SOUTHERN UNIVERSITY SYSTEM
A COMPONENT UNIT OF THE
STATE OF LOUISIANA

FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2015
ISSUED APRIL 27, 2016

LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

April 1, 2016

Independent Auditor's Report

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Southern University System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of SUSLA Facilities, Inc., a blended component unit which represents 3%, 3%, and 1%, respectively of the assets, net position, and revenues of the System. We also 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 other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the SUSLA Facilities, Inc., and the Southern University System Foundation, are based solely on the reports of the other auditors.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of SUSLA Facilities, Inc., which were audited by other auditors upon whose report we are relying, were audited in accordance with the auditing standards generally accepted in the United States of America, but not in accordance with *Government Auditing Standards.*

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of the System as of June 30, 2015, and the respective changes in its financial position and, when applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As disclosed in note 10 to the financial statements, the net pension liability for the System was $204,507,777 at June 30, 2015, as determined by the Louisiana State Employees' Retirement System (LASERS) and Teachers' Retirement System of Louisiana (TRSL). The related actuarial valuation was performed by LASERS's and TRSL's actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2015, could be under or overstated.

As discussed in notes 1-Q and 19 to the financial statements, the System implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, for the year ended June 30, 2015. The adoption of these standards required the System to record its proportionate share of pension amounts related to its participation in cost-sharing, multiple-employer defined benefit pension plans, restating the previous year. As a result of the implementation, the System's net position decreased by $207,090,726.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 18, the Schedule of the System's Proportionate Share of the Net Pension Liability on page 69, the Schedule of System Contributions on page 70, and the Schedule of Funding Progress for Other Postemployment Benefits Plan on page 71, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the System's basic financial statements. The accompanying supplementary information including the Combining Schedule of Net Position; the Combining Schedule of Revenues, Expenses, and Changes in Net Position; and the Combining Schedule of Cash Flows, on pages 73 through 82, for the fiscal year ended June 30, 2015, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the schedules for the fiscal year ended June 30, 2015, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2016, 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 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 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,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

AD:WDG:EFS:aa

SUS 2015

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, 2015. The System is geographically located in Baton Rouge, Louisiana, and has three campuses located in Baton Rouge, Louisiana, on the Baton Rouge Campus land mass; one campus located in New Orleans, Louisiana; and one campus located in Shreveport-Bossier, Louisiana. 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; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. This document should be read in conjunction with the annual financial report of the System.

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 2015 financial statements, namely the Southern University System Foundation, hereafter referred to as the Foundation, and 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 26, "Segment Information."

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* (Statement 67), and Statement No. 68, *Accounting and Financial Reporting for Pensions* (Statement 68), which prescribed new financial reporting requirements for state and local government pension plans and the states and local governments that provide pensions through pension plans that meet certain criteria. The Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL) meet the criteria as cost-sharing, multiple-employer, defined benefit pension plans. As such, the System, a participant in both plans is impacted by this change in accounting treatment. Specifically, these GASB statements will change how state agencies calculate and report the costs and obligations associated with pensions in important ways. The intent is to improve the decision-usefulness of reported pension information and to increase the transparency, consistency, and comparability of pension information across governmental agencies. GASB Statements 67 and 68 do not change how LASERS and TRSL are funded and much of the information necessary to comply with these requirements have been provided by LASERS and TRSL.

Statement 68 will now require that participating state agencies report a net pension liability, pension expense, and pension related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all the employers in the plan.

GASB Statement 68 replaces the financial reporting requirements under GASB Statement 27 for participating employers in public pension plans. The System has recognized and reported the following major financial reporting and accounting changes for cost sharing plans:

1. A net pension liability of $204,507,577 is recorded on the Statement of Net Position for the System's proportionate share of the collective net pension liability that was calculated for all employers in the plan. The prior-year statement was restated to reflect a net pension liability of $230,721,087.

2. Deferred Outflows and Inflows of Resources relating to pensions are reported on the Statement of Net Position in the amounts of $31,814,777 and $28,715,598, respectively for the 2015 fiscal year. The prior-year Statement of Net Position was restated to reflect a deferred outflow of resources of $23,630,361.

ENROLLMENT HIGHLIGHTS

Based on comparative data for the fall semesters of 2013 and 2014, the System experienced a decline in enrollment. Enrollment declined from 13,417 students in fall 2013 to 12,433 students in fall 2014. This declining enrollment trend is reflected on all of the System campuses. The decline at the Southern University Law Center (Law Center) follows a national trend of fewer students applying to law schools. Other major factors attributing to the decline is implementation of newer admission standards on the New Orleans campus and continuing challenges with recruitment and retention of students on all of the applicable System campuses. The System expects this decline to be short-term as a result of restructuring and realigning the enrollment management functions and the implementation of aggressive marketing plans that are student-focused and results-oriented. Preliminary enrollment data for the fall 2015 term is trending upwards.

FINANCIAL HIGHLIGHTS

The System's net position reflects a decrease of $14.1 million, or 20.7%. The System's operating revenue decreased by $1.6 million, or 1.3%. This decrease is primarily attributable to decreases in net tuition and fees, federal grants and contract revenues, and other operating revenues. Nonoperating revenues decreased by $17.4 million, or 15.4%. This decrease is primarily attributed to a decrease in state appropriated funds, federal nonoperating revenues, and other nonoperating revenues. State appropriation revenues reflect a decrease of $13.2 million, or 20.7%, and federal nonoperating (Pell grant) revenues decreased by $1.2 million, or 3.4%, in fiscal year 2015. Other nonoperating revenues reflect a decrease of $3.1 million, or 27.7%. Total revenues declined by $19 million, or 8.1%, while total expenses reflects a decrease of $3.9 million, or 1.6%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

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

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

The **Statement of Cash Flows** (pages 26-27) presents information showing how the System's cash changed as a result of 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 statements are followed by a section of 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 in conformity with accounting principles generally accepted in the United States of America as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets, liabilities, and deferred inflows/outflows 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 of the System, the liabilities or amounts owed to vendors, students, or other System constituencies, and the net position of resources (net investment in capital assets, restricted, or unrestricted) and their availability for use by the System.

Current assets total $44.9 million and include cash and cash equivalents, net receivables, federal government receivables, prepayments, inventories, 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.

Current liabilities total $34 million and primarily consist of accounts payable, accrued liabilities, unearned revenues, amounts held in custody for others, other current liabilities, and the current portion of long-term debt obligations for capital leases, bonds payable, claims and litigation payable, and estimated liabilities for compensated absences.

Noncurrent assets total $319.6 million and are comprised primarily of capital assets of $297.2 million. Also included in this section of the report are restricted assets for cash and cash equivalents, investments, and other noncurrent assets.

Deferred outflow of resources totals $31.8 million and is comprised solely of deferred outflows relating to pensions as required by implementation of GASB 68 in fiscal year 2015. Deferred outflows of resources were restated for fiscal year 2014 at $23.6 million, reflecting a net change of $8.2 million, or 34.6%

Noncurrent liabilities total $416 million and include the long-term portion of noncurrent liabilities for bonds and notes payable, claims and litigations payable, capital lease obligations, and estimated liabilities for compensated absences, other postemployment benefits (OPEB), and the net pension liability. The cumulative effect of the net pension liability in fiscal year 2015 as required by implementation of GASB 68 shows the System's proportionate share of the net pension liability to be $204.5 million for the current fiscal year with the restated amount for fiscal year 2014 totaling $230.7 million, a net change of $26.2 million or 11.4%.

Deferred inflow of resources totals $28.7 million and is comprised solely of deferred inflows relating to pensions as required by implementation of GASB 68 in fiscal year 2015. There was no restatement of deferred inflow of resources for the prior fiscal year.

Categories of Net Position

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

The **net investment in capital assets** category totals $203.5 million and includes capital investments, net of related debt for land, buildings, equipment, infrastructure, improvements, construction-in-progress, library holdings, and intangibles.

The **restricted nonexpendable net position** category totals $13 million and consists of endowment funds that have been restricted by the donor with a stipulation that as a condition of the award the principal is to remain intact and invested for the purpose of producing current and future income that may be either expended or added to the principal.

The **restricted expendable net position** category totals $19.7 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 $318.6 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 of $105.8 million, compensated absences of $11.7 million, and a net pension liability of $204.5 million. Also included are auxiliary enterprise funds and other unrestricted funds under the control of the System's governing board.

The assets, liabilities, and net position for fiscal years 2015 and 2014 are presented in Table 1 as follows:

Table 1:
Comparative Statement of Net Position
For the Fiscal Years as of
June 30, 2015 and 2014

	2015	2014 (Restated)	Change	Percentage Change
Assets				
Current assets	$44,875,972	$65,052,891	($20,176,919)	(31.0%)
Capital assets, net	297,242,557	300,098,615	(2,856,058)	(1.0%)
Other noncurrent assets	22,401,808	19,579,528	2,822,280	14.4%
Total assets	364,520,337	384,731,034	(20,210,697)	(5.3%)
Deferred outflow of resources				
Deferred outflows relating to pensions	31,814,777	23,630,361	8,184,416	34.6%
Total Assets and Deferred outflows of resources	$396,335,114	$408,361,395	($12,026,281)	(2.9%)
Liabilities				
Current liabilities	$34,003,479	$38,741,179	($4,737,700)	(12.2%)
Noncurrent liabilities	416,031,647	437,874,660	(21,843,013)	(5.0%)
Total liabilities	450,035,126	476,615,839	(26,580,713)	(5.6%)
Deferred inflows of resources				
Deferred inflows relating to pensions	28,715,598		28,715,598	100.0%
Total Deferred inflows of resources	$28,715,598		$28,715,598	
Net Position				
Net investment in capital assets	$203,518,953	$203,126,169	$392,784	0.2%
Restricted:				
Nonexpendable	12,952,573	12,737,892	214,681	1.7%
Expendable	19,689,908	21,280,057	(1,590,149)	(7.5%)
Unrestricted	(318,577,044)	(305,398,562)	(13,178,482)	4.3%
Total net position	($82,415,610)	($68,254,444)	($14,161,166)	20.7%

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

Total assets of the System decreased by $20.2 million, or 5.3%. Total liabilities of the System reflect a decrease of $26.6 million, or 5.6%. The consumption of assets follows the System's philosophy to use available resources to acquire and improve all operations of the System to better serve the instruction, research, and public service mission of the System.

Statement of Revenues, Expenses, and Changes in Net Position

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

The Statement of Revenues, Expenses, and Changes in Net Position at June 30, 2015, reports a net operating loss of $115.2 million, which includes expenses but does not include revenues for state appropriations of $50.6 million, federal nonoperating revenues of $35 million, gifts of $0.7 million, investment income of $0.4 million, and other nonoperating revenues of $8.6 million. After adjusting for these revenues in the Nonoperating Revenues (Expenses) section of the report and adjusting for interest expense of $2.8 million, the net loss before other revenues, expenses, gains or losses total $22.8 million.

The operating revenues are received for providing goods and services to the various customers and constituents of the System. Operating revenues total $120.7 million and consist of net tuition and fee revenues, federal, state, and nongovernmental grants and contracts revenues, net auxiliary enterprise 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 $235.9 million for the year and includes education and general expenses by functional breakdown, depreciation, net auxiliary expenses, and other operating expenses.

Nonoperating revenues are revenues received for which goods and services are not provided in an exchange for the revenues received. For example, state appropriations are considered nonoperating because they are provided by the Legislature to the System even though the Legislature does not receive, directly in return, goods and services for those revenues. Pell grant revenues are reported in the Statement of Revenues, Expenses, and Changes in Net Position as federal nonoperating revenues. Also included in this section are net federal student loan receipts and disbursements for the William D. Ford Federal Direct Loan Program. Net nonoperating revenues (expenses) total $92.4 million for fiscal year 2015.

The Statement of Revenues, Expenses, and Changes in Net Position reflects a decrease in net position of $14.1 million for the year. This is attributable in part to decreases in federal nonoperating (Pell) grant revenues, state appropriations, capital appropriations, and capital gifts and grants.

The detailed Statement of Revenues, Expenses, and Changes in Net Position for the System are shown on page 23.

