

SOUTHERN UNIVERSITY AND A&M COLLEGE SYSTEM



ANNUAL FINANCIAL REPORT
FOR THE PERIOD ENDED JUNE 30, 2024

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

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December 15, 2025

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, 2024, 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, 2024, 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 71, the Schedule of System's Contributions on page 71, and the Schedule of the System's Proportionate Share of the Total Collective OPEB Liability on page 73 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 75 through 82, for the year ended June 30, 2024, 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, 2024, 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, 2024, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2024.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, 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

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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, 2024. 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 2024 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 2023 and 2022 semesters, the System experienced an overall increase in enrollment of 134 students, an increase of 1.0%. Enrollment increased from 13,330 students in Fall 2022 to 13,464 students in Fall 2023. The increase is attributed to the SU A&M and New Orleans campuses increase in undergraduate enrollment.

FINANCIAL HIGHLIGHTS

The System's net position reflects a decrease of \$0.9 million, or 1.1%, for the current fiscal year. The System's operating revenues increased by \$15.0 million, or 9.0%. This increase is primarily attributable to an increase in federal grants and contracts, and state and local grants and contracts. In addition, the System changed the accounting estimate for the scholarship allowances from the alternate method to the allocation method in the NACUBO advisory, which resulted in a decrease of \$4.9 million, or 6.9%, in student tuition and fees, net.

Nonoperating revenues decreased by \$6.8 million, or 4.8%. This decrease is primarily attributable to an increase in state appropriations of \$7.9 million, investment income of \$1.5 million, and other nonoperating revenues of \$6.7 million, and decreases in federal nonoperating revenues of \$22.7 million.

Total operating and nonoperating revenues increased by \$8.2 million, or 2.6%, while total operating and nonoperating expenses increased by \$7.3 million, or 2.3%. Additionally, capital appropriations decreased by \$10 million, capital grants and gifts increased by \$0.3 million, and additions to permanent endowments increased by \$0.3 million.

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 outflows of resources of the System, the liabilities and deferred inflows 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 \$99.1 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 \$371.1 million and are comprised primarily of capital and leased assets totaling \$347.7 million and restricted cash and cash equivalents and restricted investments totaling \$23.3 million.

Deferred outflows of resources totals \$87.4 million and is comprised of deferred outflows relating to pensions and to other postemployment benefits (OPEB).

Current liabilities total \$55.2 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 \$374.3 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 inflows of resources totals \$45.9 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 \$326.6 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 \$14.4 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 \$50.6 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 \$309.4 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 outflows of resources, deferred inflows 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 2024 and 2023 are presented in Table 1.

**Table 1:
Comparative Statement of Net Position
For the Fiscal Years as of
June 30, 2024, and 2023**

	2024	2023 (Restated)	Change	Percentage Change
Assets				
Current assets	\$99,096,259	\$94,548,093	\$4,548,166	4.8%
Capital and leased assets	347,738,422	352,439,815	(4,701,393)	(1.3%)
Other noncurrent assets	23,327,695	25,807,895	(2,480,200)	(9.6%)
Total assets	<u>470,162,376</u>	<u>472,795,803</u>	<u>(2,633,427)</u>	(0.6%)
Deferred outflows of resources				
Deferred outflows relating to OPEB	20,516,832	23,124,069	(2,607,237)	(11.3%)
Deferred outflows relating to pensions	66,872,430	70,835,273	(3,962,843)	(5.6%)
Total deferred outflows of resources	<u>87,389,262</u>	<u>93,959,342</u>	<u>(6,570,080)</u>	(7.0%)
Total Assets and Deferred outflows of resources	<u>\$557,551,638</u>	<u>\$566,755,145</u>	<u>(\$9,203,507)</u>	(1.6%)
Liabilities				
Current liabilities	\$55,223,415	\$43,227,203	\$11,996,212	27.8%
Noncurrent liabilities	374,307,001	389,704,792	(15,397,791)	(4.0%)
Total liabilities	<u>429,530,416</u>	<u>432,931,995</u>	<u>(3,401,579)</u>	(0.8%)
Deferred inflows of resources				
Deferred inflows relating to OPEB	34,736,915	49,352,570	(14,615,655)	(29.6%)
Deferred inflows relating to pensions	11,123,988	1,403,638	9,720,350	692.5%
Total deferred inflows of resources	<u>\$45,860,903</u>	<u>\$50,756,208</u>	<u>(\$4,895,305)</u>	(9.6%)
Net Position				
Net investment in capital assets	\$326,629,570	\$331,463,546	(\$4,833,976)	(1.5%)
Restricted:				
Nonexpendable	14,371,528	13,874,028	497,500	3.6%
Expendable	50,599,334	51,925,988	(1,326,654)	(2.6%)
Unrestricted	<u>(309,440,113)</u>	<u>(314,196,620)</u>	<u>4,756,507</u>	1.5%
Total net position	<u>\$82,160,319</u>	<u>\$83,066,942</u>	<u>(\$906,623)</u>	(1.1%)
Total liabilities, Deferred inflows of resources, and Net Position	<u>\$557,551,638</u>	<u>\$566,755,145</u>	<u>(\$9,203,507)</u>	(1.6%)

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 decreased by \$2.6 million, or 0.6%. The System recognized a decrease in total liabilities of \$3.4 million, or 0.8%. The consumption of assets follows the System's philosophy to use available resources to acquire and improve all operations of the System to better serve the instruction, research and public service mission of the System.

Fiscal year 2023 current assets, capital assets, deferred outflows related to OPEB, deferred inflows related to OPEB, net investment in capital assets, restricted net position, and unrestricted net position have been restated to correct errors as described more fully in Note 18.

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, 2024, the Statement of Revenues, Expenses, and Changes in Net Position reports a net operating loss of \$140.5 million. The net operating loss does not include revenues for state appropriations of \$72.9 million, federal nonoperating revenues of \$47.9 million, gifts of \$1.3 million, other nonoperating revenues of \$8.7 million, net investment income of \$4.4 million, and interest expense of \$0.9 million. After adjusting for these nonoperating revenues and expenses, the net loss before other revenues, expenses, gains, and losses is \$6.1 million. In addition, net operating loss does not include capital appropriations \$4.3 million, capital grants and gifts \$0.4 million, and additions to permanent endowments \$0.5 million.

The operating revenues are received for providing goods and services to various customers and other System constituents. Operating revenues total \$180.8 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 \$321.2 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 \$135.2 million for the 2024 fiscal year.

The Statement of Revenues, Expenses, and Changes in Net Position reports a decrease in net position of \$0.9 million at the end of the 2024 fiscal year.

Fiscal year 2023 federal grants and contracts revenue, net auxiliary enterprise revenues, and education and general expenses (instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, depreciation and amortization, and scholarships and fellowships) have been restated to correct errors as described more fully in Note 18.

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, 2024, and 2023

	2024	2023 (Restated)	Change	Percent Change
Operating Revenues:				
Student tuition and fees, net	\$65,683,721	\$70,569,847	(\$4,886,126)	(6.9%)
Federal appropriations	3,654,209	3,654,209		0.0%
Federal grants and contracts	68,224,677	48,767,972	19,456,705	39.9%
State and local grants and contracts	11,751,217	6,204,657	5,546,560	89.4%
Nongovernmental grants and contracts	1,799,554	1,515,222	284,332	18.8%
Auxiliary enterprises, net	23,936,897	25,153,009	(1,216,112)	(4.8%)
Other operating revenue	5,737,022	9,957,875	(4,220,853)	(42.4%)
Total operating revenues	<u>180,787,297</u>	<u>165,822,791</u>	<u>14,964,506</u>	9.0%
Nonoperating Revenues				
State appropriations	72,926,320	65,015,974	7,910,346	12.2%
Gifts	1,308,174	1,521,523	(213,349)	(14.0%)
Federal nonoperating revenues	47,865,542	70,582,535	(22,716,993)	(32.2%)
Net investment income	4,432,361	2,910,773	1,521,588	100.0%
Other nonoperating revenues	8,713,193	2,025,314	6,687,879	330.2%
Total nonoperating revenues	<u>135,245,590</u>	<u>142,056,119</u>	<u>(6,810,529)</u>	(4.8%)
Total Revenues	<u>316,032,887</u>	<u>307,878,910</u>	<u>8,153,977</u>	2.6%
Operating Expenses:				
Education and general:				
Instruction	57,613,749	54,975,467	2,638,282	4.8%
Research	9,898,110	10,232,172	(334,062)	(3.3%)
Public service	22,065,251	9,834,352	12,230,899	124.4%
Academic support	40,475,858	39,001,405	1,474,453	3.8%
Student services	24,957,094	24,921,634	35,460	0.1%
Institutional support	70,209,721	77,606,848	(7,397,127)	(9.5%)
Operations and maintenance of plant	28,685,824	26,538,786	2,147,038	8.1%
Depreciation and amortization	16,976,717	15,996,309	980,408	6.1%
Scholarships and fellowships	22,702,715	26,747,784	(4,045,069)	(15.1%)
Auxiliary enterprises	27,645,097	28,061,102	(416,005)	(1.5%)
Other operating expenses	17,376	17,376		100.0%
Total operating expenses	<u>321,247,512</u>	<u>313,915,859</u>	<u>7,331,653</u>	2.3%
Nonoperating Expenses:				
Interest expense	855,324	863,882	(8,558)	(1.0%)
Total nonoperating expenses	<u>855,324</u>	<u>863,882</u>	<u>(8,558)</u>	(1.0%)
Total expenses	<u>322,102,836</u>	<u>314,779,741</u>	<u>7,323,095</u>	2.3%
Income (loss) before other revenues, expenses, gains, and losses	(6,069,949)	(6,900,831)	830,882	(12.0%)
Capital appropriations	4,285,250	14,299,857	(10,014,607)	(70.0%)
Capital grants and gifts	378,076	38,965	339,111	870.3%
Additions to permanent endowments	500,000	209,467	290,533	138.7%
Change in Net Position	<u>(906,623)</u>	<u>7,647,458</u>	<u>(8,554,081)</u>	(111.9%)
Net position at beginning of year (restated)	83,066,942	75,419,484	7,647,458	10.1%
Net position at the end of the year	<u><u>\$82,160,319</u></u>	<u><u>\$83,066,942</u></u>	<u><u>(\$906,623)</u></u>	(1.1%)

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL AND LEASED ASSETS

As of June 30, 2024, the System's capital assets, excluding right-to-use lease assets, totaled approximately \$778.5 million at cost and approximately \$346.5 million, net of accumulated depreciation. The System's right-to-use lease assets totaled approximately \$1.3 million, net of accumulated amortization as of June 30, 2024. Combined, these amounts represent a net decrease (including additions and disposals net of depreciation/amortization) of approximately \$4.7 million, or 1.3%, from June 30, 2023. The decrease resulted mainly from construction or leasing 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 for direct borrowing at June 30, 2024, is \$19.9 million. Of this amount, \$900,000 is reported as current and is expected to be paid within one year. See Notes 14 and 15 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 three years. The System did not sustain a budget reduction in fiscal year 2023-2024.

