($2,256)		
Non-employer contributing entity revenue	$31,324	$353,776	$74,510	$40,973
Right-to-use lease acquisitions		$734,186		

(Concluded)

	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	ELIMINATIONS	TOTAL SYSTEM
NET INCREASE IN CASH AND CASH EQUIVALENTS	$1,935,142	$2,845,186		$19,028,879
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,470,992	2,065,238		18,733,667
CASH AND CASH EQUIVALENTS AT END OF YEAR	$6,406,134	$4,910,424		$37,762,546
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	($22,700,826)	($21,893,339)		($161,452,925)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	5,163,040	1,492,068		16,800,063
Amortization of right-to-use lease assetss		83,296		328,025
Non-Employer contributing entity (NCE) revenue	90,341	81,606		672,530
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	(1,822,390)	(1,834,150)		(3,914,536)
(Increase) decrease in inventories				21,205
(Increase) decrease in due from federal government	(1,077,828)	4,950,754		(7,240,104)
(Increase) decrease in prepaid expenses and advances	1,571	(85,381)		(333,532)
(Increase) decrease in notes receivable	7,860			7,860
(Increase) decrease in other assets	(768,808)	74		(1,098,386)
(Increase) decrease in deferred outflows related to OPEB	(906,722)	(716,608)		(8,663,555)
(Increase) decrease in deferred outflows related to pensions	2,334,819	1,581,154		16,065,095
Increase (decrease) in accounts payable and accrued liabilities	478,717	(275,570)		1,762,259
Increase (decrease) in unearned revenue	(206,745)	(329,605)		1,967,361
Increase (decrease) in claims and litigation				(49,000)
Increase (decrease) in compensated absences	143,508	(227,949)		846,731
Increase (decrease) in OPEB liability	1,724,087	1,357,501		16,055,527
Increase (decrease) in net pension liability	(14,472,557)	(11,681,294)		(104,268,632)
Increase (decrease) in deferred inflows related to OPEB	(1,498,186)	(831,647)		(8,815,851)
Increase (decrease) in deferred inflows related to pensions	8,740,022	7,360,464		63,731,261
Increase (decrease) in other liabilities	4,853	(699,872)		513,966
Net cash used by operating activities	($24,765,244)	($21,668,498)		($177,064,638)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents classified as current assets	$6,406,134	$4,566,500		33,057,360
Cash and cash equivalents classified as noncurrent assets		343,924		4,705,186
Cash and cash equivalents at the end of the year	$6,406,134	$4,910,424		$37,762,546
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital appropriations for construction of capital assets	$339,879			$19,563,166
Capital gifts and grants	$425,702			$425,702
Net increase in the fair value of investments	($12,866)	($163,961)		($2,201,662)
Loss on disposal of capital assets				($2,256)
Non-employer contributing entity revenue	$90,341	$81,606		$672,530
Right-to-use lease acquisitions		$173,533		$907,719

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Exhibit A

The following pages contain our 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. The 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
LOUISIANA LEGISLATIVE AUDITOR

July 17, 2023

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 (*Government Auditing Standards*), 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, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated July 17, 2023.

Our report includes a 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 not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Southern University System Foundation or that is reported on separately by that auditor who audited the financial statements of the Southern University System Foundation.

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Report on 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 a 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 or significant deficiencies may exist that were not identified.

Report on 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 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 report 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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