Table 2:
Comparative Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Years Ended June 30, 2015 and 2014

	2015	2014 (Restated)	Change	Percentage Change
Operating revenues:				
Student tuition and fees, net of scholarship allowances	$47,663,662	$48,478,201	($814,539)	(1.7%)
Federal appropriations	3,604,388	3,403,311	201,077	5.9%
Federal grants and contracts	36,757,428	38,446,831	(1,689,403)	(4.4%)
State and local grants and contracts	3,738,347	3,377,952	360,395	10.7%
Nongovernmental grants and contracts	291,517	110,299	181,218	164.3%
Auxiliary revenues, net of scholarship allowances	23,626,063	23,286,549	339,514	1.5%
Other operating revenues	5,019,525	5,235,744	(216,219)	(4.1%)
Total operating revenues	120,700,930	122,338,887	(1,637,957)	(1.3%)
Nonoperating revenues:				
State appropriations	50,593,731	63,804,463	(13,210,732)	(20.7%)
Federal nonoperating revenues	34,995,867	36,241,752	(1,245,885)	(3.4%)
Investment income	412,412	933,536	(521,124)	(55.8%)
Gifts	651,189	337,276	313,913	93.1%
State and local grants and contracts	0	100,000	(100,000)	(100.0%)
Other nonoperating grant revenues	500,900	0	500,900	(100.0%)
Other nonoperating revenues	8,104,307	11,206,862	(3,102,555)	(27.7%)
Total nonoperating revenues	95,258,406	112,623,889	(17,365,483)	(15.4%)
Total revenues	215,959,336	234,962,776	(19,003,440)	(8.1%)
Operating expenses:				
Educational and general:				
Instruction	52,533,961	52,943,329	(409,368)	(0.8%)
Research	7,482,477	7,794,791	(312,314)	(4.0%)
Public service	8,771,599	7,574,404	1,197,195	15.8%
Academic support	26,183,641	27,530,912	(1,347,271)	(4.9%)
Student services	16,964,798	16,216,793	748,005	4.6%
Institutional support	49,792,465	47,370,419	2,422,046	5.1%
Operation and maintenance of plant	15,741,787	20,777,689	(5,035,902)	(24.2%)
Depreciation	14,556,024	14,409,099	146,925	1.0%
Scholarships and fellowships	19,763,236	21,576,520	(1,813,284)	(8.4%)
Auxiliary enterprises	23,256,427	22,104,500	1,151,927	5.2%
Other operating expenses	895,566	667,754	227,812	34.1%
Total operating expenses	235,941,981	238,966,210	(3,024,229)	(1.3%)
Nonoperating expenses - interest expense	2,849,740	3,694,904	(845,164)	(22.9%)
Total nonoperating expenses	2,849,740	3,694,904	(845,164)	(22.9%)
Total expenses	238,791,721	242,661,114	(3,869,393)	(1.6%)
Loss before other revenues	(22,832,385)	(7,698,338)	(15,134,047)	196.6%
Capital appropriations	195,072	3,603,597	(3,408,525)	(94.6%)
Capital grants and gifts	8,476,147	16,339,465	(7,863,318)	(48.1%)
Additions to permanent endowment	0	255,000	(255,000)	(100.0%)
Other revenues	8,671,219	20,198,062	(11,526,843)	(57.1%)
Change in net position	(14,161,166)	12,499,724	(26,660,890)	(213.3%)
Net position at beginning of year, restated	(68,254,444)	(80,754,168)	12,499,724	(15.5%)
Net position at end of year	($82,415,610)	($68,254,444)	($14,161,166)	20.7%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As shown in the table below, the System invested $297.2 million in capital assets, which is shown net of accumulated depreciation. The table below depicts an increase in the total cost of capital assets of $11.2 million, or 1.8%. Accumulated depreciation increased by $14.1 million, or 4.3%, resulting in an overall net decrease of approximately $2.9 million, or 1%. The System's capital assets (including additions, transfers and retirements, net of accumulated depreciation) is comprised of buildings, improvements, equipment, infrastructure, and library holdings. Also included are intangible assets for computer software and non-depreciable assets for land and construction progress.

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

	2015	2014 (Restated)	Change	Percentage Change
Capital assets not being depreciated	$27,825,316	$45,567,154	($17,741,838)	(38.9%)
Other capital assets:				
Infrastructure	32,844,713	32,844,713		0.0%
Land Improvements	15,215,072	14,876,730	338,342	2.3%
Buildings	414,432,230	387,895,398	26,536,832	6.8%
Equipment (including library books)	137,853,691	135,801,959	2,051,732	1.5%
Software	7,317,561	7,294,803	22,758	0.3%
Total other capital assets	607,663,267	578,713,603	28,949,664	5.0%
Total cost of capital assets	635,488,583	624,280,757	11,207,826	1.8%
Less - accumulated depreciation	(338,246,026)	(324,182,138)	(14,063,888)	4.3%
Capital assets, net	$297,242,557	$300,098,619	($2,856,062)	(1.0%)

This year's major additions include $7.1 million in continuing construction projects for buildings damaged by Hurricane Katrina and the completion of the business incubator building on the New Orleans campus. Also, a $2.1 million increase in equipment, including library books is reflected on the various System campuses.

For additional information concerning Capital Assets, the financial statement reader can refer to note 6 in the accompanying notes to the financial statements.

LONG-TERM DEBT

The System retired $142,916 in bonds payable during the 2015 fiscal year. The total amount of long-term debt at June 30, 2015, is $419.5 million as shown in the table below. Of this amount, $3.5 million is reported as current and is expected to be paid within one year.

Description	FY15	FY14 (Restated)	Increase/ (Decrease)	% Change	Current Portion
Compensated absences	$11,673,970	$11,763,051	($89,081)	(1%)	$799,450
Bonds payable	12,511,016	12,653,932	(142,916)	(1%)	180,000
Millennium Lease Obligation	46,022,046	46,916,962	(894,916)	(2%)	946,883
Claims and litigation payable	643,478	829,814	(186,336)	(22%)	203,789
Net pension liability	204,507,777	230,721,087	(26,213,310)	(11%)	
Notes payable	38,395,943	39,663,943	(1,268,000)	(3%)	1,363,074
OPEB payable	105,770,613	98,724,568	7,046,045	7%	
Total	$419,524,843	$441,273,357	($21,748,514)	(5%)	$3,493,196

For additional information relating to changes in and the composition of long-term liabilities and capital leases, the financial statement reader can refer to notes 9 through 17 in the accompanying notes to the financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

In July 2015, the Southern University Board of Supervisors appointed Dr. Ray Belton as the President-Chancellor of the combined operations for Southern University System and Southern University A&M College with a dual goal of realizing cost savings and achieving operational efficiencies. The newly-appointed President-Chancellor is continuing to evaluate the System and Campus' operations, inclusive of making new appointments, restructuring and realignment of institutional programs and services, and evaluation of existing and new operational processes to ensure maximum efficiencies, effectiveness, and economies of scale for the combined System and Campus operations as well as the operations of the entire System. Key appointments include the following: Dr. Christopher Brown, II has been recently appointed to the newly-created position of Executive Vice President for Academic Affairs and Provost; Mr. Flandus McClinton, Jr. was appointed as the Vice President for Finance and Business Affairs; Dr. John Pierre was appointed as Interim Chancellor of the Law Center; Dr. Adell Brown was appointed as the Interim Chancellor of the Southern University Agricultural Research and Extension Center; Dr. Sam Gilliam was appointed as the Interim Chancellor for Southern University at Shreveport; and Mr. Benjamin Pugh was appointed as Vice Chancellor for Finance and Administration at Southern University and A&M College.

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:

- Enrollment challenges − The System campuses are utilizing strategic marketing and communication techniques to reverse the decline in enrollment, stabilize current enrollment, attract new students, and boost future enrollment. The Enrollment Management Divisions on the various campuses are strategically utilizing social media to recruit and retain students and increase public awareness of Southern University's positive presence in the local communities. The Law Center has announced a plan to possibly expand its operations by establishing a "satellite" or "branch" campus in downtown Shreveport. The plan is currently in the conceptual stage and will start with a feasibility study beginning in the 2015-16 fiscal year.

- Cumulative reductions in state funding − The uncertainty of the level of funding from state appropriations continues to negatively impact the System operating budgets. During the 2015 fiscal year, the state provided an increase of $10.7 million, including a one-time appropriation that was allocated to the campus' operating budgets and system-wide strategic initiatives. The effect of the state budget cuts in fiscal year 2016 was minimized with the receipt of a direct legislative appropriation of $4.5 million to address a structural budget deficit. However, after adjusting for the direct legislative appropriation of $4.5 million, the overall impact on the 2016 state general fund budget resulted in a reduction of $1.1 million in state funding. Over the past seven years, the System has received significant budget cuts in state funding. The 2009 base-year funding level of $93.8 million, compared to the 2016 fiscal year funding level of $49.5 million reflects a negative change of $44.3 million, or 47.2%.

- Reduction in federal funding − The System has also experienced declines in federal operating and nonoperating (Pell grant) revenues. During the 2015 fiscal year, funding for federal operating and nonoperating revenues decreased by $2.7 million, or 3.5%. Reductions in state funding negatively impacts the University's ability to compete for federal awards and appropriations. The System's reduced ability to comply with the one-to-one state match of federal funds is becoming more difficult to sustain federal programs and could possibly result in a loss of federal funding at the Southern University Agricultural Research and Extension Center. Federal funding on the remaining campuses is negatively impacted because of the System's reduced capacity to compete for awards that require or encourage cost share as a condition of the award. The reduction in federal funds negatively impacts the Systems' research and public service mission, goals and outcomes.

- Tuition and fees − The System campuses continue to impose tuition and fee increases upon its students to offset state budget cuts. These tuition and fee increases negatively impact the enrollment, recruitment, and retention of students. Each campus of the System increased tuition and fees for the 2016 fiscal year, ranging from a 9.96% increase on the Shreveport campus to a 12.87% increase at the Law Center.

- Southern University at Shreveport did not pass criteria for the GRAD Act in fiscal year 2015, which resulted in a loss of state funding in fiscal year 2016. The Shreveport campus has submitted a remediation plan and is currently awaiting approval of the Board of Regents in anticipation of earning back 75% of the lost funding. The remaining 25% of funding lost by the Shreveport campus will be used to support campus initiatives that will enhance retention, graduation rates, and data integrity.

- Deferred maintenance − All System campuses are in desperate need of deferred maintenance funds to support repairs and maintenance of aging buildings and equipment. The current funding has been inadequate to support repairs and maintenance of property and plant. New or additional capital outlay appropriations would allow the System campuses to make the necessary repairs and maintenance to its existing physical facilities and bring them to a level that is safe for our students, faculty, and staff and create an environment that is conductive to student learning.

- Although the aforementioned economic factors have placed a strain on already limited resources, System leadership is addressing these issues through prudent and careful management of available resources. Despite continuing budgetary and economic challenges, the System leadership has continued to maintain balanced operating budgets and sustain stable financial positions. The System leadership has strategically positioned itself to implement approved budgetary measures to ensure that current operations are sustained and the mission and goals of the System are preserved.

- The long-term outlook for the System remains positive despite budgetary and other economic challenges. Environmental and economic risks continue to challenge the sustainability of institutional programs and services. However, System leadership will continue to make the necessary budgetary adjustments to ensure the long term viability of the System. Confidence remains positive that the System will continue to meet its goals and mission. The System's strategic plan outlines realistic and measurable goals and objectives for long term growth and stability. The System leadership remains confident that in the long-term, improved economic conditions and stabilized enrollment trends will allow the System to continue to achieve its goals and mission as the only Historically Black College and University System of higher education in the state of Louisiana.