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

During the March 22, 2024, Southern University System Board of Supervisors meeting, the Board appointed Chancellor John Pierre, Chancellor of the Southern University Law Center, as the new Chancellor of the Southern University A&M (SUBR) campus.

During the May 16, 2024, Southern University System Board of Supervisors meeting, the Board appointed Attorney Alvin Washington as the Interim Chancellor of the Southern University Law Center campus.

For the SUBR Campus, Dr. Luria Young was named Vice Chancellor of Academic Affairs, and Dr. Anthony Jackson was named Interim Vice Chancellor of Enrollment Management.

CONTACTING THE SYSTEM'S MANAGEMENT

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

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Statement of Net Position, June 30, 2024

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$41,184,970
Receivables, net (note 4)	29,266,239
Due from State Treasury	2,134,322
Due from federal government	21,558,763
Inventories	166,135
Prepaid expenses and advances	3,140,851
Notes receivable, net (note 5)	182,638
Other current assets	1,462,341
Total current assets	<u>99,096,259</u>

Noncurrent assets:

Restricted cash and cash equivalents (note 2)	2,433,842
Restricted investments (note 3)	20,893,853
Capital assets, net (note 6)	346,484,187
Leased assets, net (note 6)	1,254,235
Total noncurrent assets	<u>371,066,117</u>
Total assets	<u><u>470,162,376</u></u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to OPEB (note 11)	20,516,832
Deferred outflows related to pensions (note 9)	66,872,430
Total deferred outflows of resources	<u>87,389,262</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$557,551,638

LIABILITIES

Current liabilities:

Accounts payable and accruals (note 7)	\$21,233,984
Unearned revenues	20,636,594
Amounts held in custody for others	538,013
Finance purchase obligations (note 14 and 15)	900,000
Other current liabilities	4,784,734
Compensated absences payable (note 8 and 14)	847,999
Lease liability (note 13 and 14)	52,351
OPEB liability (note 11)	6,229,740
Total current liabilities	<u>55,223,415</u>

(Continued)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Net Position, June 30, 2024

LIABILITIES

Noncurrent liabilities:

Compensated absences payable (note 8 and 14)	\$16,275,323
Lease liability (note 13 and 14)	1,220,109
Notes payable (note 14 and 15)	989,617
Finance purchase obligations (note 14 and 15)	17,965,000
Net pension liability (note 9 and 14)	198,835,492
OPEB liability (note 11)	139,021,460
Total noncurrent liabilities	<u>374,307,001</u>
Total liabilities	<u>429,530,416</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to OPEB (note 11)	34,736,915
Deferred inflows related to pensions (note 9)	11,123,988
Total deferred inflows of resources	<u>45,860,903</u>

NET POSITION

Net investment in capital assets	326,629,570
Restricted for:	
Nonexpendable (note 17)	14,371,528
Expendable (note 17)	50,599,334
Unrestricted	<u>(309,440,113)</u>
TOTAL NET POSITION	<u>\$82,160,319</u>

(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, 2023**

ASSETS

Current assets:

Cash and cash equivalents	\$580,821
Bayou Classic receivable	816,910
Other receivables (note 4)	42,797
Unconditional promises to give, net of allowance of \$471,085 (note 4)	4,945,497
Capitalized lease receivable, current portion (note 4)	1,714,825
Prepaid expenses	61,433
Total current assets	<u>8,162,283</u>

Noncurrent assets

Restricted assets:

Cash and cash equivalents	5,526,514
Investments (note 3)	22,688,309
Plant, property, and equipment, net of accumulated depreciation of \$4,541,868 (note 6)	9,072,868
Capitalized lease receivable, non-current portion (note 4)	17,101,839
Prepaid bond insurance, non-current portion, net of accumulated amortization of \$527,125	494,179
Amortization of intangibles	4,464
Total noncurrent assets	<u>54,888,173</u>

TOTAL ASSETS

\$63,050,456

(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, 2023**

LIABILITIES

Current liabilities:

Accounts payable	\$470,811
Accrued liabilities	696,667
Payroll liabilities	1,357
Accrued interest payable	407,413
Other liabilities	81,810
Due to affiliates (note 21)	13,273,039
Notes payable, current portion (note 16)	262,018
Bonds payable and premium, current portion (note 16)	900,000
Total current liabilities	<u>16,093,115</u>

Noncurrent liabilities:

Notes payable, non-current portion (note 16)	5,632,117
Rental deposit fund	3,692
Bonds payable and premium, net of accumulated amortization of \$1,445,464 (note 16)	<u>18,636,572</u>
Total noncurrent liabilities	<u>24,272,381</u>
Total liabilities	<u>40,365,496</u>

NET ASSETS

Without donor restrictions	5,356,480
With donor restrictions (note 17)	<u>17,328,480</u>
Total net assets	<u>22,684,960</u>

TOTAL LIABILITIES AND NET ASSETS

\$63,050,456

(Concluded)

The accompanying notes are an integral part of this statement.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2024**

OPERATING REVENUES

Student tuition and fees	\$111,437,509
Less scholarship allowances	(45,753,788)
Net student tuition and fees	<u>65,683,721</u>
Federal appropriations	3,654,209
Federal grants and contracts	68,224,677
State and local grants and contracts	11,751,217
Nongovernmental grants and contracts	1,799,554
Auxiliary enterprise revenues	28,146,596
Less scholarship allowances	(4,209,699)
Net auxiliary revenues	<u>23,936,897</u>
Other operating revenues	<u>5,737,022</u>
Total operating revenues	<u><u>180,787,297</u></u>

OPERATING EXPENSES

Education and general:	
Instruction	57,613,749
Research	9,898,110
Public service	22,065,251
Academic support	40,475,858
Student services	24,957,094
Institutional support	70,209,721
Operation and maintenance of plant	28,685,824
Depreciation and amortization (note 6)	16,976,717
Scholarships and fellowships	22,702,715
Auxiliary enterprises	27,645,097
Other operating expenses	17,376
Total operating expenses	<u><u>321,247,512</u></u>

OPERATING LOSS	<u><u>(140,460,215)</u></u>
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(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, 2024**

NONOPERATING REVENUES (Expenses)

State appropriations	\$72,926,320
Gifts	1,308,174
Federal nonoperating revenues	47,865,542
Net investment income	4,432,361
Interest expense	(855,324)
Other nonoperating revenues	8,713,193
Net nonoperating revenues	<u>134,390,266</u>

Loss before other revenues, expenses, gains, losses	(6,069,949)
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Capital appropriations	4,285,250
Capital grants and gifts	378,076
Additions to permanent endowments	<u>500,000</u>

CHANGE IN NET POSITION	(906,623)
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NET POSITION AT BEGINNING OF YEAR (restated) (note 18)	<u>83,066,942</u>
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NET POSITION AT END OF YEAR	<u><u>\$82,160,319</u></u>
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(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, 2023**

	Without Donor Restrictions	With Donor Restrictions	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions and other support	\$3,447,097	\$7,339,433	\$10,786,530
Grants		1,348,993	1,348,993
In-kind	4,242		4,242
Rental income	57,966	776,324	834,290
Bayou Classic revenues		816,910	816,910
Athletic sponsorships and support	296,000	410,050	706,050
Total revenues and support	<u>3,805,305</u>	<u>10,691,710</u>	<u>14,497,015</u>
Administration fees	393,792		393,792
Donor fees and registration	267,371	255,495	522,866
Interest and dividends, net of fees	1,033	285,407	286,440
Net realized gain (loss)		118,884	118,884
Net unrealized gain (loss)		770,941	770,941
Total other revenues and gains	<u>662,196</u>	<u>1,430,727</u>	<u>2,092,923</u>
Net assets released from restriction	<u>8,496,701</u>	<u>(8,496,701)</u>	
Total revenues, gains, and other support	<u>12,964,202</u>	<u>3,625,736</u>	<u>16,589,938</u>
EXPENSES			
Program services	7,157,427		7,157,427
Management and general	7,805,214		7,805,214
Fundraising	267,027		267,027
Total expenses	<u>15,229,668</u>		<u>15,229,668</u>
Changes in net assets	(2,265,466)	3,625,736	1,360,270
Net assets - beginning of year	<u>7,621,946</u>	<u>13,702,744</u>	<u>21,324,690</u>
Net assets - end of year	<u>\$5,356,480</u>	<u>\$17,328,480</u>	<u>\$22,684,960</u>

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, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$79,825,445
Federal appropriations	3,654,209
Grants and contracts	92,236,885
Auxiliary enterprise charges	23,058,813
Payments for employee compensation	(136,516,987)
Payments for benefits	(51,093,020)
Payments for utilities	(8,294,980)
Payments for supplies and services	(98,245,778)
Payments for scholarships and fellowships	(38,565,557)
Loans to students	5,038
Other receipts	7,976,816
Net cash used by operating activities	(125,959,116)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State appropriations	76,112,665
Gifts and grants for other than capital purposes	48,851,713
Private gifts for endowment purposes	500,000
Taylor Opportunity Program for Students (TOPS) receipts	3,147,798
TOPS disbursements	(3,055,325)
GO Grant receipts	4,195,163
GO Grant disbursements	(3,927,785)
Implicit loan reduction from other campuses	1,437,863
Implicit loan reduction to other campuses	(1,437,863)
Direct lending receipts	101,015,092
Direct lending disbursements	(101,015,092)
Federal Family Education Loan program receipts	2,949,824
Federal Family Education Loan program disbursements	(2,949,824)
Other receipts	10,454,166
Net cash provided by noncapital financing activities	136,278,395

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital grants and gifts received	378,076
Purchases of capital assets	(5,988,414)
Principal paid on lease/installment purchases	(860,000)
Principal paid on right-of-use leases	(286,831)
Interest paid on lease/installment purchases	(819,961)
Other sources	(705,467)
Net cash used by capital and related financing activities	(8,282,597)

(Continued)

The accompanying notes are an integral part of this statement.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024**

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	\$130,263
Interest received on investments	4,389,662
Purchase of investments	(2,094,351)
Net cash provided by investing activities	2,425,574

NET INCREASE IN CASH AND CASH EQUIVALENTS

4,462,256

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

39,156,556

CASH AND CASH EQUIVALENTS AT END OF YEAR\$43,618,812**RECONCILIATION OF NET OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES:**

Operating loss	(\$140,460,215)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	16,681,817
Amortization of right-to-use lease assets	294,900
Non-employer contributing entity (NCE) revenue	802,264
Changes in assets and liabilities:	
Increase in accounts receivable, net	(2,984,297)
Decrease in inventories	42,040
Decrease in due from federal government	5,310,175
Increase in prepaid expenses and advances	(736,324)
Decrease in notes receivable	5,038
Decrease in other assets	77,141
Decrease in deferred outflows related to OPEB	2,652,638
Decrease in deferred outflows related to pensions	3,962,844
Increase in accounts payable and accrued liabilities	3,803,079
Increase in unearned revenue	6,332,610
Increase in compensated absences	682,344
Increase in OPEB liability	5,416,796
Decrease in net pension liability	(21,680,455)
Decrease in deferred inflows related to OPEB	(14,661,057)
Increase in deferred inflows related to pensions	9,720,350
Decrease in other liabilities	(1,220,804)
Net cash used by operating activities	(\$125,959,116)

**RECONCILIATION OF CASH AND CASH EQUIVALENTS
TO THE STATEMENT OF NET POSITION**

Cash and cash equivalents classified as current assets	\$41,184,970
Cash and cash equivalents classified as noncurrent assets	2,433,842

Cash and cash equivalents at the end of the year\$43,618,812**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

Capital appropriations for construction of capital assets	\$4,285,250
Net increase in the fair value of investments	\$1,848,291
Loss on disposal of capital assets	(\$1,295)
Right-to-use lease acquisitions	\$1,297,485

(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 1891 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.

