Southern University at Shreveport
Southern University System
A Component Unit of the
State of Louisiana

Accountant's Review Report
For the Year Ended June 30, 2009
Issued April 21, 2010

LEGISLATIVE AUDITOR
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POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

April 14, 2010

Accountant's Review Report

SOUTHERN UNIVERSITY AT SHREVEPORT
SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Shreveport, Louisiana

We have reviewed the accompanying basic financial statements as listed in the table of contents of Southern University at Shreveport, a campus within the Southern University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2009, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Southern University at Shreveport. We did not review the financial statements of the SUSLA Facilities, Inc., a blended component unit of the campus, whose statements reflect total assets, liabilities, and revenues of 40%, 56%, and 2%, respectively, of the related campus totals. Those component unit financial statements were audited by another auditor whose report thereon has been furnished to us, and the results of our review expressed herein, insofar as it relates to the amounts included for that component unit, are based solely upon the report of the other auditor.

A review consists principally of inquiries of Southern University at Shreveport personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the objective of which is the expression of an opinion regarding the basic financial statements taken as a whole. Accordingly, we do not express such an opinion.

As discussed in note 1-B to the basic financial statements, the accompanying financial statements of Southern University at Shreveport are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the Southern University System that is attributable to the transactions of Southern University at Shreveport. They do not purport to, and do not, present fairly the financial position of the Southern University System or the State of Louisiana as of June 30, 2009, and the changes in its financial position and its cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Based on our review and the report of the other auditor discussed previously, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 5 through 14 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 49 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the required supplementary information.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA
Legislative Auditor

STD:WDD:EFS:PEP:dl

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Management's Discussion and Analysis, which discusses the financial performance of Southern University at Shreveport campus, presents a narrative overview and analysis of the Southern University at Shreveport campus' financial activities and statements for the fiscal year ended June 30, 2009. 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 this institution. The primary financial statements presented are the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. This document should be read in conjunction with the annual financial report of Southern University at Shreveport.

FINANCIAL HIGHLIGHTS

The Southern University at Shreveport campus' net assets changed from $6,657,697 to $7,742,982, an increase of 16.3% from June 30, 2008, to June 30, 2009. The increase is offset, in part, by the second year implementation of an accounting change mandated by Governmental Accounting Standards Board (GASB) Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The annual other postemployment benefit obligation increased by $2,184,634 or 87.3% from June 30, 2008, to June 30, 2009.

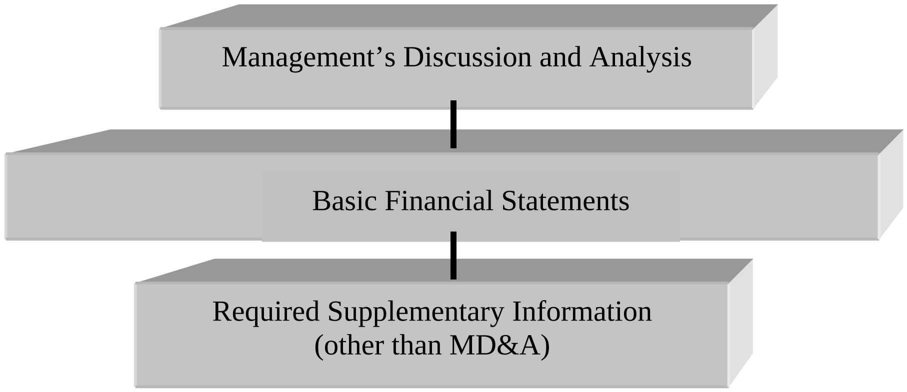
Based on comparative data for the fall semesters 2007 and 2008, the Southern University at Shreveport campus experienced an overall increase in enrollment. Enrollment increased from 2,337 to 2,437, an increase of 4.3%.