CONTACTING THE SOUTHERN UNIVERSITY SYSTEM'S MANAGMENT

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: 225-771-5550; e- mail address: flandus_mcclinton @sus.edu.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Net Position, June 30, 2015

ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	$7,269,615
Investments (note 3)	583,297
Receivables, net (note 4)	15,004,640
Due from State Treasury	666,329
Due from federal government	16,757,328
Inventories	286,766
Prepaid expenses and advances	3,886,422
Notes receivable, net (note 5)	326,109
Other current assets	95,466
Total current assets	44,875,972
Noncurrent assets:	
Restricted cash and cash equivalents (note 2)	11,791,116
Restricted investments (note 3)	10,437,795
Capital assets, net (note 6)	295,074,518
Intangible assets (note 6)	2,168,039
Other noncurrent assets	172,897
Total noncurrent assets	319,644,365
Total assets	364,520,337
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pensions (note 10)	31,814,777
Total deferred outflows of resources	31,814,777
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$396,335,114
LIABILITIES	
Current liabilities:	
Accounts payable and accruals (note 7)	$16,874,698
Unearned revenues (note 8)	9,147,425
Amounts held in custody for others	1,032,916
Compensated absences (note 9 and 15)	799,450
Capital lease obligations (note 14 and 15)	946,883
Claims and litigation payable (note 13 and 15)	203,789
Notes payable (note 15 and 16)	1,363,074
Bonds payable (note 15 and 17)	180,000
Other current liabilities	3,455,244
Total current liabilities	34,003,479

(Continued)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Net Position, June 30, 2015

LIABILITIES	
Noncurrent liabilities:	
Compensated absences (note 9 and 15)	$10,874,520
Capital lease obligations (note 14 and 15)	45,075,163
Claims and litigations payable (note 13 and 15)	439,689
Notes payable (note 15 and 16)	37,032,869
Net pension liability (note 10)	204,507,777
OPEB payable (note 12)	105,770,613
Bonds payable (note 15 and 17)	12,331,016
Total noncurrent liabilities	416,031,647
Total liabilities	450,035,126
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions (note 10)	28,715,598
Total deferred inflows of resources	28,715,598
NET POSITION	
Net investment in capital assets	203,518,953
Restricted for:	
Nonexpendable (note 18)	12,952,573
Expendable (note 18)	19,689,908
Unrestricted	(318,577,044)
TOTAL NET POSITION	(82,415,610)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$396,335,114**

(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, 2014

ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	$5,456,200
Accounts receivable (note 4)	197,858
Pledges receivable, net (note 4)	681,202
Prepaid expenses and advances	59,967
Other current assets	1,243,960
Total current assets	7,639,187
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents (note 2)	2,288,522
Investments (note 3)	7,399,482
Capital assets (note 6)	1,403,102
Intangible assets	29,697
Other noncurrent assets	58,032,791
Total noncurrent assets	69,153,594
TOTAL ASSETS	$76,792,781

(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, 2014

LIABILITIES	
Current liabilities:	
Accounts payable	$994,610
Amounts held in custody for others	6,108,538
Bonds payable and premium, net (note 17)	1,281,157
Other current liabilities	594,486
Total current liabilities	8,978,791
Noncurrent liabilities:	
Bonds payable and premium (note 17)	54,076,623
Other noncurrent liabilities	2,564,948
Total noncurrent liabilities	56,641,571
Total liabilities	65,620,362
NET ASSETS	
Unrestricted	3,603,581
Temporarily restricted	4,353,740
Permanently restricted (note 18)	3,215,098
Total net assets	11,172,419
TOTAL LIABILITIES AND NET ASSETS	$76,792,781

(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, 2015

OPERATING REVENUES	
Student tuition and fees	$72,710,536
Less scholarship allowances	(25,046,874)
Net student tuition and fees	47,663,662
Federal appropriations	3,604,388
Federal grants and contracts	36,757,428
State and local grants and contracts	3,738,347
Nongovernmental grants and contracts	291,517
Auxiliary enterprise revenues	25,258,060
Less scholarship allowances	(1,631,997)
Net auxiliary revenues	23,626,063
Other operating revenues	5,019,525
Total operating revenues	120,700,930
OPERATING EXPENSES	
Education and general:	
Instruction	52,533,961
Research	7,482,477
Public service	8,771,599
Academic support	26,183,641
Student services	16,964,798
Institutional support	49,792,465
Operation and maintenance of plant	15,741,787
Depreciation (note 6)	14,556,024
Scholarships and fellowships	19,763,236
Auxiliary enterprises	23,256,427
Other operating expenses	895,566
Total operating expenses	235,941,981
OPERATING LOSS	(115,241,051)

(Continued)

The accompanying notes are an integral part of this statement.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2015

NONOPERATING REVENUES (Expenses)	
State appropriations	$50,593,731
Gifts	651,189
Federal nonoperating revenues	34,995,867
Net Investment income	412,412
Interest expense	(2,849,740)
Other nonoperating grant revenues	500,900
Other nonoperating revenues	8,104,307
Net nonoperating revenues	92,408,666
LOSS BEFORE OTHER REVENUES	(22,832,385)
Capital appropriations	195,072
Capital grants and gifts	8,476,147
CHANGE IN NET POSITION	(14,161,166)
NET POSITION AT BEGINNING OF YEAR (restated) (note 19)	(68,254,444)
NET POSITION AT END OF YEAR	($82,415,610)

(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, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES AND OTHER SUPPORT				
Contributions and other support	$590,702	$1,583,889	$579,752	$2,754,343
Rental income	2,862,517			2,862,517
Bayou Classic revenues	1,562,660			1,562,660
Scoreboard sponsorships	150,000	143,979		293,979
Athletic sponsorships and support		299,648		299,648
Contributed Services	390,900			390,900
Interest income	909	29,901		30,810
Realized/unrealized investment gains, net of losses		63,953		63,953
Other income	222,864	172,224		395,088
Net assets released from restrictions (note 25)	4,660,995	(4,660,995)		
Total revenues and other support	10,441,547	(2,367,401)	579,752	8,653,898
EXPENSES				
Program services	7,227,029			7,227,029
Support services	925,586			925,586
Total expenses	8,152,615	NONE	NONE	8,152,615
Changes in net assets	2,288,932	(2,367,401)	579,752	501,283
Net assets - beginning of year	1,314,649	6,721,141	2,635,346	10,671,136
Net assets - end of year	$3,603,581	$4,353,740	$3,215,098	$11,172,419

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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	$47,179,628
Federal appropriations	3,604,388
Grants and contracts	40,679,711
Auxiliary enterprise charges	24,790,874
Payments for employee compensation	(98,820,004)
Payments for benefits	(39,625,299)
Payments for utilities	(7,318,196)
Payments for supplies and services	(50,842,672)
Payments for scholarships and fellowships	(21,134,787)
Other receipts	4,485,541
Net cash used by operating activities	(97,000,816)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	51,248,639
Gifts and grants for other than capital purposes	36,077,566
Taylor Opportunity Program for Students (TOPS) receipts	1,228,908
TOPS disbursements	(2,490,423)
Implicit loan reduction from other campuses	(795,343)
Implicit loan reduction to other campuses	(4,292,798)
Direct lending receipts	98,810,438
Direct lending disbursements	(98,810,438)
Federal Family Education Loan program receipts	831,457
Federal Family Education Loan program disbursements	(831,457)
Other receipts	5,082,595
Net cash provided by noncapital financing sources	86,059,144
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Capital appropriations received	131,970
Capital grants and gifts received	2,000,126
Proceeds from sale of capital assets	51,954
Purchases of capital assets	(4,708,430)
Principal paid on capital debt and leases	(1,037,831)
Interest paid on capital debt and leases	(2,718,697)
Other sources	1,618,130
Net cash used by capital financing sources	(4,662,778)

(Continued)

The accompanying notes are an integral part of this statement.

Statement E

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	$3,662,707
Interest received on investments	(36,705)
Purchase of investments	(2,201,342)
Net cash provided by investing sources	1,424,660
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,179,790)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, RESTATED	33,240,521
CASH AND CASH EQUIVALENTS AT END OF YEAR	$19,060,731
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	($115,241,051)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	14,556,024
Pension expense	26,633,552
Current year pension contributions made subsequent to the measurement date	(31,814,777)
Changes in assets and liabilities:	
Decrease in accounts receivable, net	1,891,867
Decrease in inventories	91,377
Increase in due from federal government	(312,587)
Decrease in prepaid expenses and advances	99,500
Increase in notes receivable	(53,254)
Decrease in other assets	41,021
Increase in accounts payable and accrued liabilities	1,102,168
Decrease in unearned revenue	(371,570)
Decrease in claims and litigation	(247,336)
Decrease in compensated absences	(89,082)
Increase in OPEB payable	7,046,045
Decrease in other liabilities	(332,713)
Net cash used by operating activities	($97,000,816)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and cash equivalents classified as current assets	$7,269,615
Cash and cash equivalents classified as noncurrent assets	11,791,116
Cash and cash equivalents at the end of the year	$19,060,731
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Capital appropriations for construction of capital assets	$63,102
Net increase in the fair value of investments	$69,742
Loss on disposal of capital assets	$2,853
Capital gifts and grants	$6,934,960
Non-Employer contributing entity (NCE) revenue	$500,903

(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 institution 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 changes to the degree programs and departments of instruction require the approval of the Louisiana Board of Regents. The board of supervisors is comprised of 15 members appointed by the governor with consent of the Louisiana Senate for a six-year term and one student member appointed for a one-year term by a council composed of the student body presidents of the university. As a state university, 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 agencies: Board and System Administration; Southern University and A&M System at Baton Rouge; Southern University Law Center; Southern University at New Orleans; Southern University at Shreveport; and Southern University Agricultural Research and Extension Center.

The universities offer numerous bachelor degrees in the areas of agriculture, arts and humanities, business, education, science, engineering, and home economics. In addition, master degrees are offered in the Graduate School, and Jurist Doctorate degrees are offered through the System's Law Center. During the summer, fall, and spring semesters of the 2014-2015 fiscal year, the System conferred 2,009 degrees and student enrollment was approximately 26,714. The System has 588 full-time faculty members.

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 such 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 the state of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (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 present information only as to the transactions of the programs of the System as authorized by Louisiana statues and administrative regulations.

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

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.

- The Foundation, originally chartered in 1968, is a nonprofit corporation 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 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. To obtain a copy of the Foundation's audit report, write to:

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

- SUSLA Facilities, Inc. (Facilities), 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. The Facilities, which has a June 30 year-end, has been blended into the accompanying financial statements of the System. To obtain a copy of the Facilities' audit report, write to:

SUSLA Facilities, Inc.
3050 Martin Luther King Drive
Shreveport, Louisiana 71107

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.

The SUSLA Facilities, Inc., a nongovernmental blended component unit, and the Southern University System Foundation (Foundation), a discrete component unit, report under the *Not-for-Profit Entities* topic of the FASB Accounting Standards Codification (ASC), FASB Topic 958. With the exception of 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 that 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) inventories are recorded as expenditures at the time of purchase. 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 State 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 uses periodic and perpetual inventory systems and 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. Investments are reported at fair value in accordance with GASB Statement No. 31. Changes in the carrying value of investments, resulting from unrealized gains and losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. 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.

The requirements of state law are not applicable to the investments held by SUSLA Facilities, Inc. However, the official statement for its bonds limits investments to insured or collateralized cash deposits; direct obligations of the United States of America; obligations of various federal agencies whose obligations are backed by the full faith and credit of the United States of America; direct obligations of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal Home Loan Bank System; insured and collateralized deposit accounts, federal funds, and bankers' acceptances with domestic commercial banks; commercial paper; money market funds; public sector investment pools; noncallable bonds and other obligations of any state of the United States of America or of any agency, instrumentality, or local government unit of any such state; general obligations of states; and investment agreements. Short-term investments of SUSLA Facilities, Inc., are classified as current assets in the Statement of Net Position, except for those being used to fund the debt service reserve accounts which are being classified as noncurrent assets as a result of long-term restricted use.

H. CAPITAL ASSETS

The System follows the capitalization policies established by the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy. Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the System's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Buildings and improvements costing $100,000 or more are capitalized. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are also capitalized. Any infrastructure exceeding $3 million is also 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 three to 10 years for most movable property. Library collections regardless of age with a total acquisition value of $5 million or more will be capitalized and depreciated.

I. UNEARNED REVENUES

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

J. COMPENSATED ABSENCES

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

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

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

K. NONCURRENT LIABILITIES

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences, and other liabilities that will not be paid within the next fiscal year; (3) and 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 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. Investments are reported at fair value.

L. NET POSITION

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

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

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

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

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

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

M. CLASSIFICATION OF REVENUES AND EXPENSES

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

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

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

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

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

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

O. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

P. ELIMINATING INTERFUND ACTIVITY

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

Q. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2015, the following statements were implemented: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions − an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date − an amendment of GASB Statement No. 68*. These statements changed the accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The cumulative effect of applying these statements is reported as a restatement of beginning net position for fiscal year 2015. The restatement of all prior year accounts was not practical because the earliest available measurement date of the net pension liability is July 1, 2014. See note 19, *Restatement of Beginning Net Position* for the effect on the 2015 beginning net position.

GASB Statement 69, *Government Combinations and Disposals of Government Operations*, addresses issues related to mergers, acquisitions, and disposals of operations of the System. This statement had no effect on the financial statements of the System.

FOUNDATION

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION AND PURPOSE

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

The consolidated financial statements of the Foundation include:

(1) Foundation as described above and

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

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

B. BASIS OF ACCOUNTING

The Foundation financial statement presentation follows the recommendations of the FASB in its Statement of Financial Accounting Standards Codification (FASB ASC) No. 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC No. 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

A description of the three net asset categories is as follows:

- *Unrestricted* - net assets not subject to donor-imposed stipulations; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net position.

- *Temporarily restricted* - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time.

- *Permanently restricted* - net assets subject to donor-imposed restriction that they be maintained permanently by the Foundation.

C. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

D. CASH AND CASH EQUIVALENTS

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

E. ENDOWMENT INVESTMENTS

Endowment investments are in short-term money market securities, equity investments, and fixed income investment. Endowment investments are carried at cost, which approximates market value. Interest earned from investments, including realized and unrealized gains and losses, is reported in the unrestricted net asset class except where the instructions of the donor specify otherwise.

F. PLEDGES

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

G. INVESTMENT AND INVESTMENT INCOME

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

H. CONTRIBUTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

I. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and/or supporting services benefited.