Discrete Component Unit

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

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

The assets of the Foundation equal 3% or more of the assets of the System; therefore, the financial statements are presented as a discrete component unit in the System's financial statements. During the year ended June 30, 2024, the Foundation made distributions to or on behalf of the System for both restricted and unrestricted purposes in the amount of \$3,007,688. 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, are 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 from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for services (tuition and fees) provided by the System and the amount that is paid by students and/or third parties making payments on the students' behalf.

Effective for the fiscal year ending June 30, 2024, the System has changed the accounting estimate for the student tuition discount calculation methodology from the Alternate Method to the Detail by Student, by Term Method (A) as provided by the National Association of College and University Business Officers (NACUBO) Advisory 2023-01 *Public Institutions: Accounting for and Reporting Financial Aid as a Discount*.

The change in the accounting estimate was made due to NACUBO no longer endorsing the Alternate Method. The new method is preferable as a more precise estimate is achieved. The financial statement line items impacted by this change is the Scholarship Allowances and the Education and General Expenses for Scholarships and Fellowships, and Auxiliary Enterprises.

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. 100, *Accounting Changes and Error Corrections*, issued by the Government Accounting Standards Board for the fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement also has an impact on note disclosures. See Note 18 – Restatement of Beginning Net Position for further details.

2. CASH

At June 30, 2024, the System has cash and cash equivalents (book balance) totaling \$43,618,812:

Demand deposits	\$43,618,812
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These cash and cash equivalents are reported on the Statement of Net Position as follows:

Current assets	\$41,184,970
Noncurrent assets - restricted	<u>2,433,842</u>
Total	<u><u>\$43,618,812</u></u>

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, 2024, the System has \$44,831,882 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, 2024, the System has investments totaling \$20,893,853 as follows:

Type of Investment	Percentage of Investments	Credit Quality Rating	Fair Value June 30, 2024
Investments held by private foundation:			
Cash and cash alternatives	1.87%		\$391,001
Mutual funds	<u>82.12%</u>		<u>17,158,387</u>
Subtotal - held by private foundation	83.99%	Not Rated	17,549,388
Louisiana Asset Management Pool	15.42%	AAAm	3,221,762
Certificates of Deposit	<u>0.59%</u>		<u>122,703</u>
Subtotal - other investments	16.01%		3,344,465
Total Investments	<u>100%</u>		<u><u>\$20,893,853</u></u>

These investments, reported on the Statement of Net Position as Noncurrent assets – restricted, total \$20,893,853.

Type of Investment	June 30, 2024				
	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	10+ Years
Certificates of Deposit	<u>\$122,703</u>	<u>\$122,703</u>			
Total	<u><u>\$122,703</u></u>	<u><u>\$122,703</u></u>	<u><u>NONE</u></u>	<u><u>NONE</u></u>	<u><u>NONE</u></u>

At June 30, 2024, SUS had funds that are invested in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit

corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana Revised Statute 33:2955.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 70 days as of June 30, 2024.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Investments are reported at fair market value. Investments totaling \$17,549,388 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, 2024, are as follows:

	Fair Value June 30, 2024	Fair Value Hierarchy		
		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	\$391,001	\$391,001		
Mutual funds	17,158,387	17,158,387		
Subtotal - held by private foundation	17,549,388	17,549,388	NONE	NONE
Louisiana Asset Management Pool	3,221,762		\$3,221,762	
Certificates of Deposit	122,703	122,703		
Subtotal - other investments	3,344,465	122,703	3,221,762	NONE
Total Investments at Fair Value Level	<u>\$20,893,853</u>	<u>\$17,672,091</u>	<u>\$3,221,762</u>	<u>NONE</u>

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, 2023:

Description	Fair Value
Money market funds	\$3,330,392
Exchange-traded products	12,003,819
Equities	4,773,459
Fixed income	2,580,639
Total investments	<u>\$22,688,309</u>

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, 2023, are as follows:

	Fair Value December 31, 2023	Fair Value Hierarchy		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$22,688,309	\$22,688,309		
Total Investments at Fair Value Level	\$22,688,309	\$22,688,309	NONE	NONE

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2024. These receivables are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student tuition and fees	\$19,387,025	\$7,557,584	\$11,829,441
Auxiliary enterprises	3,826,634	823,339	3,003,295
State and private grants and contracts	6,279,484		6,279,484
Due from Office of Facility Planning	2,581,919		2,581,919
Other	5,572,100		5,572,100
Total	\$37,647,162	\$8,380,923	\$29,266,239

There is no noncurrent portion of receivables. The above amount for Due from Office of Facility Planning (OFP) represents the amount of funds that have been transferred by the System to the OFP for pending capital projects that are being managed by the OFP.

FOUNDATION RECEIVABLES

As of December 31, 2023, pledges receivable totaled \$4,945,497.

Unconditional pledges receivable are due as follows on December 31, 2023:

Expected to be collected in:	
Less than one year	\$1,883,786
One to five years	<u>3,532,796</u>
Gross pledges receivable	5,416,582
Less - allowance for doubtful accounts	<u>(471,085)</u>
Pledges receivable, net	<u>\$4,945,497</u>

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 \$1,714,825. The amount due for succeeding years totals \$17,101,839. The Capitalized Lease Receivable balance at December 31, 2023, totaled \$18,816,664.

Other Receivables

As of December 31, 2023, other receivables totaled \$42,797. 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, 2024. These receivables are composed of the following:

	Notes Receivable	Allowance for Doubtful Accounts	Notes Receivable, Net
Student Revolving Loans	<u>\$182,638</u>		<u>\$182,638</u>
Total	<u>\$182,638</u>	<u>NONE</u>	<u>\$182,638</u>

6. CAPITAL AND LEASED ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2024, follows:

Schedule of Capital Assets
(includes SUS Foundation Financed Purchase)

Campus	Balance 6/30/2023	Prior Period Adjustments	Restated Balance 6/30/2023	Additions	Transfers	Retirements	Balance 6/30/2024
Capital assets not depreciated:							
Land	\$6,845,695		\$6,845,695				\$6,845,695
Non-depreciable land improvements	1,467,396		1,467,396				1,467,396
Construction in progress	43,931,916		43,931,916	\$5,870,360	(\$22,373,686)		27,428,590
Total capital assets not depreciated	\$52,245,007	NONE	\$52,245,007	\$5,870,360	(\$22,373,686)	NONE	\$35,741,681
Other capital assets:							
Infrastructure	\$32,844,713		\$32,844,713				\$32,844,713
Accumulated depreciation	(26,943,917)		(26,943,917)	(\$241,518)			(27,185,435)
Total infrastructure	5,900,796	NONE	5,900,796	(241,518)	NONE	NONE	5,659,278
Depreciable land improvements	16,540,812		16,540,812		\$9,207,269		25,748,081
Accumulated depreciation	(11,347,912)		(11,347,912)	(769,249)			(12,117,161)
Total land improvements	5,192,900	NONE	5,192,900	(769,249)	9,207,269	NONE	13,630,920
Buildings	529,969,650		529,969,650		13,166,417		543,136,067
Accumulated depreciation	(250,401,142)	(\$729,623)	(251,130,765)	(12,177,089)			(263,307,854)
Total buildings	279,568,508	(729,623)	278,838,885	(12,177,089)	13,166,417	NONE	279,828,213
Equipment (including library books)	131,044,858		131,044,858	5,108,774		(\$2,472,778)	133,680,854
Accumulated depreciation	(121,072,299)	38,018	(121,034,281)	(3,493,961)		2,471,483	(122,056,759)
Total equipment	9,972,559	38,018	10,010,577	1,614,813	NONE	(1,295)	11,624,095
Software (internally generated & purchased)	7,317,561		7,317,561				7,317,561
Accumulated depreciation - software	(7,317,561)		(7,317,561)				(7,317,561)
Total software	NONE	NONE	NONE	NONE	NONE	NONE	NONE
Total other capital assets	\$300,634,763	(\$691,605)	\$299,943,158	(\$11,573,043)	\$22,373,686	(\$1,295)	\$310,742,506
Capital asset summary:							
Capital assets not depreciated	\$52,245,007	NONE	\$52,245,007	\$5,870,360	(\$22,373,686)	NONE	\$35,741,681
Other capital assets, book value	717,717,594		717,717,594	5,108,774	22,373,686	(\$2,472,778)	742,727,276
Total cost of capital assets	769,962,601	NONE	769,962,601	10,979,134	NONE	(2,472,778)	778,468,957
Accumulated depreciation/amortization	(417,082,831)	(\$691,605)	(417,774,436)	(16,681,817)		2,471,483	(431,984,770)
Capital assets, net	\$352,879,770	(\$691,605)	\$352,188,165	(\$5,702,683)	NONE	(\$1,295)	\$346,484,187

Schedule of Right-to-Use Leased Assets

	Balance 6/30/2023	Prior-Period Adjustments	Restated Balance 6/30/2023	Additions	Retirements	Balance 6/30/2024
Leased buildings/office space	\$173,026		\$173,026	\$1,297,485		\$1,470,511
Accumulated amortization	(166,105)		(166,105)	(50,171)		(216,276)
Total leased buildings/office space	6,921	NONE	6,921	1,247,314	NONE	1,254,235
Leased machinery/equipment	734,186		734,186			734,186
Accumulated amortization	(489,457)		(489,457)	(244,729)		(734,186)
Total leased machinery/equipment	244,729	NONE	244,729	(244,729)	NONE	NONE
Total leased assets	\$251,650	NONE	\$251,650	\$1,002,585	NONE	\$1,254,235
Leased asset summary:						
Leased assets, at cost	\$907,212		\$907,212	\$1,297,485		\$2,204,697
Accumulated amortization	(655,562)		(655,562)	(294,900)		(950,462)
Leased assets, net	\$251,650	NONE	\$251,650	\$1,002,585	NONE	\$1,254,235

FOUNDATION FIXED ASSETS

Land, building and equipment as of December 31, 2023, are summarized as follows:

Land and improvements	\$2,282,106
Building	7,377,773
Office equipment	128,206
Software	175,229
Furniture and fixtures	166,358
Other fixed assets	<u>3,485,064</u>
Subtotal	13,614,736
Less - accumulated depreciation	<u>(4,541,868)</u>
Total	<u><u>\$9,072,868</u></u>

Depreciation expense totaled \$298,764 for the year ended December 31, 2023.

7. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accruals at June 30, 2024:

Vendors payables	\$12,877,341
Accrued salaries	1,652,374
Accrued related benefits	6,348,319
Accrued interest	283,511
Other	<u>72,439</u>
Total	<u><u>\$21,233,984</u></u>

8. COMPENSATED ABSENCES

At June 30, 2024, employees of the System have accumulated and vested annual leave, sick leave, and compensatory leave of \$7,899,600; \$8,922,372; and \$301,350, 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

The 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.

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 as defined by statute. 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 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 to a surviving spouse with a minor child, 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. For a surviving spouse with no minor children, the minimum service credit requirement is 10 years and the surviving spouse must have been married to the deceased member for at least one year prior to death. Surviving spouse with minor child benefits are equal to the greater of (a) 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 (b) \$600 per month. Surviving spouse without minor child benefits are equal to the greater of (a) the Option 2 equivalent of the benefit calculated at the 2.5% benefit factor for all creditable service, or (b) \$600 per month. 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 unmarried child with a disability. Benefits are paid for life to a surviving spouse unless the deceased active member was not eligible for retirement at the time of death and the surviving spouse remarries before the age of 55.

DROP/IBO

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 a lump-sum initial benefit option (IBO) 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 2024 totaled \$7,425,141, with regular plan active member contributions ranging from 7.5% to 8%, and employer contributions of 41.30% of covered payroll. Employer defined benefit plan contributions to TRSL for fiscal year 2024 totaled \$22,874,429, with regular plan active member contributions of 8%, and employer contributions of 20.16% for ORP members, and 23.3% to 24.1% 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 \$802,264, and were recognized as revenue in fiscal year 2024 by the System.

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

At June 30, 2024, the System reported liabilities of \$46,251,812 and \$152,583,680 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, 2023, 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, 2023, by the fiscal year 2024 employer actuarially required contribution

rates. As of June 30, 2023, the most recent measurement date, the System's proportions and the changes in proportions from the prior measurement date were 0.69099%, or a decrease of 0.13657%, for LASERS, and 1.68799%, or an increase of 0.03355%, for TRSL.

For the year ended June 30, 2024, the System recognized a total pension expense of \$23,104,573 for defined benefit plans, or \$1,802,738 and \$21,301,835 for LASERS and TRSL, respectively. At June 30, 2024, 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	\$1,001,215	\$7,165,754	\$8,166,969		(\$8,662)	(\$8,662)
Changes of assumptions		6,881,761	6,881,761		(4,975,404)	(4,975,404)
Net difference between projected and actual earnings on pension plan investments	264,411	10,444,895	10,709,306			
Changes in proportion and differences between employer contributions and proportionate share of contributions		10,814,824	10,814,824	(\$5,662,658)	(477,264)	(6,139,922)
Employer contributions subsequent to the measurement date	7,425,141	22,874,429	30,299,570			
Total	\$8,690,767	\$58,181,663	\$66,872,430	(\$5,662,658)	(\$5,461,330)	(\$11,123,988)

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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>LASERS</u>	<u>TRSL</u>	<u>Total</u>
2025	(\$4,398,408)	\$7,556,093	\$3,157,685
2026	(1,670,313)	2,308,519	638,206
2027	2,278,043	18,801,261	21,079,304
2028	<u>(606,354)</u>	<u>1,180,034</u>	<u>573,680</u>
	<u>(\$4,397,032)</u>	<u>\$29,845,907</u>	<u>\$25,448,875</u>

Actuarial Assumptions and Methodologies

The total pension liabilities for LASERS and TRSL in the June 30, 2023, actuarial valuations were determined using the following actuarial assumptions and methodologies:

	LASERS	TRSL
Valuation Date	June 30, 2023	June 30, 2023
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)	7.25%, net of investment expense	7.25%, net of investment expense
Inflation Rate	2.3% per annum	2.4% per annum
Mortality Rates	<p>General active members: RP-2014 Blue Collar Employee tables, adjusted by 0.978 for males and 1.144 for females</p> <p>General retiree/inactive members (males): RP-2014 Blue Collar Healthy Annuitant table, adjusted by 1.280</p> <p>General retiree/inactive members (females): RP-2014 White Collar Healthy Annuitant table, adjusted by 1.417</p> <p>Mortality assumptions for non-disabled members include improvement projected on a fully generational basis using the MP-2018 Mortality Improvement Scale.</p> <p>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</p>	<p>Active members: 'Pub2010T-Below Median Employee (amount weighted) tables, adjusted by 0.965 for males and by 0.942 for females</p> <p>Non-disabled retiree/inactive members: Pub2010T-Below Median Retiree (amount weighted) tables, adjusted by 1.173 for males and by 1.258 for females</p> <p>Disabled retiree members: Pub2010T-Disability (amount weighted) tables, adjusted by 1.043 for males and by 1.092 for females</p> <p>Contingent survivor mortality members: Pub2010T-Below Median Contingent Survivor (amount weighted) tables, adjusted by 1.079 for males and by 0.919 for females</p> <p>Mortality base tables were adjusted from 2010 to 2019 (base year, representing the mid-point of the experience study) with continued future mortality improvement using the MP-2021 improvement table on a fully generational basis.</p>
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 (2018-2022) 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 2018-2022 experience study of the plan's members. The projected salary increase for regular plan members ranges from 2.41% to 4.85% 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 for funding purposes include an adjustment to recognize that investment earnings will be allocated to the experience account to fund potential future increases.

The June 30, 2023, valuations include the following changes in assumptions:

- The TRSL inflation rate, mortality, termination, retirement, disability, and salary increase assumptions were updated to reflect the results of the most recent experience study of the plan's members observed for the period of July 1, 2017, through June 30, 2022.

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% for LASERS and 2.4% for TRSL, and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term nominal rate of return is 8.19%, and 8.72%, 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, 2023, are summarized for each plan in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
LASERS (geometric)		
Cash	0.00%	0.80%
Domestic equity	34.00%	4.45%
International equity	18.00%	5.44%
Domestic fixed income	3.00%	2.04%
International fixed income	17.00%	5.33%
Alternative investments	28.00%	8.19%
Total Fund	<u>100.00%</u>	5.75%

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
TRSL (arithmetic)		
Domestic equity	22.5%	4.55%
International equity	11.5%	5.01%
Domestic fixed income	8.0%	2.20%
International fixed income	6.0%	-0.29%
Private Assets	37.0%	8.24%
Other Private Assets	15.0%	4.32%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25% 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 rates and that contributions from participating employers will be made at the actuarially-determined rates approved by PRSAC taking into consideration the recommendation of the respective pension system's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.0% Decrease	Current	1.0% Increase
	(6.25%)	(7.25%)	(8.25%)
LASERS	\$60,562,930	\$46,251,812	\$34,127,269
TRSL	\$216,140,362	\$152,583,680	\$99,112,239

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, 2024, the System had \$877,724 and \$1,963,600 in payables to LASERS and TRSL, respectively, for the June 2024 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 2024 totaled \$4,108,596 which represents pension expense for the System. Employee contributions totaled

\$1,630,395. The fiscal year 2024 employee and employer contribution rates were 8% and 6.2%, respectively, with an additional employer contribution of 20.16% (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. 42:801-883. 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, 42:821 and 42:851.

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 through Vantage Medical Home HMO. The Vantage HMO and Vantage Medicare Advantage plans termed effective December 31, 2023. Effective January 1, 2024, no fully insured health plan is available to Non-Medicare Retirees. In addition, retirees who have Medicare Part A and Part B coverage also have access to three fully insured Medicare Advantage plans through People's Health, Humana, and Blue Cross, and an Individual Medicare Market Exchange product through Via Benefits 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:

<u>OGB Participation</u>	<u>Employer Share</u>	<u>Retiree Share</u>
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 spousal coverage. 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, 2024, the System reported a liability of \$145,251,200 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2023, and was determined by an actuarial valuation as of that date.

The System's proportionate share percentage is based on the employer's individual Total OPEB liability (TOL) in relation to the combined TOL for all participating entities included in the State of Louisiana reporting entity. At July 1, 2023, the most recent measurement date, the System's proportion and the change in proportion from the prior measurement date was 2.0320%, a decrease of 0.0400%.

The total collective OPEB liability in the July 1, 2023, actuarial valuation was determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method – Entry Age Normal, level percentage of pay. Service costs are attributed through all assumed ages of exit from active service. For current DROP participants, assumed exit from active service is the date at which DROP ends.
- Estimated Remaining Service Lives – 4.5
- Inflation rate – 2.4%
- Salary increase rate – consistent with the assumption for the pension plans disclosed in note 9

- Discount rate – 4.13% based on June 30, 2023, Standard & Poor’s 20-year municipal bond index rate
- Mortality rates – assumptions are consistent with the pension plan(s) disclosed in note 9.
- Healthcare cost trend rates – 7.0% for pre-Medicare eligible members grading down by .25% each year, beginning in 2025-2026, to an ultimate rate of 4.5% in 2035 and thereafter; 6.5% for post-Medicare eligible members grading down by .25% each year, beginning in 2025-2026, to an ultimate rate of 4.5% in 2033 and thereafter; 6.5% for Medicare reflecting Inflation Reduction Act (IRA) increasing to 13.0% in 2024-2025, decreasing to 12.0% in 2025-2026 and 4.35% from 2026-2027 through 2032-2033, increasing to 4.43% in 2033-2034, and 4.50% 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 medical and prescription drug claims for retired participants for the period January 1, 2022, through December 31, 2023. The claims experience was trended to the valuation date. Per capita costs for fully-insured plans were based on calendar year 2024 premiums adjusted to the valuation date using the Medicare trend reflecting IRA assumption. 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.

<u>Years of Service</u>	<u>Participation %</u>
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, 2020, through June 30, 2023. Other actuarial demographic 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 increased from 4.09% to 4.13%.
- Baseline per capita costs were updated to reflect 2023 claims and enrollment.
- Medical plan election percentages were updated based on the coverage elections of recent retirees.
- The mortality, retirement, termination, disability, and salary increase rates for the TRSL, LSERS, and LSPRS groups were updated. Additionally, all TRSL assumptions that were based on the Regular plan assumptions only have been updated to vary by sub-plan as applicable (Regular, Higher Ed, and Lunch).
- The healthcare cost trend was updated to more accurately reflect the current medical cost environment.
- The Medicare trend was further adjusted to reflect the impact of certain provisions of the Inflation Reduction Act (IRA).