The campus' operating revenues changed from $11,939,559 to $13,296,138, an increase of 11.4% from June 30, 2008, to June 30, 2009. Operating expenses also increased by 5.9% from $28,837,391 for the fiscal year ended June 30, 2008, to $30,532,026 for the fiscal year ended June 30, 2009. There were some cost increases in the areas of scholarships and fellowships, student services, and depreciation.

Nonoperating revenues (expenses) fluctuate depending upon levels of state operating and capital appropriations received from the state and other sources. Effective with the fiscal year ending June 30, 2009, Pell grant revenues are reported as nonoperating revenues. The total of net nonoperating revenues (expenses) including capital appropriations, grants, and gifts reflects an increase of 21.6% from $15,040,050 in 2008 to $18,291,279 in 2009.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special-Purpose Governments Engaged in Business-Type Activities established by GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.



These 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 Southern University at Shreveport campus, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

Statement of Net Assets

The Statement of Net Assets (pages 15-16) presents the current and noncurrent assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Southern University at Shreveport campus is improving or deteriorating.

From the data presented, readers of the Statement of Net Assets can determine the assets available to continue the operations of the campus. They are also able to determine how much the institutions at the Southern University at Shreveport campus owe vendors, investors, and lending institutions. Finally, the Statement of Net Assets provides a summary of the combined net assets (assets minus liabilities) and their availability for expenditure by the campus.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets (pages 17-18) presents information showing how the Southern University at Shreveport campus' assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

Statement of Cash Flows

The Statement of Cash Flows (pages 19-20) presents information showing how the Southern University at Shreveport campus' cash changed as a result of the current year's 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 34.

The financial statements provide both long-term and short-term information about the Southern University at Shreveport campus' 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.

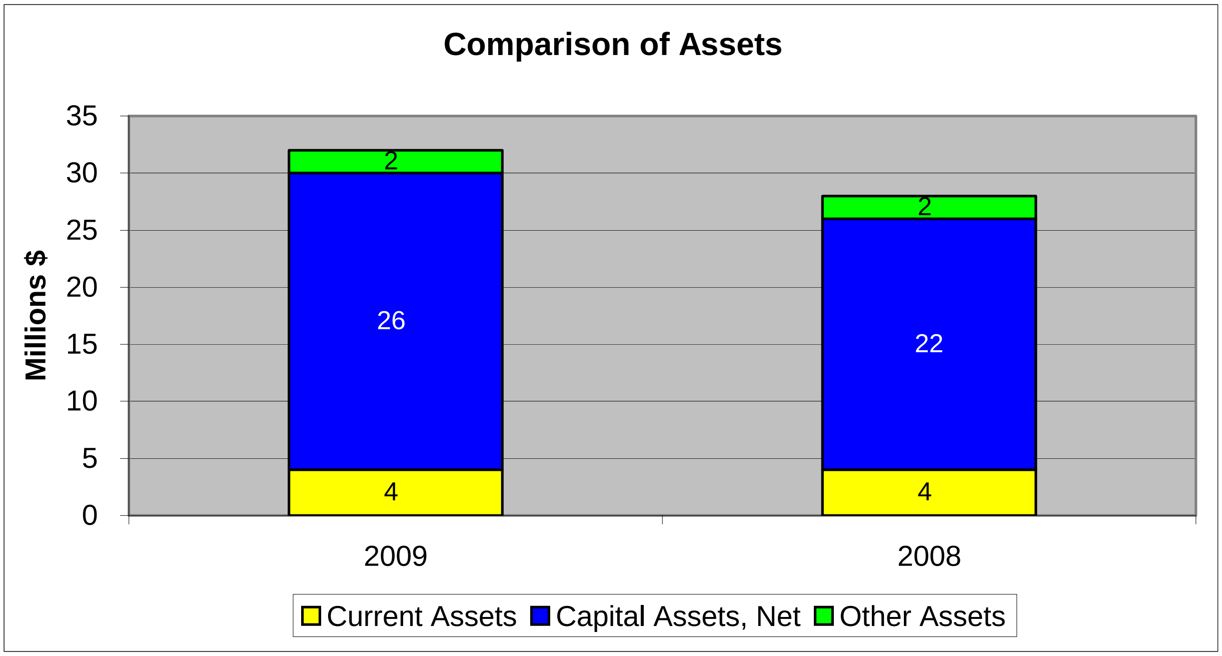
The Southern University at Shreveport campus' financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period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