J. TAX EXEMPTION STATUS

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

K. FIXED ASSETS

Fixed assets of the Foundation are recorded as assets and are stated at historical cost if purchased, or at fair value at the date of the gift, if donated. The Foundation utilizes the straight-line method over the estimated useful life of the assets which are five to 39 years. Additions, improvements, and expenditures that significantly extend the useful life of an asset are capitalized. The Foundation follows the practice of capitalizing all fixed asset purchases that exceed $1,000.

L. RESTRICTED ASSETS

Cash and cash equivalents, certificates of deposit, and investments that are held on behalf of the System are classified as restricted assets in the Statement of Financial Position along with assets held by the bond trustee on behalf of Millennium for the construction projects.

M. NONCURRENT LIABILITIES

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

N. PRINCIPLES OF CONSOLIDATION

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

2. CASH

At June 30, 2015, the System has cash and cash equivalents (book balance) totaling $19,060,731 as follows:

Demand deposits	$14,294,523
Time certificates of deposits	4,764,508
Petty cash	1,700
Total	$19,060,731

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

Curret assets	$7,269,615
Noncurrent assets - restricted	11,791,116
Total	$19,060,731

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, 2015, the System has $21,639,748 in deposits (collective bank balances), which are secured from risk by federal deposit insurance plus pledged securities.

FOUNDATION CASH AND CASH EQUIVALENTS

As of December 31, 2014, cash and cash equivalents consisted of $5,456,200 unrestricted and $2,288,522 restricted.

FOUNDATION CONCENTRATIONS OF CREDIT RISK

The Foundation's cash balances are held in savings and trust, as well as investment institutions. Cash and cash equivalents exceeded federally-insured limits by $1,143,823 as of December 31, 2014. However, the excess funds are placed into a "Sweep Account," which automatically transfers amounts that exceed the FDIC limit into an overnight investment account at the close of each business day to ensure the funds are secure.

3. INVESTMENTS

At June 30, 2015, the System has investments totaling $11,021,092 as follows:

	Fair Value June 30, 2015	Investment Maturities (Years)	Credit Quality Rating
Investments held by private foundation:			
Corporate bonds	$1,359,310	2.04	
U.S. government agencies	683,856	2.58	
Government obligations	260,540	0.57	
U.S. government obligations	270,004	0.61	
Common and preferred stock	3,340,085	Not Applicable	
Mutual funds	599,913	Not Applicable	
Subtotal - held by private foundation	6,513,708		Not Rated
Louisiana Asset Management Pool	2,434,260	Not Applicable	AAAm
SUSLA Facilities, Inc.	2,073,124		Not Rated
Total	$11,021,092		

These investments are reported on the Statement of Net Position as follows:

Current assets	$583,297
Noncurrent assets - restricted	10,437,795
Total	$11,021,092

The investments are reported at fair value as required by GASB Statement No. 31.

The investments in U.S. government obligations totaling $270,004 are generally not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. There is no formal adopted investment policy regarding custodial credit risk.

Investments totaling $6,513,708 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. 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. All of these investments are held by the System's discretely presented component unit.

At June 30, 2015, the Facilities has bond funds totaling $2,073,124 on deposit with its bond trustee. These deposits consist of investments and securities that are primarily issued by the U.S. government and various other financial instruments. The financial statements and notes to the financial statements of the Facilities were prepared in accordance with FASB ASC Topic 958. Generally accepted accounting principles allow for the inclusion, in the same consolidated report, of financial statements prepared in accordance with FASB with those prepared under the standards of GASB. As such, the notes to the financial statements of the Facilities do not reflect the requirements of GASB Statement No. 3, as revised by GASB Statement No. 40.

FOUNDATION INVESTMENTS

Investments are stated at market value (fair value) in accordance with FASB ASC Topic 958-320, *Accounting for Certain Investments Held by Non-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, 2014:

Description	Carrying Value	Fair Value
Publicly-traded securities	$3,366,392	$4,111,692
Fixed-income investments	3,260,900	3,287,790
Total	$6,627,292	$7,399,482

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

FOUNDATION CONCENTRATIONS OF CREDIT RISK

Funds which are being held by investment institutions are protected by the Securities Investor Protection Corporation (SIPC). The SIPC provides insurance coverage limited to $500,000 per customer, including up to $250,000 for cash. As of December 31, 2014, cash investments exceeded SIPC coverage by $235,355, and publicly-traded securities and fixed income investments exceeded the SIPC limit by $5,634,811. Management believes there is minimal risk related to the insolvency of the financial institutions.

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2015. These receivables are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student tuition and fees	$11,216,087	$2,883,088	$8,332,999
Auxiliary enterprises	2,240,630	610,512	1,630,118
State and private grants and contracts	2,708,572		2,708,572
Due from Office of Facility Planning and Control	495,388		495,388
Other	1,818,496		1,818,496
SUSLA Facilities, Inc.	19,067		19,067
Total	$18,498,240	$3,493,600	$15,004,640

There is no noncurrent portion of receivables.

FOUNDATION RECEIVABLES

As of December 31, 2014, accounts receivable totaled $9,712. Management believes all receivables to be collectible; therefore, no allowance for doubtful collection is recorded.

Unconditional pledges receivable are due as follows on December 31, 2014:

Expected to be collected in:	
Less than one year	$429,513
One to five years	509,504
Gross pledges receivable	939,017
Less - allowance for doubtful accounts	(257,815)
Pledges receivable, net	$681,202

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 lease was determined to meet the requirements of a capital lease and as such, as projects are completed, they are transferred from construction-in-progress to Capitalized Lease Receivable. As of December 31, 2014, all projects have been completed. The total lease payments due from the System during the next fiscal year totals $1,215,000. The total amount due for succeeding years totals $56,608,541. The total Capitalized Lease Receivable balance at December 31, 2014, totaled $57,823,541.

The Foundation has certain receivables due from the System. The receivables due from the System were as follows at December 31, 2014:

Reimbursable costs pertaining to bond projects due from the Baton Rouge campus	$94,845
Reimbursable costs pertaining to bond projects due from the Shreveport campus	93,301
Total due from affiliate	$188,146

5. NOTES RECEIVABLE

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

Notes receivable are shown on Statement A, net of an allowance for doubtful accounts, at June 30, 2015. These receivables are composed of the following:

	Notes Receivable	Allowance for Doubtful Accounts	Notes Receivable, Net
Federal Perkins Loan Program (A&M and SUSLA)	$1,828,565	($1,828,565)	
Student Government Association loans (SUNO)	326,109		$326,109
Long-term student loans (SUSLA)	98,931	(98,931)	
Total	$2,253,605	($1,927,496)	$326,109

6. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2015, follows:

The System capitalizes interest expense incurred as a component of the cost of its capital assets constructed for its own use. Interest is capitalized from the time activities begin, such as planning and permitting, until such time as the project is complete. For the fiscal year ended June 30, 2015, total interest paid on capital debt was $2,589,605.

	Balance June 30, 2014	Prior Period Adjustments	Adjusted Balance June 30, 2014	Additions	Transfers	Retirements	Balance June 30, 2015
Capital assets not being depreciated:							
Land	$6,609,696	$236,000	$6,845,696				$6,845,696
Non-depreciable land improvements	139,640		139,640				139,640
Construction-in-progress	38,411,317	170,501	38,581,818	$9,128,179	($26,870,017)		20,839,980
Total capital assets not being depreciated	$45,160,653	$406,501	$45,567,154	$9,128,179	($26,870,017)	NONE	$27,825,316
Capital assets being depreciated:							
Infrastructure	$32,844,713		$32,844,713				$32,844,713
Less accumulated depreciation	(24,770,252)		(24,770,252)	($241,518)			(25,011,770)
Total infrastructure	8,074,461	NONE	8,074,461	(241,518)	NONE	NONE	7,832,943
Land improvements	14,876,730		14,876,730		$338,342		15,215,072
Less accumulated depreciation	(6,698,205)		(6,698,205)	(515,996)			(7,214,201)
Total land improvements	8,178,525	NONE	8,178,525	(515,996)	338,342	NONE	8,000,871
Buildings	387,895,398		387,895,398	5,157	26,531,675		414,432,230
Less accumulated depreciation	(162,031,912)	$91,915	(161,939,997)	(9,301,174)			(171,241,171)
Total buildings	225,863,486	91,915	225,955,401	(9,296,017)	26,531,675	NONE	243,191,059
Equipment (including library books)	135,801,959		135,801,959	2,556,551		($504,819)	137,853,691
Less accumulated depreciation	(126,444,586)	(224,944)	(126,669,530)	(3,451,968)		492,136	(129,629,362)
Total equipment	9,357,373	(224,944)	9,132,429	(895,417)	NONE	(12,683)	8,224,329
Software (internally generated and purchased)	7,294,803		7,294,803	22,758			7,317,561
Accumulated amortization - software	(4,104,154)		(4,104,154)	(1,045,368)			(5,149,522)
Total intangibles	3,190,649	NONE	3,190,649	(1,022,610)	NONE	NONE	2,168,039
Total capital assets being depreciated	$254,664,494	($133,029)	$254,531,465	($11,971,558)	$26,870,017	($12,683)	$269,417,241
Capital assets summary:							
Capital assets not being depreciated	$45,160,653	$406,501	$45,567,154	$9,128,179	($26,870,017)	NONE	$27,825,316
Capital assets being depreciated	578,713,603		578,713,603	2,584,466	26,870,017	($504,819)	607,663,267
Total cost of capital assets	623,874,256	406,501	624,280,757	11,712,645		(504,819)	635,488,583
Less accumulated depreciation	(324,049,109)	(133,029)	(324,182,138)	(14,556,024)	NONE	492,136	(338,246,026)
Capital assets, net	$299,825,147	$273,472	$300,098,619	($2,843,379)	NONE	($12,683)	$297,242,557

FOUNDATION FIXED ASSETS

Land, building and equipment as of December 31, 2014, are summarized as follows:

Land and improvements	$555,193
Building	172,125
Office equipment	24,725
Scoreboard equipment	3,287,205
Furniture and fixtures	86,816
Software	88,353
Subtotal	4,214,417
Less - accumulated depreciation	(2,781,618)
Total	$1,432,799

Depreciation expense totaled $20,472 for the year ended December 31, 2014.

7. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accruals at June 30, 2015:

Vendors payables	$8,268,182
Accrued salaries and benefits	6,819,596
Accrued interest	1,786,920
Total	$16,874,698

8. UNEARNED REVENUES

The following is a summary of unearned revenues at June 30, 2015:

Prepaid tuition and fees	$2,755,268
Prepaid athletic ticket sales	387,759
Prepaid room and board	1,279,584
Grants and contracts	4,724,814
Total	$9,147,425

9. COMPENSATED ABSENCES

At June 30, 2015, employees of the System have accumulated and vested annual leave, sick leave, and compensatory leave of $5,380,527; $6,068,420; and $225,023, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

10. DEFINED BENEFIT PENSION PLANS

The System is a participating employer in two statewide, public employee retirement systems, the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (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 these 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 11 on page 50). A portion of the employer contributions for ORP plan members is dedicated to the unfunded accrued liability of the TRSL defined benefit plan.

General Information about the Pension Plans

Plan Descriptions/Benefits Provided

LASERS - LASERS administers a plan to provide retirement, disability, and survivor's benefits to eligible state employees and their beneficiaries as defined in R.S. 11:411-414. The age and years of creditable service (service) required in order 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. 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.

The substantial majority of members may retire with full benefits at any age upon completing 30 years of service and at age 60 upon completing five to 10 years of service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. Eligibility for retirement benefits and the computation of retirement benefits are provided for in R.S. 11:444. The basic annual retirement benefit for members is equal to a percentage (between 2.5% and 3.5%) of average compensation multiplied by the number of years of service, generally not to exceed 100% of average compensation. Average compensation is defined 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 after that date. A member leaving service before attaining minimum retirement 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.

Eligibility requirements and benefit computations for disability benefits are provided for in R.S. 11:461. All members with 10 or more years of service, or members aged 60 or older regardless of date of hire who become disabled may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation.

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

LASERS has established a Deferred Retirement Option Plan (DROP). When members enter 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, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

TRSL - 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. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in R.S. 11:761. Statutory changes closed existing, and created new, sub-plans for members hired on or after January 1, 2011.

Most members 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. Retirement benefits are calculated by applying a percentage ranging from 2% to 3% of final average salary multiplied by years of service. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2011, or highest 60 consecutive months of employment for members employed after that date.

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

Survivor benefits are provided for in R.S. 11:762. In order for survivor benefits to be paid, the deceased member must have been in state service at the time of death and must have a minimum of five years of service, at least two of which were earned immediately prior to death, or must have had a minimum of twenty years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Survivor benefits are equal to 50% of the benefit to which the member would have been entitled if retired on the date of death using a factor of 2.5% regardless of years of service or age, or $600 per month, whichever is greater. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The minimum service credit requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or a qualified handicapped child.