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
	(3.13%)	(4.13%)	(5.13%)
Proportionate Share of Total Collective OPEB Liability	\$167,073,090	\$145,251,200	\$127,619,594

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	5.5% decreasing to 3.5%	6.5% decreasing to 4.5%	7.5% decreasing to 5.5%
Proportionate Share of Total Collective OPEB Liability	\$127,495,420	\$145,251,200	\$167,454,797

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

For the year ended June 30, 2024, the System recognized OPEB expense of \$361,881. At June 30, 2024, 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	\$2,931,404	
Changes of assumptions or other inputs	9,156,868	(\$30,377,799)
Changes in proportion and differences between benefit payments and proportionate share of benefit payments	2,100,178	(3,990,576)
Difference between proportionate share of benefit payments and actual benefit payment	98,642	(368,540)
Amounts paid by the employer for OPEB subsequent to the measurement date	6,229,740	
Total	<u>\$20,516,832</u>	<u>(\$34,736,915)</u>

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, 2025. 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
2025	(\$6,922,533)
2026	(8,892,881)
2027	(4,907,291)
2028	272,880
	<u>(\$20,449,825)</u>

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 4 lawsuits at June 30, 2024,

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, 2024. The system had no residual value guarantee payments, termination penalties or other expenses related to its leases as of June 30, 2024.

As of June 30, 2024, the combined value of the lease liabilities was \$1,272,460. 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, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$52,351	\$36,251	\$88,602
2026	56,736	34,656	91,392
2027	61,200	32,933	94,133
2028	65,880	31,077	96,957
2029	70,784	29,081	99,865
2030-2034	436,141	110,093	546,234
2035-2039	529,368	35,622	564,990
Total	<u>\$1,272,460</u>	<u>\$309,713</u>	<u>\$1,582,173</u>

As disclosed in Note 6, the System has a total of \$2,204,697 right-to-use lease assets, which is offset by accumulated amortization of \$950,462. 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 Amortization	Net Right-to-Use Lease Asset
Building	\$1,470,511	\$216,276	\$1,254,235
Equipment	734,186	734,186	
	<u>\$2,204,697</u>	<u>\$950,462</u>	<u>\$1,254,235</u>

Lessor Leases

The System did not record lessor leases as of June 30, 2024.

14. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term transactions of the System for the year ended June 30, 2024:

	Balance, June 30, 2023	Additions	Reductions	Balance, June 30, 2024	Amounts Due Within One Year
Direct borrowings or placements:					
Notes payable	\$989,617			\$989,617	
Finance purchase obligations	<u>19,725,001</u>		<u>\$860,001</u>	<u>18,865,000</u>	<u>\$900,000</u>
Subtotal	20,714,618	NONE	860,001	19,854,617	900,000
Other liabilities:					
Compensated absences payable	16,440,978	\$682,344		17,123,322	847,999
Lease liability	261,803	1,297,485	286,828	1,272,460	52,351
Net pension liabilities	<u>220,515,947</u>		<u>21,680,455</u>	<u>198,835,492</u>	
Subtotal	237,218,728	1,979,829	21,967,283	217,231,274	900,350
Total long-term liabilities	<u>\$257,933,346</u>	<u>\$1,979,829</u>	<u>\$22,827,284</u>	<u>\$237,085,891</u>	<u>\$1,800,350</u>

* 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 2023, 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, 2024:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,040,000	647,324	1,687,324
2029	1,090,000	594,075	1,684,075
2030-2034	6,285,000	2,158,963	8,443,963
2035-2039	7,620,000	785,800	8,405,800
Total minimum contractual payments	<u>\$18,865,000</u>	<u>\$6,422,887</u>	<u>\$25,287,887</u>

The gross amount of assets held under the agreement as of June 30, 2024, 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, 2023, the foundation is in compliance with the terms of the bond indenture.

In 2018 Millennium Housing, LLC (the sole member of which is the Southern University System Foundation) and the Louisiana Public Facilities Authority entered into an agreement to issue \$22,485,000 aggregate principal amount of Refunding Revenue Bond Series 2018. The purpose of the bonds is for the refunding of all the Refunded Bonds, fund a debt service reserve fund and paying the cost of the issuance of the Bonds. The transactions occurred to allow a new bond issue to be made for the replacement of the Refunded Bond balance not defeased in 2017, the balance of which was \$21,325,000 remaining from the 2006 series bond issue secured to build student apartments on the Baton Rouge Campus of Southern University.

Scheduled principal payments on the bonds are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Unamortized Premium</u>	<u>Total</u>
2024	\$900,000	\$66,157	\$966,157
2025	940,000	66,157	1,006,157
2026	990,000	66,157	1,056,157
2027	1,040,000	66,157	1,106,157
2028	1,090,000	66,157	1,156,157
2029 and thereafter	13,905,000	340,787	14,245,787
Total	<u>\$18,865,000</u>	<u>\$671,572</u>	<u>\$19,536,572</u>

Interest expense related to the bonds for the year ended December 31, 2023, totaled \$770,168.

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 (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, 2023, are as follows:

<u>Year Ended December 31,</u>	
2024	\$116,400
2025	121,200
2026	127,200
2027	133,200
2028	3,582,800
Total	<u>\$4,080,800</u>

Hancock Whitney Bank Scoreboard Loan #1

The Foundation also has an obligation to Whitney Bank bearing interest at 4.45%. The principal amount of the business loan agreement is \$1,663,335. The loan is payable in annual installments of \$153,144, 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, 2023 are as follows:

<u>Year Ending December 31,</u>	
2024	\$145,618
2025	154,231
2026	163,263
2027	172,467
2028	182,030
2029 and thereafter	<u>845,726</u>
Total	<u>\$1,663,335</u>

Economic Injury Disaster Loan

On August 11, 2020, the Foundation received a \$150,000 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, 2024:

Nonexpendable - endowments	<u>\$14,371,528</u>
Expendable:	
Gifts, grants, and contracts	\$5,370,782
Endowment income	7,197,415
Student fees, faculty and staff funds	24,749,193
Student loans	921,316
Unexpended plant	3,100,295
Renewals and replacements	8,743,421
Retirement of indebtedness funds	<u>516,912</u>
Total expendable	<u>\$50,599,334</u>

Of the total net assets reported in the Statement of Net Position as of June 30, 2024, a total of \$5,344,328 is restricted by enabling legislation.

FOUNDATION RESTRICTED NET ASSETS

At December 31, 2023, net assets with donor restrictions are available for the following purposes or periods:

Purpose restrictions, available for spending:

Accrued interest payable	\$407,413
Bonds payable and premium	966,157
Subtotal	<u>1,373,570</u>

Time restrictions:

Contributions and others, which are unavailable for spending until due, some of which are also subject to purpose restrictions	<u>15,954,910</u>
Total restricted assets	<u>\$17,328,480</u>

18. RESTATEMENT OF BEGINNING NET POSITION

The beginning net position as reflected on Statement C has been restated to reflect the following adjustments to correct errors noted in the prior year:

Net Position at June 30, 2023	\$85,742,374
Due from federal government	(2,001,463)
Receivables	17,635
Deferred Outflows relating to OPEB	(2)
Deferred Inflows relating to OPEB	3
Accumulated depreciation -Buildings	(729,623)
Accumulated depreciation - Equipment	38,018
Net Position at July 1, 2023, as restated	<u>\$83,066,942</u>

During the fiscal year, the following correction of errors was identified and the prior year's financial statements have been restated to reflect the adjusted amount of the following asset and liability accounts, resulting in a net adjustment of (\$2,675,432) to beginning net position. Had the error corrections affecting fiscal year 2023 been included in the June 30, 2023, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of \$10,322,890 would have been \$7,647,458.

Receivables were understated while Due from federal government was overstated due to miscalculations at year end. For capital assets, prior year accumulated depreciation was understated for Buildings and overstated for Machinery & equipment. Deferred Outflows and Deferred Inflows were overstated due to a correction in the allocation adjustment for Other Post Employment Benefits.

	6/30/2023 As Previously Reported	*Error Correction	6/30/2023 As Restated
Assets			
Receivables (net)	\$26,087,269	\$17,635	\$26,104,904
Due from federal government	\$28,548,398	(2,001,463)	\$26,546,935
Capital assets - Buildings	\$279,568,508	(729,623)	\$278,838,885
Capital assets - Equipment	\$9,972,559	38,018	\$10,010,577
Total Assets	\$475,471,236	<u>(\$2,675,433)</u>	\$472,795,803
Deferred Outflows of resources			
Deferred Outflows Relating to OPEB	\$23,124,071	<u>(\$2)</u>	\$23,124,069
Total deferred outflow of resources	\$93,959,344	<u>(\$2)</u>	\$93,959,342
Deferred inflows of resources			
Deferred Inflows Relating to OPEB	\$49,352,573	<u>(\$3)</u>	\$49,352,570
Total deferred inflows of resources	\$50,756,211	<u>(\$3)</u>	\$50,756,208
Net Position			
Invested in capital assets, net of related debt	\$332,155,151	(\$691,605)	\$331,463,546
Nonexpendable - restricted	\$13,874,028		\$13,874,028
Expendable - restricted	\$52,498,460	(572,472)	\$51,925,988
Unrestricted	(\$312,785,265)	<u>(1,411,355)</u>	(\$314,196,620)
Total net position	\$85,742,374	<u>(\$2,675,432)</u>	\$83,066,942

*These entries also corrected prior-year overstatements in federal grants and contracts, net auxiliary enterprise revenues, and education and general expenses - instruction, public service, academic support, student services, operation and maintenance of plant, and scholarships and fellowships, and understatements in education and general expenses - research, institutional support, and depreciation and amortization.

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, 2024, net appreciation of \$7,197,414 is available to be spent, of which \$3,287,830 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, 2023, the Foundation's endowments are as follows:

	Without donor Restrictions	With donor Restrictions	Total
Donor Restricted		\$14,218,181	\$14,218,181
Board-designated	\$8,470,128		8,470,128
Total	<u>\$8,470,128</u>	<u>\$14,218,181</u>	<u>\$22,688,309</u>

20. RELATED PARTY TRANSACTIONS

During fiscal year ended June 30, 2024, 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, 2024. 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 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 for certain support employees. 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, 2023, totaled \$1,288,913. The schedule of rent payment coincides with the debt service payments.

The System also provides to the Foundation without cost, services for the administration of the Foundation in the form of seven support personnel. The Foundation fully compensates the management 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 not recorded by management.

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, 2023, the Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amounts of \$3,007,688.

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 Professorships 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 Professorships 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, 2023, for the Endowed Chairs and Professorships program totaled \$13,273,039. The Foundation also has certain receivables due from the System. These receivables include costs that were initially paid by the Foundation for which a reimbursement is due from the System.

The due to affiliate for the amounts held in custody for the System as of December 31, 2023, totaled \$13,273,039.

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 rent 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.la.gov.

24. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Functional	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$44,332,469	\$11,330,140	\$77,380	\$1,825,109	\$48,651		\$57,613,749
Research	5,339,641	761,963	5,507	2,805,169	985,830		9,898,110
Public Service	6,357,089	1,471,016	26,250	7,652,428	6,558,468		22,065,251
Academic Support	20,906,228	5,902,932	(33,744)	11,023,960	2,676,482		40,475,858
Student Services	11,980,686	3,329,648	19,934	7,767,288	1,859,538		24,957,094
Institutional Support	31,501,088	11,066,635	1,189,651	26,041,703	410,644		70,209,721
Operations and maintenance of plant	5,476,940	1,454,087	5,006,955	16,747,842			28,685,824
Depreciation and amortization						\$16,976,717	16,976,717
Scholarships and fellowships	1,467,457	12,868		301,677	20,920,713		22,702,715
Auxiliary Enterprises	8,689,706	2,443,088	1,836,981	15,301,364	(626,042)		27,645,097
Other	18,000	(624)					17,376
Total operating expenses	<u>\$136,069,304</u>	<u>\$37,771,753</u>	<u>\$8,128,914</u>	<u>\$89,466,540</u>	<u>\$32,834,284</u>	<u>\$16,976,717</u>	<u>\$321,247,512</u>

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, 2024, SUSLA Facilities, Inc. did not have any assets or liabilities and had no activity during fiscal year ended June 30, 2024.