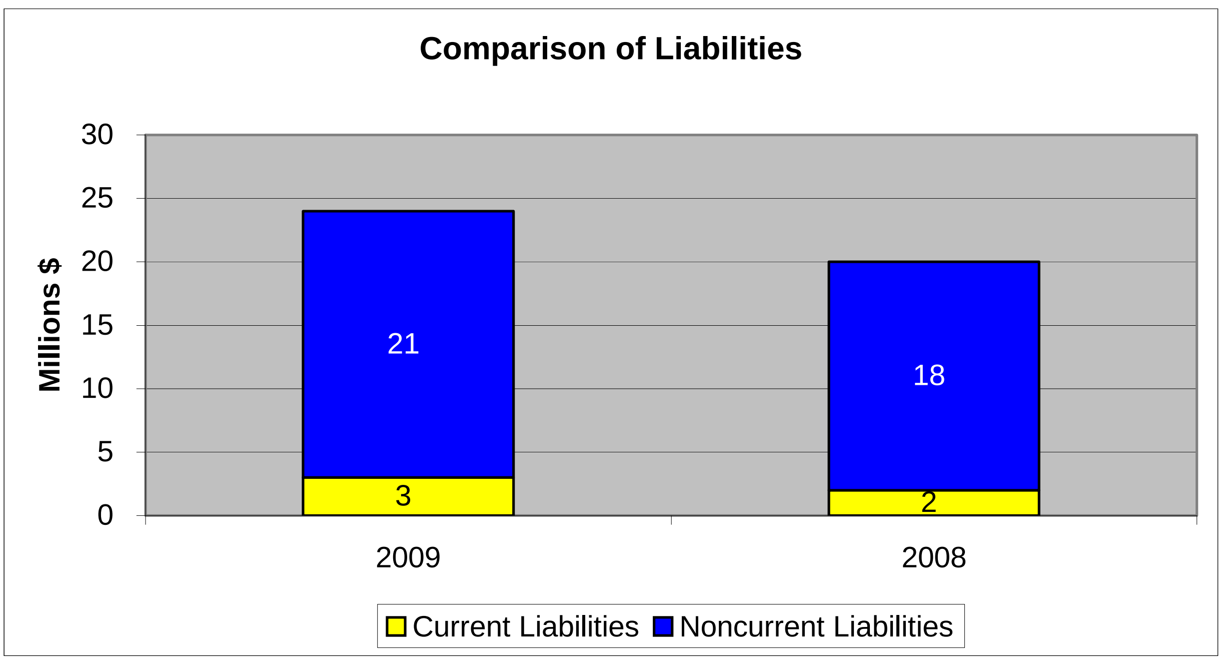
Categories of Net Assets

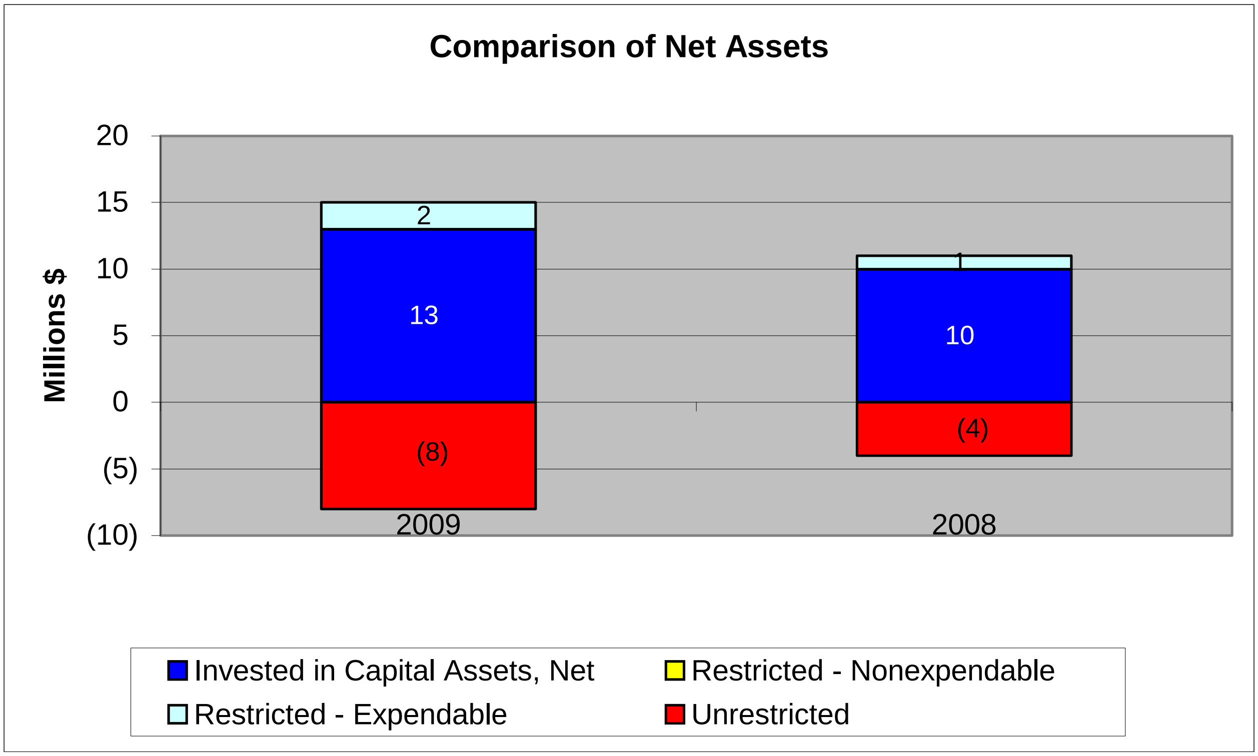
Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, indicates the total equity in property, plant, and equipment that is owned by the campus. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of the nonexpendable restricted resources is only available for investment purposes. The expendable restricted net assets are available for expenditure by the campus but must be spent for the purposes that are designated by donors or external entities that placed the time or purpose restrictions on the use of the assets. The final category is unrestricted net assets, which are available to the campus to be used for any lawful purpose.

Comparative Statement of Net Assets
For the Fiscal Years as of
June 30, 2009 and 2008

	2009	2008 (Restated)	Percentage Change
Assets			
Current assets	$4,009,730	$4,147,449	(3.3%)
Capital assets, net	26,274,030	21,668,947	21.3%
Other noncurrent assets	1,630,329	1,549,357	5.2%
Total assets	31,914,089	27,365,753	16.6%
Liabilities			
Current liabilities	2,781,276	2,331,821	19.3%
Noncurrent liabilities	21,389,831	18,376,235	16.4%
Total liabilities	24,171,107	20,708,056	16.7%
Net Assets			
Invested in capital assets, net of related debt	13,423,240	9,517,823	41.0%
Restricted:			
Nonexpendable	300,000	180,000	66.7%
Expendable	1,923,644	709,970	170.9%
Unrestricted	(7,903,902)	(3,750,096)	(110.8%)
Total net assets	$7,742,982	$6,657,697	16.3%


Comparison of Assets
Millions $
35
30
25
20
15
10
5
0
2
26
4
2
22
4
2009
2008
Current Assets
Capital Assets, Net
Other Assets


Comparison of Liabilities
Millions $
30
25
20
15
10
5
0
21
3
18
2
2009
2008
Current Liabilities
Noncurrent Liabilities



The previous schedules are prepared using the Southern University at Shreveport campus' Statement of Net Assets which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

The total assets of the campus increased by $4,548,336, an increase of approximately 16.6%. The total liabilities of the campus increased by $3,463,051 or 16.7%. The consumption of assets follows the campus' philosophy to use available resources to acquire and improve all areas of the campus' institutions to better serve the instruction, research, and public service missions of these institutions.