TRSL has established a DROP plan. When members enter 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, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts

Cost of Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS and TRSL allow for the payment of cost of living adjustments, or COLAs, that are funded through investment earnings when recommended by the board of trustees and approved by the Legislature. These ad hoc COLAs are not considered to be substantively automatic.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. For those members participating in the TRSL defined contribution ORP, a portion of the employer contributions are used to fund the TRSL defined benefit plans' unfunded accrual liability.

Employer contributions to LASERS for fiscal year 2015 were $6,423,036, with active member contributions ranging from 7.5% to 8%, and employer contributions of 37%. Employer defined benefit plan contributions to TRSL for fiscal year 2015 were $18,313,185, with active member contributions of 8% and employer contributions of 22.7% and 26.4% for ORP and defined benefit plan employees, respectively. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenue, totaled $500,900 for fiscal year 2015, and were recognized as revenue by the System.

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

At June 30, 2015, the System reported liabilities of $62,002,484 and $142,505,293 under LASERS and TRSL, respectively, for its proportionate share of the Net Pension Liability (NPL). The NPL for LASERS and TRSL was measured as of June 30, 2014, 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. As of June 30, 2014, the most recent measurement date, the System's proportions and the changes in proportion from the prior measurement date were 0.99158%, or an increase of 0.04671% for LASERS and 1.39419%, or an increase of 0.03818% for TRSL.

For the year ended June 30, 2015, the System recognized a total pension expense of $19,554,996, or $5,842,952 and $13,712,044 for LASERS and TRSL, respectively. The System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows			Deferred Inflows		
	LASERS	TRSL	Total	LASERS	TRSL	Total
Differences between expected and actual experience				($1,104,808)	($1,364,368)	($2,469,176)
Net difference between projected and actual earnings on pension plan investments				(7,843,907)	(18,183,996)	(26,027,903)
Changes in proportion and differences between employer contributions and proportionate share of contributions	$2,268,238	$4,810,318	$7,078,556	(218,519)		(218,519)
Employer contributions subsequent to the measurement date	6,423,036	18,313,185	24,736,221			
Total	$8,691,274	$23,123,503	$31,814,777	($9,167,234)	($19,548,364)	($28,715,598)

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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	LASERS	TRSL	Total
2016	($1,488,521)	($3,684,511)	($5,173,032)
2017	(1,488,521)	(3,684,511)	(5,173,032)
2018	(1,960,977)	(3,684,511)	(5,645,488)
2019	(1,960,977)	(3,684,511)	(5,645,488)
Total	($6,898,996)	($14,738,046)	($21,637,042)

Actuarial Assumptions

The total pension liabilities for LASERS and TRSL in the June 30, 2014, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	LASERS	TRSL
Valuation Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Expected Remaining Service Lives	3 years	5 years
Investment Rate of Return	7.75% per annum	7.75%, net of investment exp.
Inflation Rate	3% per annum	2.5% per annum
Mortality - Non-disabled	RP-2000, improvement to 2015	RP-2000, scale AA to 2025
Mortality - Disabled	RP-2000	RP-2000, scale AA to 2025
Termination, Disability, Retirement	2009-2013 experience study	2008-2012 experience study
Salary Increases	2009-2013 experience study, ranging from 3.0% to 14.5%	3.5% to 10.0%
Cost of Living Adjustments	Not substantively automatic	Not substantively automatic

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

	Target Allocation	Long-term Expected Real Rate of Return
TRSL (arithmetic)		
Domestic equity	31.00%	4.71%
International equity	19.00%	5.69%
Domestic fixed income	14.00%	2.04%
International fixed income	7.00%	2.80%
Alternatives	29.00%	5.94%
Total	100.00%	
LASERS (geometric)		
Cash	0.00%	0.50%
Domestic equity	27.00%	4.69%
International equity	30.00%	5.83%
Domestic fixed income	11.00%	2.34%
International fixed income	2.00%	4.00%
Alternative investments	23.00%	8.09%
Global tactical asset allocation	7.00%	3.42%
Total	100.00%	5.78%

Discount Rate. The discount rate used to measure the total pension liability was 7.75% for both LASERS and TRSL. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. 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 active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
LASERS	$79,523,210	$62,002,484	$47,151,173
TRSL	$181,501,288	$142,505,293	$109,317,773

Pension plan fiduciary net position. Detailed information about LASERS and TRSL fiduciary net position is available in the separately issued financial reports referenced above.

Payables to the Pension Plan. At June 30, 2015, the System had $565,676 and $1,419,018 in payables to LASERS and TRSL, respectively, for the June 2015 employee and employer legally-required contributions.

11. 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 TRSL and purchase retirement and death benefits through contracts provided by designated companies. Benefits payable to participants are not the obligation of the state of Louisiana or 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. Employer ORP contributions to TRSL for fiscal year 2015 totaled $5,709,786, which represents pension expense for the System. Employee contributions totaled $1,637,139. The Active member and employer contribution rates were 8% and 5.2%, respectively, with an additional employer contribution of 22.7% made to the TRSL defined benefit plan described in note 10.

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

Employees of the System voluntarily participate in the state of Louisiana's health insurance plan. The Office of Group Benefits (OGB) provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system, and they must be covered by the active medical plan immediately before retirement. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly-available financial report. However, the entity is included in the Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the System are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

OGB offers several different plan options for both active and retired employees. Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) 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. Employees who begin participation or rejoin on or after January 1, 2002, pay a percentage of premiums (active premium if over 20 years of service) based on the following schedule:

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

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees, subject to maximum values. Employers pay approximately 50% of monthly premiums. Participating retirees paid $0.54 each month for each $1,000 of life insurance and $0.98 each month for each $1,000 of spouse life insurance. Life insurance amounts are reduced to 75% of the initial value at age 65 and to 50% of the original amount at age 70.

Annual Other Postemployment Benefit Cost and Liability

The System's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement 45, which was initially implemented for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year open amortization period has been used. The total ARC for fiscal year 2015 is $12,422,099.

The following schedule presents the components of the System's annual OPEB cost for fiscal year 2015, the amount actually contributed to the plan, and changes in the System's net OPEB obligation to the OPEB plan:

ARC	$12,422,099
Interest on net OPEB obligation	3,949,000
ARC adjustment	(3,772,509)
Annual OPEB cost	12,598,590
Contributions made - current-year retiree premiums	(5,552,545)
Increase in net OPEB obligation	7,046,045
Beginning net OPEB obligation at June 30, 2014	98,724,568
Ending net OPEB obligation at June 30, 2015	$105,770,613

The System's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2015, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$12,548,300	30.3%	$92,318,683
June 30, 2014	$11,910,100	46.2%	$98,724,568
June 30, 2015	$12,598,590	44.1%	$105,770,613

Funded Status and Funding Progress

During fiscal year 2015, neither the System nor the state of Louisiana made contributions to a postemployment benefits plan trust. A trust was established July 1, 2008, but was not funded, has no assets, and hence has a funded ratio of zero.

Since the plan was not funded, the System's entire actuarial accrued liability (AAL) of $155,919,800 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2014, was as follows:

AAL	$155,919,800
Actuarial value of plan assets	NONE
UAAL	$155,919,800
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	$76,972,367
UAAL as percentage of covered payroll	202.6%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Furthermore, actuarially-determined amounts are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% discount rate. The UAAL is amortized over the maximum acceptable period of 30 years on an open basis. It is calculated assuming a level percentage of projected payroll. Other critical assumptions used in the actuarial valuation are the health care cost trend rate and participation assumptions. The health care cost trend assumption is used to project the cost of health care to future years. The valuation uses a health care cost trend rate assumption of 8.0% (7.0% post Medicare) in the year July 1, 2014, to June 30, 2015, grading down by 0.5% each year until an ultimate health care cost trend rate of 4.5% is reached. The participation assumption is the assumed percentage of future retirees that participate and enroll in the health plan. The participation breakouts are provided in the following table:

Years of Service	Participation Percentage
<10	57%
10-14	72%
15-19	82%
20+	100%

13. 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, the agency responsible for the state's risk management program, or by General Fund appropriation. The System is involved in 12 lawsuits at June 30, 2015, that are being handled by contract attorneys. In the opinion of legal counsel, the possibility that the System will incur a liability in one of the cases is probable and the amount of $68,500 is reflected on the financial statements. The Shreveport campus also reported $135,289 and $439,689 for current and noncurrent liabilities, respectively. The amount of settlements paid in the last three years did not exceed insurance coverage. For the claims and litigation not being handled by the Office of Risk Management, the System's campuses pay for settlements out of available funds.

14. LEASE OBLIGATIONS

Operating Leases

For the fiscal year ended June 30, 2015, total operating lease expenditures were $3,628,338. There were no future minimum annual rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2015.

Capital Leases

The System records items under capital leases as assets and obligations in the accompanying financial statements. Assets under capital lease are included as capital assets in note 6. The capital lease obligation is associated with the capital lease agreement described at note 23. The capital lease obligation reported by the System does not equal the capital lease receivable reported by the Foundation due to its fiscal year ending on December 31. The following is a schedule of future minimum lease payments under these capital leases, together with the present value of minimum lease payments, at June 30, 2015:

Fiscal Year Ended June 30,	
2016	$3,560,295
2017	3,559,583
2018	3,560,770
2019	3,560,438
2020	3,558,289
2021-2025	17,798,333
2026-2030	17,803,318
2031-2035	17,803,128
2036-2039	14,243,286
Total mimimum payments	85,447,440
Less - amount representing interest	(39,425,394)
Present value of net minimum lease payments	$46,022,046

The gross amount, including capitalized interest, of assets held under capital leases as of June 30, 2015, totals $58,123,130 and includes buildings, land improvements, and equipment of $54,369,326; $2,769,852; and $983,952, respectively.

Lessor Leases

The System's leasing operations consist primarily of leasing property for providing food services to students and bookstore operations. The following schedule provides an analysis of the cost and carrying amount of the System's investment in property on operating leases and property held for lease as of June 30, 2015:

Nature of Lease	Cost	Accumulated Depreciation	Carrying Amount
Office space	$4,900,104	($3,866,289)	$1,033,815
Buildings	2,923,357	(812,592)	2,110,765
Total	$7,823,461	($4,678,881)	$3,144,580

The following is a schedule, by fiscal years, of the minimum future rentals on noncancelable operating leases as of June 30, 2015:

Nature of Operating Lease	2016	2017	2018	2019	2020	2021-2025	2026-2030	2031-2035	Total Minimum Future Rentals
Office space	$1,704,200	$1,722,600	$1,757,600	$1,238,000	$1,275,000	$6,972,000	$6,370,000		$21,039,400
Building	55,000	60,000	65,000	70,000	75,000	450,000	450,000		1,225,000
Land	39,600	39,600	39,600	36,600	3,600	18,000	18,000	$2,700	197,700
Other	72,770	60,500	60,500	50,000	50,000	100,000			393,770
Total	$1,871,570	$1,882,700	$1,922,700	$1,394,600	$1,403,600	$7,540,000	$6,838,000	$2,700	$22,855,870

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume. For fiscal year ended June 30, 2015, contingent rentals for office space amounted to $115,497.

15. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term transactions of the System for the year ended June 30, 2015:

	Balance, June 30, 2014 (Restated)	Additions	Reductions	Balance, June 30, 2015	Amounts Due Within One Year
Bond payable	$12,653,932		$142,916	$12,511,016	$180,000
Notes payable	39,663,943		1,268,000	38,395,943	1,363,074
Compensated absences payable	11,763,051	$224,380	313,461	11,673,970	799,450
Capital lease obligations	46,916,962		894,916	46,022,046	946,883
Claims payable	829,814	66,684	253,020	643,478	203,789
Net pension liabilities	230,721,087	26,415,032	52,628,342	204,507,777	
OPEB payable	98,724,568	14,266,061	7,220,016	105,770,613	
Total long-term liabilities	$441,273,357	$40,972,157	$62,720,671	$419,524,843	$3,493,196

16. NOTES PAYABLE

The Board of Supervisors of Southern University and Agricultural and Mechanical College with and on behalf of Southern University at New Orleans (University) entered into an agreement with the U.S. Department of Education to borrow $44,000,000 in June 2007 to construct student housing. Pursuant to Section 2601 of Title II of the *Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006,* the U.S. Department of Education has implemented a loan program for Historically Black Colleges and Universities affected by hurricanes Katrina and Rita. The loan program provides for a loan at 1% interest and 1% origination fees to be made by the U.S. Department of Education to the University for the purpose of financing residential housing.

On March 29, 2013, the Secretary of the U.S. Department of Education (the Secretary) modified the terms and conditions of the Gulf Hurricane Disaster loan made to the University under the Historically Black College and University Capital Financing Program.

The loan modification is required by statute to be on such terms as the Secretary, the Secretary of the Treasury, and the Director of the Office of Management and Budget jointly determine are in the best interests of both the United States and the University and necessary to mitigate the economic effects of the hurricanes, provided that the modification does not result in any net cost to the federal government.