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, 2024**

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

Schedule 1

<u>Fiscal Year*</u>	<u>System's proportion of the net pension liability (asset)</u>	<u>System's proportionate share of the net pension liability (asset)</u>	<u>System's covered payroll</u>	<u>System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
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%
2023	0.82756%	\$62,561,701	\$17,421,163	359%	63.7%
2024	0.69099%	\$46,251,812	\$17,101,686	270%	68.4%

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%
2023	1.65444%	\$157,954,246	\$86,329,110	183%	72.4%
2024	1.68799%	\$152,583,680	\$95,579,669	160%	74.3%

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

Schedule of System's Contributions

Schedule 2

<u>Fiscal Year*</u>	<u>(a) Statutorily Required Contribution</u>	<u>(b) Contributions in relation to the statutorily required contribution</u>	<u>(a-b) Contribution Deficiency (Excess)</u>	<u>System's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
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%
2023	\$6,866,078	\$6,866,078	\$0	\$17,101,686	40.1%
2024	\$7,425,141	\$7,425,141	\$0	\$17,836,677	41.6%

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%
2023	\$22,410,066	\$22,410,066	\$0	\$95,579,670	23.4%
2024	\$22,874,429	\$22,874,429	\$0	\$100,789,306	22.7%

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

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.
2023 (7) Act 656 of the 2022 Louisiana Regular Legislative Session provided a one-time supplemental payment to eligible retirees and
beneficiaries equal to the lesser of the retiree's or beneficiary's monthly benefit, or \$2,000.

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.
2023 (5) Act 657 of the 2022 Louisiana Regular Legislative Session granted a 2% permanent benefit increase (COLA), effective July 1, 2022,
to eligible TRSL retirees, beneficiaries and survivors calculated on the first \$68,396 of their annual benefit.

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- (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
2021 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.
2023 (7) The discount rate was reduced from 7.40% to 7.25% for the June 30, 2022, 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- (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
2021 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.
2023 (6) The discount rate was reduced from 7.40% to 7.25% for the June 30, 2022, valuation.
2024 (7) Inflation rate, mortality, termination, retirement, disability, and salary increase assumptions were updated with the June 30, 2023, valuation
to reflect the results of the most recent experience study observed for the period July 1, 2017 - June 30, 2022.

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, 2024**

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, 2024	2.0320%	\$145,251,200	\$101,015,330	143.79%
June 30, 2023	2.0720%	\$139,834,404	\$96,605,988	144.75%
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 reported 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 July 1, 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.
- (3) medical plan election percentages were updated based on the coverage elections of recent retirees and a review of the past three years of experience.
- (4) the healthcare cost trend assumption was revised based on updated National Health Care Trend Survey information.

The July 1, 2022 valuation reflects the following changes of assumptions and other inputs:

- (1) increased the discount rate from 2.18% to 4.09%.
- (2) the baseline per capita costs were updated to reflect 2022 claims and enrollment.
- (3) medical plan election percentages were updated based on the coverage elections of recent retirees and a review of the past three years of experience.

The July 1, 2023 valuation reflects the following changes of assumptions and other inputs:

- (1) increased the discount rate from 4.09% to 4.13%.
- (2) the baseline per capita costs were updated to reflect 2023 claims and enrollment.
- (3) medical plan election percentages were updated based on the coverage elections of recent retirees and a review of the past three years of experience.
- (4) updated mortality, retirement, termination, disability, and salary assumptions consistent with the TRSL, LSERS, and LSPRS plan based on recent experience studies reflected in the June 30, 2023, pension valuation. All TRSL assumptions that were based on the Regular plan assumptions only have been updated to vary by sub-plan as applicable (Regular, Higher Ed, and Lunch),
- (5) the healthcare cost trend was updated to more accurately reflect the current medical cost environment. The Medicare trend was further adjusted to reflect the impact of certain provisions of the Inflation Reduction Act (IRA).

SUPPLEMENTARY INFORMATION SCHEDULES

Combining Schedule of Net Position, by Campus, for the year ended June 30, 2024

Schedule 4 presents the Combining Schedule of Net Position, by campus, for the year ended June 30, 2024.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by Campus, for the year ended June 30, 2024

Schedule 5 presents the Combining Schedule of Revenues, Expenses, and Changes in Net Position, by Campus, for the year ended June 30, 2024.

Combining Schedule of Cash Flows, by Campus, for the year ended June 30, 2024

Schedule 6 presents the Combining Schedule of Cash Flows, by Campus, for the year ended June 30, 2024.

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Net Position,
by Campus, June 30, 2024**

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER	AGRICULTURAL RESEARCH & EXTENSION CENTER
ASSETS				
Current assets:				
Cash and cash equivalents		\$25,515,124	\$3,039,532	\$6,194,253
Receivables, net	\$117,170	15,685,006	395,812	828,930
Due from State Treasury		783,238	276,156	287,397
Due from federal government		14,723,717	1,809,624	600,205
Due from other campuses	2,884,613	1,475,640	172,851	331,646
Inventories		166,135		
Prepaid expenses and advances	602,361	2,173,598	16,235	
Notes receivable, net				
Other current assets			97,187	
Total current assets	3,604,144	60,522,458	5,807,397	8,242,431
Noncurrent assets				
Restricted cash and cash equivalents		1,942,073	188,845	
Restricted investments	681,861	13,045,679	2,468,736	
Capital assets, net	161,783	153,179,604	7,363,928	12,598,755
Leased assets, net				
Total noncurrent assets	843,644	168,167,356	10,021,509	12,598,755
Total assets	4,447,788	228,689,814	15,828,906	20,841,186
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	766,998	11,150,067	2,299,413	1,310,993
Deferred outflows related to pensions	2,814,897	34,981,752	6,072,864	3,661,756
Total deferred outflows of resources	3,581,895	46,131,819	8,372,277	4,972,749
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$8,029,683	\$274,821,633	\$24,201,183	\$25,813,935
LIABILITIES				
Current liabilities:				
Accounts payable and accruals	\$817,147	\$15,255,637	\$752,791	\$264,184
Due to other campuses				
Unearned revenues		14,100,450	587,553	388,387
Amounts held in custody for others		330,772	27,012	
Finance purchase obligations		844,380		
Other current liabilities		3,589,354	10,681	37,500
Compensated absences payable	114,187	366,346	70,392	83,648
Lease liability				
OPEB liability	149,563	4,039,606	321,931	318,071
Total current liabilities	1,080,897	38,526,545	1,770,360	1,091,790
Noncurrent Liabilities:				
Compensated absences payable	812,693	7,689,828	2,652,903	1,244,845
Lease liability				
Notes payable		989,617		
Finance purchase obligation		16,854,763		
Net pension liability	8,908,232	102,125,664	18,117,503	11,108,348
OPEB Liability	8,031,988	70,464,806	16,806,790	12,656,425
Total noncurrent liabilities	17,752,913	198,124,678	37,577,196	25,009,618
Total liabilities	18,833,810	236,651,223	39,347,556	26,101,408
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	1,432,172	16,493,082	4,586,874	2,303,136
Deferred inflows related to pensions	418,628	7,470,267	13,026	(2,129)
Total deferred inflows of resources	1,850,800	23,963,349	4,599,900	2,301,007
NET POSITION				
Net investment in capital assets	161,783	134,490,844	7,363,928	12,598,755
Restricted for:				
Nonexpendable	360,000	8,446,151	1,736,500	
Expendable	1,894,374	28,638,742	5,362,786	3,550,280
Unrestricted	(15,071,084)	(157,368,676)	(34,209,487)	(18,737,515)
TOTAL NET POSITION	(\$12,654,927)	\$14,207,061	(\$19,746,273)	(\$2,588,480)

Schedule 4

	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	ELIMINATIONS	TOTAL SYSTEM
ASSETS				
Current assets:				
Cash and cash equivalents	\$4,252,398	\$2,183,663		\$41,184,970
Receivables, net	7,297,632	5,626,842	(\$685,153)	29,266,239
Due from State Treasury	287,750	499,781		2,134,322
Due from federal government	3,963,880	461,337		21,558,763
Due from other campuses		125,168	(4,989,918)	
Inventories				166,135
Prepaid expenses and advances		348,657		3,140,851
Notes receivable, net	182,638			182,638
Other current assets	1,365,154			1,462,341
Total current assets	17,349,452	9,245,448	(5,675,071)	99,096,259
Noncurrent assets				
Restricted cash and cash equivalents		302,924		2,433,842
Restricted investments	3,447,953	1,249,624		20,893,853
Capital assets, net	150,494,342	22,685,775		346,484,187
Leased assets, net		1,254,235		1,254,235
Total noncurrent assets	153,942,295	25,492,558	NONE	371,066,117
Total assets	171,291,747	34,738,006	(5,675,071)	470,162,376
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	3,121,763	1,867,598		20,516,832
Deferred outflows related to pensions	10,585,317	8,755,844		66,872,430
Total deferred outflows of resources	13,707,080	10,623,442	NONE	87,389,262
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$184,998,827	\$45,361,448	(\$5,675,071)	\$557,551,638
LIABILITIES				
Current liabilities:				
Accounts payable and accruals	\$3,043,823	\$1,100,402		\$21,233,984
Due to other campuses	4,989,918		(\$4,989,918)	
Unearned revenues	2,757,289	2,802,915		20,636,594
Amounts held in custody for others	90,817	89,412		538,013
Finance purchase obligations		55,620		900,000
Other current liabilities	719,578	1,112,774	(685,153)	4,784,734
Compensated absences payable	52,973	160,453		847,999
Lease liability		52,351		52,351
OPEB liability	774,284	626,285		6,229,740
Total current liabilities	12,428,682	6,000,212	(5,675,071)	55,223,415
Noncurrent Liabilities:				
Compensated absences payable	2,409,665	1,465,389		16,275,323
Lease liability		1,220,109		1,220,109
Notes payable				989,617
Finance purchase obligations		1,110,237		17,965,000
Net pension liability	34,871,355	23,704,390		198,835,492
OPEB Liability	16,964,730	14,096,721		139,021,460
Total noncurrent liabilities	54,245,750	41,596,846	NONE	374,307,001
Total liabilities	66,674,432	47,597,058	(5,675,071)	429,530,416
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	6,082,550	3,839,101		34,736,915
Deferred inflows related to pensions	2,169,428	1,054,768		11,123,988
Total deferred inflows of resources	8,251,978	4,893,869	NONE	45,860,903
NET POSITION				
Net investment in capital assets	150,494,342	21,519,918		326,629,570
Restricted for:				
Nonexpendable	2,608,877	1,220,000		14,371,528
Expendable	6,796,576	4,356,576		50,599,334
Unrestricted	(49,827,378)	(34,225,973)		(309,440,113)
TOTAL NET POSITION	\$110,072,417	(\$7,129,479)	NONE	\$82,160,319