Statement of Revenues, Expenses, and Changes in Net Assets

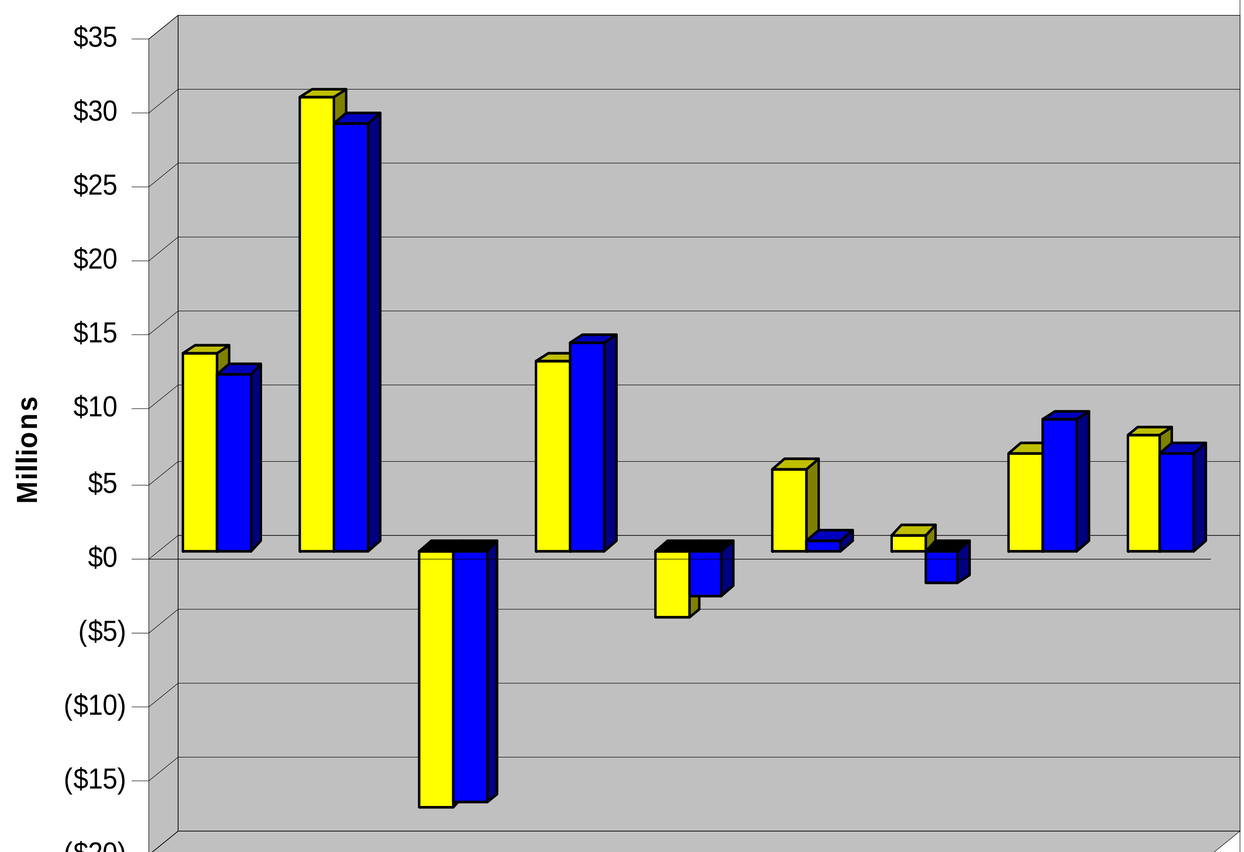
Changes in total net assets, as presented on the Statement of Net Assets, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received and expenses paid by the campus for both operating and nonoperating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