The loan modification has three principal components: payment forbearance, expense-base repayment, and debt adjustment. The University will receive a five-year forbearance commencing April 1, 2013, during which no principal, interest, or servicing fees will be required to be paid. During the forbearance period, the Secretary will pay the required principal and interest payments, and the servicing fee. At the end of the forbearance period, the accrued interest, the servicing fees, and the insurance fee will be capitalized with the principal balance, and a reamortized debt service plan will be developed.

Beginning 60 days after execution of the loan modification documents, and every February thereafter, the University will provide the secretary with a detailed operating plan and performance data addressing goals agreed to by the University and the Secretary. The content required to be submitted as a part of the operating plan includes financial statements, budgets, census information on employees and students, and short-term and long-term strategies regarding enrollment, auxiliary services income, and the academic core.

If the Secretary determines that the University's submission for the first four years of forbearance reflect a good faith effort to devise and implement a reasonable strategic plan, and that the performance data reflect reasonable progress in the circumstances towards the benchmarks adopted, the Secretary will designate the University as eligible for Expense-Based Repayments (EBR).

Once the five-year forbearance has ended, the EBR will be based on the University's adjusted unrestricted fund operating expenses. The EBR will be set at the lesser of the reamortized scheduled payments [plus servicing and Federal Financing Bank (FFB) fees] or 3% of the adjusted Unrestricted Current Funds' operating expenses. If the EBR is less than the reamortized scheduled payment, the University will pay the EBR and the Secretary will pay the difference. However, the amounts paid by the Secretary will not reduce the amount owed by the University.

Upon approval by the Secretary, if the University has made payments in the amounts and at the times specified in the loan documents, any loan amounts outstanding due to the difference between the EBR payment amounts and the reamortized scheduled payment amounts will be forgiven at the maturity date of June 1, 2037. The Secretary reserves the right to deny forgiveness if the University has breached, falsified, or misrepresented any covenants, representations, or any information relative to the loan and related documents.

During the fiscal year ended June 30, 2015, the System reported $38,395,943 on the Statement of Net Position as Notes Payable.

The following is a summary of future minimum payments as of June 30, 2015:

Fiscal Year Ended June 30,	Principal	Interest	Total
2016	$1,363,074	$380,648	$1,743,722
2017	1,459,866	366,773	1,826,639
2018	1,607,549	351,815	1,959,364
2019	1,631,498	335,684	1,967,182
2020	1,648,461	319,325	1,967,786
2021-2025	8,494,764	1,345,342	9,840,106
2026-2030	8,927,835	910,964	9,838,799
2031-2035	9,385,851	454,350	9,840,201
2036-2040	3,877,045	48,700	3,925,745
Total	$38,395,943	$4,513,601	$42,909,544

17. BONDS PAYABLE

Bonds payable consisted of the following for the fiscal year ended June 30, 2015:

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2014	Issued (Redeemed)	Principal Outstanding June 30, 2015	Final Fiscal Year Maturity	Interest Rates	Future Interest Payments June 30, 2015
SUSLA Facilities, Inc., Revenue Bonds: Series 2007A	July 25, 2007	$12,795,000	$12,705,000	($145,000)	$12,560,000	2040	5.75%	$11,612,410
Total			12,705,000	(145,000)	12,560,000			$11,612,410
Accumulated amortization of premium			75,336	(3,075)	72,261			
Accumulated amortization of discount			(126,404)	5,159	(121,245)			
Bonds payable, net			$12,653,932	($142,916)	$12,511,016			

The scheduled maturities of the bonds at June 30, 2015, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2016	$180,000	$717,025	$897,025
2017	215,000	705,668	920,668
2018	245,000	692,444	937,444
2019	260,000	677,925	937,925
2020	275,000	662,544	937,544
2021-2025	1,635,000	3,048,794	4,683,794
2026-2030	2,160,000	2,506,137	4,666,137
2031-2035	2,860,000	1,789,113	4,649,113
2036-2040	4,730,000	812,760	5,542,760
Total	$12,560,000	$11,612,410	$24,172,410
Unamortized premium/discount, net	($48,984)		
Bonds payable reported on the Statement of Net Position	$12,511,016		

On July 25, 2007, the Louisiana Public Facilities Authority issued $13,000,000 of Louisiana Public Facilities Authority Revenue Bonds (Series 2007A and 2007B) to the Facilities. The proceeds of the bonds are being used for the financing, planning, design, construction, furnishing, and equipping of residence facilities for use by Southern University at Shreveport, including all equipment, furnishings, fixtures and facilities, incidental or necessary, in connection therewith. The proceeds will also be used to purchase an apartment complex and to pay the costs associated with the issuance of the bonds. The underlying property on which the housing project is located is leased to the Facilities by a Ground and Facilities Lease Agreement dated March 1, 2007, between the Facilities and the Board of Supervisors of Southern University and Agricultural and Mechanical College. The agreement calls for annual rent of $1 as well as the constructing of the residence hall as outlined in the agreement by the Facilities. The Facilities is responsible for all costs of the construction, as well as the annual repair and maintenance for the term of the lease. The lease terminates when the bonds and all associated debts are paid or as a result of actions by the board as outlined in the lease agreement.

Costs incurred in connection with the issuance of the Facilities bonds, Series 2007A and 2007B, are amortized using the straight-line method over the lives of the bonds. Bond issuance costs incurred through the bond issuance totaled $230,528. Bond issuance costs net of accumulated amortization are as follows for the fiscal year ended June 30, 2015:

	Costs	Prior-Year Accumulated Amortization	Current-Year Amortization	Costs, net of Accumulated Amortization
Bond issuance costs	$230,528	($49,947)	($7,684)	$172,897

The following is a summary of the debt service reserve requirements of the bond issues outstanding at June 30, 2015:

	Cash/ Investment Reserves Available	Reserve Requirement	Excess
SUSLA Facilities, Inc., Series 2007A	$948,712	$948,712	NONE

FOUNDATION REVENUE BONDS PAYABLE

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

The Foundation is required to submit certain prescribed documentation within 180 days after the last day of each fiscal year to the bond insurer and the trust officer. These documents include financial reports certified by independent certified public accountants, a copy of the budget, a no default certificate, a copy of the developer's certificate, and a copy of the disclosure certificate. As of December 31, 2014, the foundation is in compliance with the terms of the bond indenture.

Scheduled principal payments on the bonds are as follows:

Year Ended December 31,	Principal
2015	$1,215,000
2016	1,275,000
2017	1,340,000
2018	1,410,000
2019	1,480,000
2020 and thereafter	47,050,000
Total	$53,770,000

Interest expense related to the bonds for the year ended December 31, 2014, totaled $2,464,581. Total bonds payable net of bond premium totaled $55,357,780.

The Foundation has a capitalized lease receivable due from the System in the amount of $57,459,066. Payments are made to the Foundation totaling the amount of annual principal and interest due to service the Foundation's bond repayments. A loss in students or funding to the System could potentially result in the Foundation defaulting on their bond obligations. There is currently no cause for concern regarding the System's ability to repay the capitalized lease.

The bond premium received upon the issuance of the bonds is being amortized over the life of the bonds using the straight-line method. Total bond premium at issuance totaled $2,117,037. Annual amortization will be charged against "Interest Expense." The bond premium is shown net of accumulated amortization.

Beginning balance	$2,117,037
Less: Prior year accumulated amortization	(463,100)
Current year amortization	(66,157)
Ending balance, December 31, 2014	$1,587,780

Bond issuance costs incurred through the bond issuance totaled $927,291, and prepaid bond insurance totaled $1,054,250. These costs will be shown net of accumulated amortization.

	Costs	Prior-Years Accumulated Amortization	Current-Year Amortization	Costs, Net of Accumulated Amortization at December 31, 2014
Bond issuance costs	$927,291	($202,863)	($28,960)	$695,468
Prepaid bond insurance	$1,054,250	($230,617)	($32,945)	$790,688

18. RESTRICTED NET POSITION

The System has the following restricted net position at June 30, 2015:

Nonexpendable - endowments	$12,952,573
Expendable:	
Gifts, grants, and contracts	$1,077,121
Restricted funds	595,479
Endowment income	3,317,688
Student fees, faculty and staff funds	7,679,287
Student loans	1,109,579
Unexpended plant	1,101,767
Renewals and replacements	2,867,793
Retirement of indebtedness funds	1,941,194
Total expendable	$19,689,908

Of the total net assets reported in the Statement of Net Position as of June 30, 2015, a total of $5,734,243 is restricted by enabling legislation.

FOUNDATION RESTRICTED NET ASSETS

Net assets that were permanently restricted as of December 31, 2014, consisted of a $3,215,098 foundations endowment fund.

19. RESTATEMENT OF BEGINNING NET POSITION

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

Net Position at June 30, 2014	$144,300,269
Capital asset adjustment	273,472
Accounts receivable adjustment	2,243
Capital lease adjustment	2,172,267
Accounts payable adjustment	(454,370)
Deferred outflows related to pensions	23,630,361
Pension liability	(230,721,087)
Prior year net postion	(327,518)
Cash	(3,260,940)
Other current liabilities	1,130,863
Implicit loan from other campuses	(5,000,000)
Other noncurrent asset adjustment	(4)
Net Position at June 30, 2014, as restated	($68,254,444)

The restatements decreased the System's beginning net position by $212,554,713. Of this amount, $207,090,726 ($230,721,087 - $23,630,361) was attributable to a change in accounting principle; GASB's 68 and 71 for pension accounting. The other restatements were due to corrections of errors. Had the error corrections affecting fiscal year 2014 been included in the June 30, 2014, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of $10,742,116 would have been $12,499,724.

20. 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, 2015, net appreciation of $3,101,834 is available to be spent, of which $3,101,834 is restricted to specific purposes. 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, 2014, the Foundation's endowment ending balance was $7,399,482.

21. RELATED PARTY TRANSACTIONS

During fiscal year ended June 30, 2015, 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 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, 2015. 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 Vice Chancellor for Finance at Southern University at Shreveport also serve as ex-officio members of SUSLA Facilities, Inc., a nonprofit that operates campus housing on the Shreveport campus. SUSLA Facilities, Inc., was created for the purpose of issuing bonds for the construction of facilities and dormitories. For the purpose of financial reporting, SUSLA Facilities, Inc., is considered a blended unit of the System.

FOUNDATION – RELATED PARTY TRANSACTIONS

Certain board members of the Foundation are also board members of the System Board. The System provides certain payroll management functions as well as office space, meeting space, utilities, and use of all office furniture and equipment to the Foundation for a nominal monthly fee. The value of these services has not been determined by the System. The System has also entered into a cooperative endeavor agreement with the Foundation to manage certain endowments on its behalf. The Foundation is allowed to charge the System an administration fee for these services. In addition to the aforementioned agreement, the Foundation entered into a cooperative endeavor agreement with the System to construct certain housing facilities as well as other projects through a bond issuance. The System has agreed to pay certain rents to the Foundation for these services. The total amount of rent and interest paid during the year ended December 31, 2014, totaled $3,751,775. The schedule of rent payment coincides with the debt service payments.

The System provides to the Foundation without cost, services for the administration of the Foundation in the form of personnel. In addition, the System provides, without cost, certain other operating services associated with the Foundation. These services are valued at their estimated cost to the System. The amounts for these services have been reflected as contributed services revenue and corresponding general administrative services expenses in the financial statements. The value of these services was estimated as $390,900 for the year ended December 31, 2014.

22. 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, 2014, the Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amounts of $4,309,643.

FOUNDATION DISCLOSURE – DUE TO/FROM AFFILIATE

The System has contracted with the Foundation to invest the System's Endowed Chairs for Eminent Scholars and Endowed Professorship endowment funds. The Endowed Chairs for Eminent Scholars endowment funds are established for $1,000,000, with $600,000 of private contributions and $400,000 of state matching portion allocated by the Board of Regents for Higher Education. The Endowed Professorship Program endowment funds are established for $100,000, with $60,000 of private contributions and $40,000 of state matching portion allocated by the Board of Regents for Higher Education. The amount due to the System as of December 31, 2014, for the Endowed Chair and Professorship program totaled $6,108,538.

23. 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 RENTAL DEPOSIT FUND

The Bond Trust Indenture required that a Rental Deposit Fund be established on the date of issuance of the LPFA Series 2006 Bonds. The Rental Deposit Fund was funded by the Board in an amount equal to 50% of the maximum principal and interest requirements coming due on the Series 2006 Bonds in any future fiscal year. If there is any insufficiency in the Revenue Account of the Bond Fund to pay principal and interest on the Series 2006 Bonds in future fiscal years, then the monies on deposit in the Rental Deposit Fund shall be used in an amount sufficient to pay the principal and interest on the Series 2006 Bonds.