**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, 2024**

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER
OPERATING REVENUES			
Student tuition and fees		\$73,024,768	\$20,218,416
Less scholarship allowances		(32,478,943)	(3,554,979)
Net student tuition and fees		40,545,825	16,663,437
Federal appropriations			
Federal grants and contracts	\$2,800	37,313,559	6,665,974
State and local grants and contracts	2,816,321	2,043,578	1,215,849
Nongovernmental grants and contracts		362,712	151,273
Auxiliary enterprise revenues	89	21,723,695	950
Less scholarship allowances		(2,131,059)	
Net auxiliary revenues	89	19,592,636	950
Other operating revenues	(340,683)	4,013,507	171,958
Total operating revenues	<u>2,478,527</u>	<u>103,871,817</u>	<u>24,869,441</u>
OPERATING EXPENSES			
Education and general:			
Instruction		37,667,867	7,896,804
Research		4,875,374	
Public service		12,145,002	107,378
Academic support	112,298	28,572,756	5,911,363
Student services		8,593,038	5,968,721
Institutional support	11,814,177	15,335,009	12,372,087
Operation and maintenance of plant		19,191,332	1,290,099
Depreciation and amortization	18,634	8,404,858	1,326,300
Scholarships and fellowships	100,844	14,226,924	1,163,635
Auxiliary enterprises		22,829,282	
Other operating expenses		(624)	18,000
Total operating expenses	<u>12,045,953</u>	<u>171,840,818</u>	<u>36,054,387</u>
OPERATING LOSS	<u>(9,567,426)</u>	<u>(67,969,001)</u>	<u>(11,184,946)</u>
NONOPERATING REVENUES (Expenses)			
State appropriations	5,465,886	28,426,178	7,152,923
Gifts	86,717	329,560	518,346
Federal nonoperating revenues		30,920,174	
Net investment income	85,965	3,627,101	314,158
Interest expense		(749,591)	
Other nonoperating revenues	205,171	5,952,636	1,261,738
Net nonoperating revenues	<u>5,843,739</u>	<u>68,506,058</u>	<u>9,247,165</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	<u>(3,723,687)</u>	<u>537,057</u>	<u>(1,937,781)</u>
Capital appropriations		3,536,187	
Capital grants and gifts		10,191	125,146
Additions to permanent endowments		500,000	
Other additions (reductions), net	3,762,430	(1,165,671)	110,084
CHANGE IN NET POSITION	<u>38,743</u>	<u>3,417,764</u>	<u>(1,702,551)</u>
NET POSITION AT BEGINNING OF YEAR (Restated)	<u>(12,693,670)</u>	<u>10,789,297</u>	<u>(18,043,722)</u>
NET POSITION AT END OF YEAR	<u>(\$12,654,927)</u>	<u>\$14,207,061</u>	<u>(\$19,746,273)</u>

Schedule 5

	AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	TOTAL SYSTEM
OPERATING REVENUES				
Student tuition and fees		\$11,115,086	\$7,079,239	\$111,437,509
Less scholarship allowances		(5,305,899)	(4,413,967)	(45,753,788)
Net student tuition and fees		5,809,187	2,665,272	65,683,721
Federal appropriations	\$3,654,209			3,654,209
Federal grants and contracts	5,139,263	9,849,175	9,253,906	68,224,677
State and local grants and contracts	496,215	2,465,207	2,714,047	11,751,217
Nongovernmental grants and contracts	1,132,719		152,850	1,799,554
Auxiliary enterprise revenues		2,989,779	3,432,083	28,146,596
Less scholarship allowances		(719,117)	(1,359,523)	(4,209,699)
Net auxiliary revenues		2,270,662	2,072,560	23,936,897
Other operating revenues	3,591	640,188	1,248,461	5,737,022
Total operating revenues	10,425,997	21,034,419	18,107,096	180,787,297
OPERATING EXPENSES				
Education and general:				
Instruction		6,427,765	5,621,313	57,613,749
Research	4,620,279	402,457		9,898,110
Public service	6,583,329	1,901,571	1,327,971	22,065,251
Academic support		2,050,932	3,828,509	40,475,858
Student services		5,117,055	5,278,280	24,957,094
Institutional support	9,249,992	13,105,102	8,333,354	70,209,721
Operation and maintenance of plant	514,235	4,727,317	2,962,841	28,685,824
Depreciation and amortization	638,032	5,146,366	1,442,527	16,976,717
Scholarships and fellowships		959,856	6,251,456	22,702,715
Auxiliary enterprises		2,361,155	2,454,660	27,645,097
Other operating expenses				17,376
Total operating expenses	21,605,867	42,199,576	37,500,911	321,247,512
OPERATING LOSS	(11,179,870)	(21,165,157)	(19,393,815)	(140,460,215)
NONOPERATING REVENUES (Expenses)				
State appropriations	12,990,719	10,537,499	8,353,115	72,926,320
Gifts		241,176	132,375	1,308,174
Federal nonoperating revenues		6,030,142	10,915,226	47,865,542
Net investment income		181,123	224,014	4,432,361
Interest expense			(105,733)	(855,324)
Other nonoperating revenues	665,698	545,183	82,767	8,713,193
Net nonoperating revenues	13,656,417	17,535,123	19,601,764	134,390,266
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	2,476,547	(3,630,034)	207,949	(6,069,949)
Capital appropriations	176,373	273,268	299,422	4,285,250
Capital grants and gifts			242,739	378,076
Additions to permanent endowments				500,000
Other additions (reductions), net	(592,701)	(1,207,710)	(906,432)	
CHANGE IN NET POSITION	2,060,219	(4,564,476)	(156,322)	(906,623)
NET POSITION AT BEGINNING OF YEAR (Restated)	(4,648,699)	114,636,893	(6,973,157)	83,066,942
NET POSITION AT END OF YEAR	(\$2,588,480)	\$110,072,417	(\$7,129,479)	\$82,160,319

**SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by Campus
For the Fiscal Year Ended June 30, 2024**

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER	AGRICULTURAL RESEARCH & EXTENSION CENTER
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees		\$56,689,874	\$16,254,175	
Federal appropriations				\$3,654,209
Grants and contracts	\$2,805,475	43,404,331	9,849,058	7,156,702
Auxiliary enterprise charges	89	18,802,400	1,430	
Payments for employee compensation	(4,641,313)	(72,238,328)	(19,217,312)	(9,011,253)
Payments for benefits	(1,892,277)	(27,983,676)	(6,518,407)	(3,513,483)
Payment for utilities	(28,306)	(4,079,658)	(166,068)	(41,811)
Payments for supplies and services	(5,252,932)	(52,978,150)	(9,096,705)	(8,314,503)
Payments for scholarships and fellowships	(100,844)	(29,732,003)	(765,848)	(582,871)
Loans to students				
Other receipts (payments)	(368,120)	4,013,507	1,423,655	353
Net cash used by operating activities	<u>(9,478,228)</u>	<u>(64,101,703)</u>	<u>(8,236,022)</u>	<u>(10,652,657)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	5,465,886	31,238,729	7,397,967	13,713,528
Gifts and grants for other than capital purposes	86,717	31,137,906	518,346	
Private gifts for endowment purposes		500,000		
Taylor Opportunity Program for Students (TOPS) receipts		2,940,807		
TOPS disbursements		(2,848,334)		
GO Grant receipts		3,491,940		
GO Grant disbursements		(3,224,562)		
Implicit loan reduction from other campuses, net				
Implicit loan reduction to other campuses, net	70,795	(1,035,435)	(112,636)	(265,609)
Direct lending receipts		50,565,735	29,699,364	
Direct lending disbursements		(50,565,735)	(29,699,364)	
Federal Family Education Loan program receipts		2,949,824		
Federal Family Education Loan program disbursements		(2,949,824)		
Other receipts (payments)	3,935,722	6,997,218	1,252,021	15,602
Net cash provided by noncapital financing activities	<u>9,559,120</u>	<u>69,198,269</u>	<u>9,055,698</u>	<u>13,463,521</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grants and gifts received		10,191	125,146	
Purchases of capital assets	(98,428)	(2,505,398)	(1,132,278)	(276,843)
Principal paid on lease/installment purchases		(806,852)		
Principal paid on right-of-use leases		(254,733)		
Interest paid on lease/installment purchases		(749,591)		
Other sources				
Net cash used by capital and related financing activities	<u>(98,428)</u>	<u>(4,306,383)</u>	<u>(1,007,132)</u>	<u>(276,843)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments				
Interest received on investments	17,536	3,627,101	314,158	
Purchase of investments		(1,388,990)	(235,874)	
Net cash provided (used) by investing activities	<u>17,536</u>	<u>2,238,111</u>	<u>78,284</u>	

(Continued)

Schedule 6

	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	ELIMINATIONS	TOTAL SYSTEM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees	\$4,480,652	\$3,085,897	(\$685,153)	\$79,825,445
Federal appropriations				3,654,209
Grants and contracts	14,466,990	14,554,329		92,236,885
Auxiliary enterprise charges	2,076,108	2,178,786		23,058,813
Payments for employee compensation	(18,290,886)	(13,117,895)		(136,516,987)
Payments for benefits	(6,248,341)	(4,936,836)		(51,093,020)
Payment for utilities	(2,755,959)	(1,223,178)		(8,294,980)
Payments for supplies and services	(10,442,040)	(12,161,448)		(98,245,778)
Payments for scholarships and fellowships	(1,452,880)	(5,931,111)		(38,565,557)
Loans to students	5,038			5,038
Other receipts (payments)	1,057,785	1,164,483	685,153	7,976,816
Net cash used by operating activities	(17,103,533)	(16,386,973)		(125,959,116)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	10,435,981	7,860,574		76,112,665
Gifts and grants for other than capital purposes	6,061,143	11,047,601		48,851,713
Private gifts for endowment purposes				500,000
Taylor Opportunity Program for Students (TOPS) receipts	102,986	104,005		3,147,798
TOPS disbursements	(102,986)	(104,005)		(3,055,325)
GO Grant receipts	703,223			4,195,163
GO Grant disbursements	(703,223)			(3,927,785)
Implicit loan reduction from other campuses, net	1,437,863			1,437,863
Implicit loan reduction to other campuses, net		(94,978)		(1,437,863)
Direct lending receipts	11,515,362	9,234,631		101,015,092
Direct lending disbursements	(11,515,362)	(9,234,631)		(101,015,092)
Federal Family Education Loan program receipts				2,949,824
Federal Family Education Loan program disbursements				(2,949,824)
Other receipts (payments)	(730,299)	(1,016,098)		10,454,166
Net cash provided by noncapital financing activities	17,204,688	17,797,099		136,278,395
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grants and gifts received		242,739		378,076
Purchases of capital assets	(1,052,539)	(922,928)		(5,988,414)
Principal paid on lease/installment purchases		(53,148)		(860,000)
Principal paid on right-of-use leases		(32,098)		(286,831)
Interest paid on lease/installment purchases		(70,370)		(819,961)
Other sources	(705,467)			(705,467)
Net cash used by capital and related financing activities	(1,758,006)	(835,805)		(8,282,597)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments		130,263		130,263
Interest received on investments	181,123	249,744		4,389,662
Purchase of investments	(181,649)	(287,838)		(2,094,351)
Net cash provided (used) by investing activities	(526)	92,169		2,425,574