The operating revenues are received for providing goods and services to the various customers and constituencies of the campus. 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 missions of the campus. 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 campus even though the legislature does not receive, directly in return, goods and services for those revenues. Because of recent actions by the GASB, with implementation beginning in fiscal year 2009, Pell grant revenues are considered nonoperating revenues and are reported in the Statement of Revenues, Expenses, and Changes in Net Assets as nonoperating federal grants.

Comparative Statement of Revenues, Expenses, and Changes in Net Assets For the Fiscal Years Ended June 30, 2009 and 2008

	2009	(Restated) 2008	Percentage Change
Operating revenues:			
Student tuition and fees, net of scholarship allowances	$2,850,837	$2,649,128	7.6%
Federal grants and contracts	8,344,081	7,368,287	13.2%
State and local grants and contracts	379,101	816,413	(53.6%)
Auxiliary revenues, net of scholarship allowances	510,029	373,041	36.7%
Other operating revenues	1,212,090	732,690	65.4%
Total operating revenues	13,296,138	11,939,559	11.4%
Nonoperating revenues:			
State appropriations	8,545,274	8,857,441	(3.5%)
Federal grants and contracts	4,964,888	4,764,116	4.2%
Investment income	110,642	468,359	(76.4%)
Total nonoperating revenues	13,620,804	14,089,916	(3.3%)
Total revenues	26,916,942	26,029,475	3.4%
Operating expenses:			
Educational and general:			
Instruction	5,799,958	5,806,568	(0.1%)
Research	356,920	304,904	17.1%
Public service	1,874,319	2,214,998	(15.4%)
Academic support	1,254,161	1,197,728	4.7%
Student services	8,035,392	7,054,225	13.9%
Institutional support	5,434,466	5,619,158	(3.3%)
Operation and maintenance of plant	1,400,171	1,533,118	(8.7%)
Depreciation	1,223,656	642,184	90.5%
Scholarships and fellowships	4,130,872	3,710,319	11.3%
Auxiliary enterprises	576,310	389,931	47.8%
Other operating expenses	445,801	364,258	22.4%
Total operating expenses	30,532,026	28,837,391	5.9%
Nonoperating expenses:			
Interest expense	841,491	132,018	537.4%
Other nonoperating expenses	23,508	8,084	190.8%
Total nonoperating expenses	864,999	140,102	517.4%
Total expenses	31,397,025	28,977,493	8.3%
Loss before other revenues	(4,480,083)	(2,948,018)	52.0%
Capital appropriations	4,335,474	1,090,236	297.7%
Capital grants and gifts	1,200,000		100.0%
Additions to permanent endowment	120,000		100.0%
Transfers to other campuses, net	(90,106)	(318,441)	(71.7%)
Other revenues	5,565,368	771,795	621.1%
Change in net assets	1,085,285	(2,176,223)	(149.9%)
Net assets at beginning of year, restated	6,657,697	8,833,920	(24.6%)
Net assets at end of year	$7,742,982	$6,657,697	16.3%

Graphic Comparison of Revenues, Expenses, and Changes in Net Assets For the Fiscal Years Ended June 30, 2009 and 2008



	Operating Revenues	Operating Expenses	Operating Income (Loss)	Nonoperating Revenue (Expenses)	Expenses, Gains and Losses	Other Additions, Net	Increase (Decrease) in Net Assets	Net Assets at Beginning of Year	Net Assets at End of Year
2009	$13	$31	($17)	$13	($4)	$6	$1	$7	$8
2008	$12	$29	($17)	$14	($3)	$1	($2)	$9	$7