On the final maturity date of the Series 2006 Bonds, any monies on hand in the Rental Deposit Fund shall be used to pay any principal and interest remaining on the Series 2006 Bond on such final maturity date. At December 31, 2014, the balance of the Rental Deposit Fund is $1,876,013.

FOUNDATION GROUND LEASE

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

24. 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 on the Louisiana Legislative Auditor's website at www.lla.la.gov.

25. FOUNDATION – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by the donors for the year ended December 31, 2014:

Scholarships and educational assistance	$428,442
University events, programs, and support	4,232,553
Total	$4,660,995

26. SEGMENT INFORMATION

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

Condensed financial information for the blended component unit follows:

Condensed Statement of Net Position

	SUSLA Facilities Inc.
Assets	
Current assets	$702,468
Capital assets	8,415,378
Other assets	1,662,724
Total assets	10,780,570
Liabilities	
Current liabilities	854,008
Long-term liabilities	12,331,016
Total liabilities	13,185,024
Net Position	
Net investment in capital assets	(1,849,617)
Unrestricted	(554,837)
Total net position	($2,404,454)

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

	SUSLA Facilities Inc.
Operating revenues	$1,682,143
Operating expenses	(638,657)
Depreciation expense	(412,262)
Net operating income	631,224
Nonoperating revenues (expenses):	
Investment income	207
Interest expense	(724,284)
Other (net)	(76,667)
Changes in net position	(169,520)
Net position at beginning of year	(2,234,934)
Net position at end of year	($2,404,454)

Condensed Statement of Cash Flows

	SUSLA Facilities Inc.
Net cash flows provided (used) by:	
Operating activities	$1,001,149
Capital and related financing	(883,035)
Investing activities	(85,239)
Net increase in cash	32,875
Cash, beginning of year	43,210
Cash, end of year	$76,085

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 Contributions

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

**Schedule of Funding Progress for the
Other Postemployment Benefits Plan**

Schedule 3 presents certain specific data regarding the funding progress of the Other Postemployment Benefits Plan, including the unfunded actuarial liability.

Schedule 1

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Schedule of the System's Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2015

Fiscal Year*	System's proportion of the net pension liability (asset)	System's proportionate share of the net pension liability (asset)	System's covered-employee payroll	System's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System					
2015	0.99158%	$62,002,484	$18,381,504	337%	65.0%
Teachers' Retirement System of Louisiana					
2015	1.39419%	$142,505,293	$67,137,954	212%	63.7%

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

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

Schedule 2

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Schedule of System Contributions
For the Fiscal Year Ended June 30, 2015

Fiscal Year*	(a) Statutorily-Required Contribution	(b) Contributions in relation to the statutorily-required contribution	(a-b) Contribution Deficiency (Excess)	System's covered-employee payroll	Contributions as a percentage of covered-employee payroll
Louisiana State Employees' Retirement System					
2015	$6,423,036	$6,423,036	$0	$17,350,405	37.0%
Teachers' Retirement System of Louisiana					
2015	$18,313,185	$18,313,185	$0	$68,067,319	26.9%

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

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

Notes to Required Supplementary Information

Changes of Benefit Terms include:

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

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Schedule of Funding Progress for the
Other Postemployment Benefits Plan
For the Fiscal Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2012	NONE	$173,573,500	$173,573,500	0%	$74,707,245	232.3%
July 1, 2013	NONE	$169,921,700	$169,921,700	0%	$76,275,333	222.8%
July 1, 2014	NONE	$155,919,800	$155,919,800	0%	$76,972,367	202.6%

Factors contributing to the change in the Office of Group Benefits plan were:

1. A change in the retiree benefit plans for those retiring past 3/31/15
2. A change in the mortality tables used
3. An update to the retirement and termination assumptions
4. A change in the different age graded claim curve and updated per capita health claim costs

(The actuarial valuation was completed by a different actuary than in the prior year.)

SUPPLEMENTARY INFORMATION

Combining Schedule of Net Position, by Campus,
for the year ended June 30, 2015

Schedule 4 presents the Combining Schedule of Net Position, by campus, for the year ended June 30, 2015.

Combing Schedule of Revenues, Expenses, and Changes in Net Position,
by Campus, for the year ended June 30, 2015

Schedule 5 presents the Combining Schedule of Revenues, Expenses, and Changes in Net Position, by Campus, for the year ended June 30, 2015.

Combing Schedule of Cash Flows, by Campus,
for the year ended June 30, 2015

Schedule 6 presents the Combining Schedule of Cash Flows, by Campus, for the year ended June 30, 2015.

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Net Position, by Campus, June 30, 2015

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER
ASSETS			
Current assets:			
Cash and cash equivalents	$17,401	$5,217,691	
Investments			
Receivables, net	109,592	7,436,277	$91,830
Due from State Treasury		336,091	39,037
Due from federal government		11,302,924	2,159,537
Due from other campuses	3,815,402	9,551,028	1,319,120
Inventories		286,766	
Prepaid expenses and advances		3,559,005	2,954
Notes receivable, net			
Other current assets	5,694	25,978	
Total current assets	3,948,089	37,715,760	3,612,478
Noncurrent assets			
Restricted cash and cash equivalents	87,890	4,315,198	1,337,478
Restricted investments	413,774	7,419,589	444,868
Capital assets, net	53,642	157,020,803	7,264,762
Intangible assets		1,341,301	132,384
Other noncurrent assets			
Total noncurrent assets	555,306	170,096,891	9,179,492
Total assets	4,503,395	207,812,651	12,791,970
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pensions	1,203,099	16,910,493	2,537,725
Total deferred outflows of resources	1,203,099	16,910,493	2,537,725
Total assets and deferred outflows of resources	$5,706,494	$224,723,144	$15,329,695
LIABILITIES			
Current liabilities:			
Accounts payable and accruals	$251,546	$12,378,413	$413,524
Due to other campuses			
Unearned revenues		5,763,755	316,745
Amounts held in custody for others		717,680	
Other current liabilities		1,046,600	128,499
Compensated absences payable	54,043	516,652	21,405
Capital lease obligations		917,215	
Claims and litigation payable		68,500	
Notes payable			
Bonds payable			
Total current liabilities	305,589	21,408,815	880,173
Noncurrent Liabilities:			
Compensated absences	439,462	5,318,222	1,103,802
Capital lease obligations		43,662,842	
Claims and litigation payable			
Notes payable			
Net Pension Liability	8,883,125	107,770,150	18,122,069
OPEB payable	4,946,287	57,170,049	10,497,946
Bonds payable			
Total noncurrent liabilities	14,268,874	213,921,263	29,723,817
Total liabilities	14,574,463	235,330,078	30,603,990
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,248,477	15,138,679	2,547,750
Total deferred inflows of resources	1,248,477	15,138,679	2,547,750
NET POSITION			
Net investment in capital assets	53,642	113,782,047	7,397,146
Restricted for:			
Nonexpendable	360,000	6,698,752	1,518,750
Expendable	737,144	14,450,490	2,431,619
Unrestricted	(11,267,232)	(160,676,902)	(29,169,560)
TOTAL NET POSITION	(10,116,446)	(25,745,613)	(17,822,045)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$5,706,494	$224,723,144	$15,329,695

Schedule 4

AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	ELIMINATIONS	TOTAL SYSTEM
	($1,399,853)	$3,434,376		$7,269,615
		583,297		583,297
$516,906	2,359,460	5,126,635	($636,060)	15,004,640
179,559	85,807	25,835		666,329
1,099,976	1,423,421	771,470		16,757,328
			(14,685,550)	
				286,766
		324,463		3,886,422
	326,109			326,109
	43,770	20,024		95,466
1,796,441	2,838,714	10,286,100	(15,321,610)	44,875,972
	5,525,687	524,863		11,791,116
	72,627	2,086,937		10,437,795
4,957,893	103,758,825	22,018,593		295,074,518
39,001	541,154	114,199		2,168,039
		172,897		172,897
4,996,894	109,898,293	24,917,489		319,644,365
6,793,335	112,737,007	35,203,589	(15,321,610)	364,520,337
1,383,567	5,533,343	4,246,550		31,814,777
1,383,567	5,533,343	4,246,550		31,814,777
$8,176,902	$118,270,350	$39,450,139	($15,321,610)	$396,335,114
$90,215	$2,686,686	$1,054,314		$16,874,698
615,761	8,695,487	5,374,302	($14,685,550)	
91	1,440,457	1,626,377		9,147,425
		315,236		1,032,916
	1,627,410	1,288,795	(636,060)	3,455,244
20,272	65,415	121,663		799,450
		29,668		946,883
		135,289		203,789
	1,363,074			1,363,074
		180,000		180,000
726,339	15,878,529	10,125,644	(15,321,610)	34,003,479
875,520	1,864,014	1,273,500		10,874,520
		1,412,321		45,075,163
		439,689		439,689
	37,032,869			37,032,869
10,837,887	35,514,865	23,379,681		204,507,777
7,860,239	14,899,049	10,397,043		105,770,613
		12,331,016		12,331,016
19,573,646	89,310,797	49,233,250		416,031,647
20,299,985	105,189,326	59,358,894	(15,321,610)	450,035,126
1,528,432	4,987,374	3,264,886		28,715,598
1,528,432	4,987,374	3,264,886		28,715,598
5,145,114	65,904,036	11,236,968		203,518,953
	3,775,071	600,000		12,952,573
757,119		1,313,536		19,689,908
(19,553,748)	(61,585,457)	(36,324,145)		(318,577,044)
(13,651,515)	8,093,650	(23,173,641)		(82,415,610)
$8,176,902	$118,270,350	$39,450,139	($15,321,610)	$396,335,114

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, 2015

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE
OPERATING REVENUES		
Student tuition and fees		$41,438,838
Less scholarship allowances		(14,851,577)
Net student tuition and fees		26,587,261
Federal appropriations		
Federal grants and contracts		16,854,589
State and local grants and contracts		1,552,543
Nongovernmental grants and contracts		240,488
Auxiliary enterprise revenues		19,599,598
Less scholarship allowances		(1,271,412)
Net auxiliary revenues		18,328,186
Other operating revenues		2,258,049
Total operating revenues		65,821,116
OPERATING EXPENSES		
Education and general:		
Instruction		31,482,046
Research		3,382,174
Public service		1,936,643
Academic support	$239,055	20,035,834
Student services		7,036,728
Institutional support	8,544,318	9,906,006
Operation and maintenance of plant		12,483,367
Depreciation	17,170	8,284,644
Scholarships and fellowships	55,000	10,300,974
Auxiliary enterprises		15,840,165
Other operating expenses	(179,782)	436,691
Total operating expenses	8,675,761	121,125,272
OPERATING LOSS	(8,675,761)	(55,304,156)
NONOPERATING REVENUES (Expenses)		
State appropriations	3,476,794	24,605,511
Gifts	73,357	302,533
Federal nonoperating revenues		17,262,912
Net investment income	202	351,888
Interest expense		(2,027,161)
Other nonoperating grant revenues	21,373	261,879
Other nonoperating revenues	170,442	6,609,225
Net nonoperating revenues	3,742,168	47,366,787

(Continued)

Schedule 5

LAW CENTER	AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	TOTAL SYSTEM
$8,626,083		$13,445,491	$9,200,124	$72,710,536
(311,426)		(3,711,328)	(6,172,543)	(25,046,874)
8,314,657		9,734,163	3,027,581	47,663,662
	$3,604,388			3,604,388
3,425,584	2,805,196	5,528,394	8,143,665	36,757,428
	449,537	770,888	965,379	3,738,347
	51,029			291,517
		3,246,796	2,411,666	25,258,060
		(250,582)	(110,003)	(1,631,997)
		2,996,214	2,301,663	23,626,063
171,310	278,117	237,470	2,074,579	5,019,525
11,911,551	7,188,267	19,267,129	16,512,867	120,700,930
5,755,800		10,195,207	5,100,908	52,533,961
	3,764,786	239,427	96,090	7,482,477
116,124	5,265,350	72,059	1,381,423	8,771,599
2,876,808	2,618	1,836,145	1,193,181	26,183,641
1,398,884		3,230,821	5,298,365	16,964,798
5,355,605	3,051,419	14,078,499	8,856,618	49,792,465
507,186	222,201	726,840	1,802,193	15,741,787
921,753	309,708	3,535,967	1,486,782	14,556,024
358,748	21,648	4,198,738	4,828,128	19,763,236
		5,634,194	1,782,068	23,256,427
			638,657	895,566
17,290,908	12,637,730	43,747,897	32,464,413	235,941,981
(5,379,357)	(5,449,463)	(24,480,768)	(15,951,546)	(115,241,051)
5,492,248	4,167,786	6,940,213	5,911,179	50,593,731
45,000		230,299		651,189
		7,593,639	10,139,316	34,995,867
10,413		22,166	27,743	412,412
		(28,642)	(793,937)	(2,849,740)
43,342	24,356	86,783	63,167	500,900
26,216	309,034	528,258	461,132	8,104,307
5,617,219	4,501,176	15,372,716	15,808,600	92,408,666