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by Campus, 2024

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER	AGRICULTURAL RESEARCH & EXTENSION CENTER
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		\$3,028,294	(\$109,172)	\$2,534,021
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		24,428,903	3,337,549	3,660,232
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>\$27,457,197</u>	<u>\$3,228,377</u>	<u>\$6,194,253</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	(\$9,567,426)	(\$67,969,001)	(\$11,184,946)	(\$11,179,870)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	18,634	8,160,129	1,326,300	638,032
Amortization of right-to-use lease assets		244,729		
Non-Employer contributing entity (NCE) revenue	33,174	397,431	119,801	57,395
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	(41,083)	(2,363,678)	937,998	164,087
(Increase) decrease in inventories		42,040		
(Increase) decrease in due from federal government		(162,941)	1,047,980	172,015
(Increase) decrease in prepaid expenses and advances	(219,689)	(429,286)	3,631	
(Increase) decrease in notes receivable				
(Increase) decrease in other assets			480,183	
(Increase) decrease in deferred outflows related to OPEB	99,713	1,179,755	332,925	136,660
(Increase) decrease in deferred outflows related to pensions	120,698	2,418,937	524,122	218,753
Increase (decrease) in accounts payable and accrued liabilities	576,107	2,707,298	(43,353)	135,792
Increase (decrease) in unearned revenue		4,888,718	269,615	49,165
Increase (decrease) in compensated absences	109,565	224,814	180,132	56,898
Increase (decrease) in OPEB liability	442,028	2,787,163	1,559,202	656,980
Increase (decrease) in net pension liability	(759,328)	(12,188,569)	(3,022,562)	(1,345,284)
Increase (decrease) in deferred inflows related to OPEB	(645,846)	(7,483,025)	(2,068,469)	(1,038,608)
Increase (decrease) in deferred inflows related to pensions	355,225	5,308,613	1,378,318	625,328
Increase (decrease) in other liabilities		(1,864,830)	(76,899)	
Net cash used by operating activities	<u>(\$9,478,228)</u>	<u>(\$64,101,703)</u>	<u>(\$8,236,022)</u>	<u>(\$10,652,657)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents classified as current assets		\$25,515,124	\$3,039,532	\$6,194,253
Cash and cash equivalents classified as noncurrent assets		1,942,073	188,845	
Cash and cash equivalents at the end of the year		<u>\$27,457,197</u>	<u>\$3,228,377</u>	<u>\$6,194,253</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital appropriations for construction of capital assets		\$3,536,187		\$176,373
Net increase in the fair value of investments	\$85,034	\$1,341,116	\$285,936	
Loss on disposal of capital assets	(\$1,295)			
Right-to-use lease acquisitions				

(Concluded)

Schedule 6

	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	ELIMINATIONS	TOTAL SYSTEM
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT:	(\$1,657,377)	\$666,490		\$4,462,256
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,909,775	1,820,097		39,156,556
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$4,252,398</u>	<u>\$2,486,587</u>		<u>\$43,618,812</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	(\$21,165,157)	(\$19,393,815)		(\$140,460,215)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	5,146,366	1,392,356		16,681,817
Amortization of right-to-use lease assets		50,171		294,900
Non-Employer contributing entity (NCE) revenue	111,695	82,768		802,264
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	(1,527,665)	(153,956)		(2,984,297)
(Increase) decrease in inventories	-			42,040
(Increase) decrease in due from federal government	2,542,133	1,710,988		5,310,175
(Increase) decrease in prepaid expenses and advances		(90,980)		(736,324)
(Increase) decrease in notes receivable	5,038			5,038
(Increase) decrease in other assets	(403,042)			77,141
(Increase) decrease in deferred outflows related to OPEB	677,430	226,155		2,652,638
(Increase) decrease in deferred outflows related to pensions	500,561	179,773		3,962,844
Increase (decrease) in accounts payable and accrued liabilities	408,145	19,090		3,803,079
Increase (decrease) in unearned revenue	(184,808)	1,309,920		6,332,610
Increase (decrease) in compensated absences	49,139	61,796		682,344
Increase (decrease) in OPEB liability	(789,003)	760,426		5,416,796
Increase (decrease) in net pension liability	(2,855,873)	(1,508,839)		(21,680,455)
Increase (decrease) in deferred inflows related to OPEB	(1,536,931)	(1,888,178)		(14,661,057)
Increase (decrease) in deferred inflows related to pensions	1,297,941	754,925		9,720,350
Increase (decrease) in other liabilities	620,498	100,427		(1,220,804)
Net cash used by operating activities	<u>(\$17,103,533)</u>	<u>(\$16,386,973)</u>		<u>(\$125,959,116)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents classified as current assets	\$4,252,398	\$2,183,663		\$41,184,970
Cash and cash equivalents classified as noncurrent assets		302,924		2,433,842
Cash and cash equivalents at the end of the year	<u>\$4,252,398</u>	<u>\$2,486,587</u>		<u>\$43,618,812</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital appropriations for construction of capital assets	\$273,268	\$299,422		\$4,285,250
Net increase in the fair value of investments	\$11,699	\$124,506		\$1,848,291
Loss on disposal of capital assets				(\$1,295)
Right-to-use lease acquisitions		\$1,297,485		\$1,297,485

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.

December 15, 2025

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, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 15, 2025.

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.

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control below that we consider to be a significant deficiency.

Weaknesses in Control over Banner System Access

The System did not timely deactivate access to its Banner Enterprise Resource Planning System (Banner) for terminated employees and did not perform a review of active Banner users to ensure that access was appropriately restricted based on business need during the fiscal year ended June 30, 2024. Untimely termination and review of user access increases the risk of unauthorized access, compromised data, and/or misappropriation of assets.

In a review of access to Banner for employees terminated across all System campuses during fiscal year 2024, we found that access for 49 (51%) of the 97 terminated employees was disabled four or more days after termination of employment (number of days ranging from four days to 925 days). Of these 49 former employees, 12 still had an "open" account status as of the date of our procedures, meaning they could still access the system, and 25 had an account status of "expired" or "expired & locked", so we were unable to determine how long after termination the individuals had the ability to access the system.

In addition, from a population of all active users across all System campuses, we found that one of 26 users tested did not have documentation of supervisor approval for the access that was granted.

We also noted the Security Extract Report, which lists all active Banner users, had no evidence of review by security administrators for the appropriateness

of those accesses during fiscal year 2024. The last evidence of review was in August 2022.

Good internal controls should ensure that access to data is removed immediately for those employees who have terminated employment or changed positions and no longer have a business need to access Banner. In addition, System functional security administrators should monitor Banner access to ensure employees have appropriate access. This occurred because the System failed to follow its policy to disable terminated employees' access immediately following the employee's last day of work and did not perform a semi-annual review of the Security Extract Report to ensure users had appropriate access.

Management should strengthen its procedures for the timely deactivation of user access in Banner and monitor employees' access for appropriateness in accordance with System policy. Management concurred with the finding and provided a corrective action plan (see Appendix A).

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*.

System's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the System's response to the finding identified in our audit and described previously. The System's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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 communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

DW:AD:RR:BQD:aa

SUS2024

APPENDIX A: MANAGEMENT'S RESPONSE



SOUTHERN UNIVERSITY AND A&M COLLEGE SYSTEM

J. S. CLARK ADMINISTRATION BUILDING

4TH FLOOR

BATON ROUGE, LOUISIANA 70813

OFFICE OF THE
PRESIDENT
(225) 771-4680

WWW.SUS.EDU

November 24, 2025

Mr. Michael J. Waguespack, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Waguespack:

Listed below is the Southern University System's response to the finding regarding "Control Weakness over Banner System Access".

FINDING: Control Weakness over Banner System Access

RESPONSE: The Southern University System (SUS) concurs with the finding on Control Weakness over Banner System Access.

The Southern University System (SUS) acknowledges the audit finding regarding untimely deactivation of Banner access for terminated employees and the lack of documented periodic reviews of active user access during the fiscal year ended June 30, 2024.

We recognize that timely removal of system access and regular monitoring of user permissions are critical to safeguarding institutional data and ensuring compliance with internal control standards. The instances identified—particularly the delay in deactivating access for 49 former employees and the absence of a documented review of the Security Extract Report—highlight areas where our current procedures must be strengthened.

In response, SUS is implementing the following corrective actions:


1. **Immediate Deactivation Protocols:** We are reinforcing our existing policy requiring the deactivation of system access on or before an employee's final day of employment. Human Resources and IT departments across all campuses will coordinate to ensure timely communication and execution of terminations in the Banner system.
2. **Automated Notifications and Workflow Enhancements:** SUS is exploring automation within the Banner system to trigger alerts to security administrators upon employee separation, reducing reliance on manual processes.
3. **Semi-Annual Access Reviews:** Effective immediately, functional security administrators will conduct and document semi-annual reviews of the Security Extract Report. These reviews will verify that all active users have appropriate access based on current job responsibilities and supervisor approval.
4. **Access Request Documentation:** We are standardizing the access request and approval process to ensure that all user access is supported by documented supervisor authorization. Periodic audits will be conducted to verify compliance.
5. **Training and Accountability:** Targeted training will be provided to HR, IT, and departmental administrators on access control responsibilities. Additionally, compliance with access control procedures will be monitored and reported to executive leadership.

SUS is committed to strengthening its internal control environment and ensuring that system access is appropriately managed in alignment with best practices and policy. We appreciate the audit team's findings and will continue to take proactive steps to mitigate risk and protect institutional resources.

Ms. Dawn Mitchell Harris, Chief Human Resources Officer, is responsible for implementing and monitoring corrective actions for the Human Resources Department. Mr. Carl Grant, Interim Chief Information Officer, is responsible for implementing and monitoring corrective actions for the Division of Information Technology. Mr. Flandus McClinton, Vice President for Finance and Business Affairs, and Mrs. Desiree Honore-Thomas, Associate Vice President/Senior Administrative Operations Officer, are responsible for implementing and monitoring corrective actions for the SUS.

The projected deadline to finalize the review of the concern brought to the System's attention with this audit finding is June 30, 2026. If you have any questions or require additional information, please contact Mr. Flandus McClinton at (225) 771-6278.

Sincerely,



Dennis J. Shields
President
Southern University System

cc: Mr. Flandus McClinton
Mrs. Desiree Honore-Thomas
Ms. Dawn Mitchell Harris
Mr. Carl Grant