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by Campus, 2015

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE
INCOME (Loss) BEFORE OTHER REVENUES	($4,933,593)	($7,937,369)
Capital appropriations		195,072
Capital grants and gifts		14,232
Other additions, net	5,393,209	(304,874)
CHANGE IN NET POSITION	459,616	(8,032,939)
NET POSITION AT BEGINNING OF YEAR (Restated)	(10,576,062)	(17,712,674)
NET POSITION AT END OF YEAR	($10,116,446)	($25,745,613)

(Concluded)

Schedule 5

LAW CENTER	AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	TOTAL SYSTEM
$237,862	($948,287)	($9,108,052)	($142,946)	($22,832,385)
				195,072
		7,107,164	1,354,751	8,476,147
(1,480,169)	(1,505,130)	(1,318,912)	(784,124)	
(1,242,307)	(2,453,417)	(3,319,800)	427,681	(14,161,166)
(16,579,738)	(11,198,098)	11,413,450	(23,601,322)	(68,254,444)
($17,822,045)	($13,651,515)	$8,093,650	($23,173,641)	($82,415,610)

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Cash Flows, by Campus
For the Fiscal Year Ended June 30, 2015

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER
CASH FLOWS FROM OPERATING ACTIVITIES:			
Tuition and fees		$26,620,477	$8,131,410
Federal appropriations			
Grants and contracts	($109,546)	15,596,304	4,785,936
Auxiliary enterprise charges		19,342,043	
Payments for employee compensation	(3,947,532)	(51,782,575)	(9,218,483)
Payments for benefits	(1,451,534)	(21,395,028)	(3,132,711)
Payment for utilities		(4,966,490)	(16,979)
Payments for supplies and services	(3,460,782)	(23,475,882)	(2,659,725)
Payments for scholarships and fellowships	(55,000)	(10,810,250)	(541,792)
Other receipts (payments)		1,481,075	422,792
Net cash used by operating activities	(9,024,394)	(49,390,326)	(2,229,552)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
State appropriations	3,476,794	24,840,004	5,616,289
Gifts and grants for other than capital purposes	73,357	19,380,121	45,000
Taylor Opportunity Program for Students (TOPS) receipts		1,227,527	
TOPS disbursements		(2,489,042)	
Implicit loan reduction from other campuses	(69,168)		(1,011,254)
Implicit loan reduction to other campuses		(3,292,798)	(1,000,000)
Direct lending receipts		49,001,190	14,874,065
Direct lending disbursements		(49,001,190)	(14,874,065)
Federal Family Education Loan program receipts		831,457	
Federal Family Education Loan program disbursements		(831,457)	
Other receipts (payments)	5,563,626	3,954,356	(1,453,954)
Net cash provided by noncapital financing sources	9,044,609	43,620,168	2,196,081
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Capital appropriations received		131,970	
Capital grants and gifts received		14,232	
Proceeds from sale of capital assets			
Purchases of capital assets	(19,235)	(1,099,158)	(929,633)
Principal paid on capital debt and leases		(866,756)	
Interest paid on capital debt and leases		(1,977,989)	
Other sources		1,670,084	
Net cash (used) by capital financing sources	(19,235)	(2,127,617)	(929,633)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales and maturities of investments		599,705	
Interest received on investments	83	302,716	
Purchase of investments		(736,104)	
Net cash provided (used) by investing sources	83	166,317	

(Continued)

AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	Eliminations	TOTAL SYSTEM
	$10,355,471	$2,072,270		$47,179,628
$3,604,388				3,604,388
4,664,050	6,937,822	8,805,145		40,679,711
	3,046,860	2,401,971		24,790,874
(5,794,760)	(15,455,567)	(12,621,087)		(98,820,004)
(2,325,855)	(6,524,791)	(4,795,380)		(39,625,299)
(52,349)	(1,475,598)	(806,780)		(7,318,196)
(3,489,806)	(10,843,233)	(7,549,304)	$636,060	(50,842,672)
(9,231)	(4,535,746)	(5,182,768)		(21,134,787)
278,117	801,125	2,138,492	(636,060)	4,485,541
(3,125,446)	(17,693,657)	(15,537,441)	NONE	(97,000,816)
4,370,366	7,006,485	5,938,701		51,248,639
(24,358)	6,527,297	10,076,149		36,077,566
	(143,900)	145,281		1,228,908
	143,900	(145,281)		(2,490,423)
135,224	346,406	(196,551)		(795,343)
				(4,292,798)
	20,872,924	14,062,259		98,810,438
	(20,872,924)	(14,062,259)		(98,810,438)
				831,457
				(831,457)
(1,355,786)	(1,364,816)	(260,831)		5,082,595
3,125,446	12,515,372	15,557,468	NONE	86,059,144
				131,970
	1,985,894			2,000,126
51,954				51,954
	(2,360,738)	(299,666)		(4,708,430)
		(171,075)		(1,037,831)
		(740,708)		(2,718,697)
(51,954)				1,618,130
	(374,844)	(1,211,449)	NONE	(4,662,778)
	1,512,318	1,550,684		3,662,707
	22,166	(361,670)		(36,705)
		(1,465,238)		(2,201,342)
NONE	1,534,484	(276,224)	NONE	1,424,660

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by Campus, 2015

	BOARD AND SYSTEM	AGRICULTURAL & MECHANICAL COLLEGE	LAW CENTER
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$1,063	($7,731,458)	($963,104)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, RESTATED	104,228	17,264,347	2,300,582
CASH AND CASH EQUIVALENTS AT END OF YEAR	$105,291	$9,532,889	$1,337,478
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	($8,675,761)	($55,304,156)	($5,379,357)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation expense	17,170	8,284,644	921,753
Pension expense	1,104,905	13,397,806	2,254,763
Current year pension contributions made subsequent to the measurement date	(1,203,099)	(16,910,493)	(2,537,725)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable, net	(109,546)	270,519	206,559
Decrease in inventories		91,377	
(Increase) decrease in due from federal government		(3,208,007)	1,465,348
Decrease in prepaid expenses and advances	69,512	17,571	
Increase in notes receivable			
(Increase) decrease in other assets			144,544
Increase (decrease) in accounts payable and accrued liability	(482,482)	940,591	(27,617)
Increase (decrease) in unearned revenue		665,946	(273,276)
Decrease in claims and litigation			
Increase (decrease) in compensated absences	(179,782)	100,252	(20,585)
Increase in OPEB payable	434,689	2,918,920	986,085
Increase (decrease) in other liabilities		(655,296)	29,956
Net cash used by operating activities	($9,024,394)	($49,390,326)	($2,229,552)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and cash equivalents classified as current assets	$17,401	$5,217,691	
Cash and cash equivalents classified as noncurrent assets	87,890	4,315,198	$1,337,478
Cash and cash equivalents at the end of the year	$105,291	$9,532,889	$1,337,478
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Capital appropriations for construction of capital assets		$63,102	
Net increase in the fair value of investments		$68,811	
Loss on disposal of capital assets		($4,915)	
Capital gifts and grants		$281,048	
Non-employer contributing entity revenue	$21,373	$261,879	$43,343

(Concluded)

The accompanying notes are an integral part of this statement.

Schedule 6

AGRICULTURAL RESEARCH & EXTENSION CENTER	NEW ORLEANS CAMPUS	SHREVEPORT CAMPUS	Eliminations	TOTAL SYSTEM
	($4,018,645)	($1,467,646)		($14,179,790)
	8,144,479	5,426,885		33,240,521
NONE	$4,125,834	$3,959,239	NONE	$19,060,731
($5,449,463)	($24,480,768)	($15,951,546)		($115,241,051)
309,708	3,535,967	1,486,782		14,556,024
1,352,647	4,788,654	3,734,777		26,633,552
(1,383,567)	(5,533,343)	(4,246,550)		(31,814,777)
131,372	3,003,128	(2,246,225)	$636,060	1,891,867
				91,377
1,432,838	(52,803)	50,037		(312,587)
12,417				99,500
		(53,254)		(53,254)
	(103,968)	445		41,021
(264,491)	1,012,790	(76,623)		1,102,168
(17,353)	(1,688,976)	942,089		(371,570)
		(247,336)		(247,336)
58,007	(113,094)	66,120		(89,082)
692,439	1,221,988	791,924		7,046,045
	716,768	211,919	(636,060)	(332,713)
($3,125,446)	($17,693,657)	($15,537,441)	NONE	($97,000,816)
	($1,399,853)	$3,434,376		$7,269,615
	5,525,687	524,863		11,791,116
NONE	$4,125,834	$3,959,239	NONE	$19,060,731
				$63,102
	$931			$69,742
	$7,768			$2,853
$236,000	$6,417,912			$6,934,960
$24,358	$86,783	$63,167		$500,903

OTHER REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Exhibit A

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

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

April 1, 2016

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

Independent Auditor's Report

SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Southern University System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated April 1, 2016. Our report was modified to include an emphasis of matters section regarding actuarial assumptions and financial statement comparability.

Our report includes references to other auditors who audited the financial statements of the Southern University System Foundation, the only discretely presented component unit of the System, and SUSLA Facilities, Inc., a blended component unit of the System, as described in our report on the System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the SUSLA Facilities, Inc., which were audited by other auditors upon whose report we are relying, were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a deficiency in internal control that we consider to be a material weakness.

Lack of Internal Control over Southern University at New Orleans Account Balances

Southern University at New Orleans (SUNO), a campus of the System, made manual adjusting entries to account balances in its Banner accounting system and used these adjusted balances to compile its annual fiscal report (AFR). SUNO's failure to enter all transactions into the Banner system and its use of manually-adjusted account balances to compile the AFR and related notes increases the likelihood that errors and omissions, either intentional or unintentional, may occur and remain undetected. In addition, SUNO did not fully implement the automated interface between the Banner Student module and the Banner Finance module, and instead used manual adjusting entries to record accounting entries. The manual adjustments and the revised financial statements and notes, substantially increased the time and effort necessary for the auditors to complete their audit work.

Our initial review of SUNO's financial statements revealed that 32 manual adjusting entries were made to Banner balances in order to compile the AFR. The manual adjustments affected 28 accounts with a cumulative effect up to $9.75 million, including a net decrease of $8.36 million in the Cash account and a net decrease of $8.78 million in Net Position. As a result of our procedures, SUNO issued revised statements and related notes that included additional manual adjusting entries. Manual adjustments included corrections, reclassifications, transfers between funds, and reversal entries.

Good internal control over financial reporting includes utilizing the Banner accounting system as intended to record all transactions rather than using manual adjusting entries. Good internal control should also include a financial statement preparation process that uses data recorded in Banner to compile an accurate and complete AFR; adequate training and supervision of staff; and an effective review of the AFR so that errors can be detected and corrected before submitting the AFR to the System office. In addition, AFR preparers should have an adequate understanding of the accounting system to accurately record transactions.

SUNO management should establish and implement controls over the financial accounting and reporting process to ensure all transactions are correctly entered into the Banner system.

In addition, appropriate Banner accounting and reporting training should be provided to SUNO personnel along with a thorough review of the AFR to ensure accuracy before submission to the System office. Furthermore, we recommend that the System provide assistance to SUNO to fully implement the automated interface from the Banner Student module to the Banner Finance module; provide written procedures for the accounting for pooled cash between campuses; and perform a System level review of the pooled cash balances in the campuses AFRs. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

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 determination of financial statement amounts. 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*.

SUNO's Response to Finding

SUNO's response to the finding identified in this report is attached in Appendix A. SUNO's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

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

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

AD:WDG:EFS:aa

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APPENDIX A

Management's Corrective Action Plan and Response to the Finding and Recommendations

SOUTHERN UNIVERSITY *at* NEW ORLEANS
6400 Press Drive New Orleans, LA. 70126-0002
(504) 286-5117 Fax (504) 284-5473

Office of the Vice Chancellor for
Adminstration and Finance

March 31, 2016

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, Louisiana 70804-9397

RE: Lack of Internal Control over Southern University at New Orleans Account Balances

Dear Mr. Purpera,

Southern University at New Orleans (SUNO) concurs with the audit finding. SUNO made manual adjusting entries to account balances in its Banner accounting system and used those adjusted balances to compile an accurate annual fiscal report (AFR). All manual adjusting entries have been entered, by the Comptroller's Office, in the Banner Finance module and SUNO has ensured that all transactions were correctly entered. SUNO is working with Southern University System management to complete the automated interface between the Banner Student module and the Banner Finance module prior to June 30, 2016.

Sincerely yours,

Jullin Renthrope

Jullin Renthrope, CPA, CGMA, CFE, CGFM, CGFO
Vice Chancellor Administration and Finance