The Statement of Revenues, Expenses, and Changes in Net Assets reflects a positive change for the year. The net assets increased by $1,085,285 in 2009, compared to a decrease of $2,176,223 in fiscal year 2008. This is largely attributable to the receipt of capital appropriations and capital grants offset by the reporting of the annual OPEB obligation as required by GASB 45, effective with the 2008 fiscal year. The Southern University at Shreveport campus is in the second year of implementation of GASB Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The annual net change of $2,184,634 in the OPEB obligation is reported in the respective operating functions on the Statement of Revenues, Expenses, and Changes in Net Assets. In addition, state mandated mid-year budget cuts of $420,897 in 2009 caused the Southern University at Shreveport campus to implement cost reduction measures to proactively address the budget cuts and reduce operating costs. The 2009 mid-year budget cuts caused reductions in staff. The campus has implemented restructuring plans to ensure sustainable operations are maintained and deficit spending is avoided. Management will continue to ensure that the mission, goals, and core values of the campus remain strong.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The combined total of capital assets, net of accumulated depreciation at the 2009 year-end, is $26,274,030 as compared to $21,668,947 at the 2008 year-end. The following narrative presents a brief overview of capital asset activity for the campus:

- The System obtained financing for various capital projects, including three projects for Southern University at Shreveport, through a cooperative endeavor financing agreement with Millennium Housing, LLC, through its owner, the Southern University System Foundation. Construction has begun and has been completed on two of three projects for Southern University at Shreveport. The total budget for the various projects at Southern University at Baton Rouge and Southern University at Shreveport is $52,234,455. The total funds borrowed to finance the various projects were $59,990,000, which includes capitalized interest. This venture included the following projects on the Shreveport campus:

    - 610 Texas Street Building
    - Renovation of 610 Texas Street Property
    - Travis Street Parking Lot

    Two of these projects have been completed, including the purchase of a building at 610 Texas Street and the Travis Street parking lot. A capital lease obligation in the amount of $1,589,390 has been recorded on the Statement of Net Assets for the completed projects. The Travis Street parking lot was completed in the current fiscal year while the purchase of the building at 610 Texas Street was completed in a prior fiscal year.

- The campus has nearly completed construction on a new Student Center addition and a small business incubator.

The total amount of long-term debt is $21,688,265 as detailed below. Of this amount, $298,434 is reported as current and is expected to be paid within one year.

- Compensated absences - $1,791,263
- Capital lease obligations - $1,589,390
- Claims payable - $682,939
- OPEB payable - $4,686,162
- Bonds payable - $12,938,511

For additional information concerning capital assets and debt amortization, refer to notes 6 and 14 through 16 in the notes to the financial statements.

ECONOMIC OUTLOOK

Despite mid-year budget cuts, the management of the Shreveport campus projects the overall financial position to remain strong. The management of the Shreveport campus anticipates that fiscal year 2010 will be much like fiscal year 2009. The current economic downturn is a global concern and is not unique to the Southern University at Shreveport campus' management. The state of Louisiana has once again mandated a reduction in projected revenues for the 2010 fiscal year because of a decrease in state revenues. The Shreveport campus has implemented approved restructuring plans to ensure that current operations are sustained and the missions and goals of the respective institutions are not negatively impacted. Management does not anticipate that the 2009-2010 mandated budget cuts will significantly impact the campus' overall mission and goals. Management will continue to closely monitor available resources to ensure the campus' ongoing ability to react to known and unknown internal and external issues in a prompt manner.

The Southern University at Shreveport campus will undergo a SACS reaccreditation review in April 2010. The campus has made preparations for the review and remains optimistic about the upcoming visit and its outcome.

The Shreveport campus is in the process of updating its comprehensive computerized accounting and financial reporting system. The system known as BANNER, developed by SunGard HE, consists of the Financial, Human Resource (HR)/Payroll, and Student/Financial Aid components. The HR/Payroll and Finance components of the system are scheduled to go live in July 2010.

CONTACTING THE SOUTHERN UNIVERSITY AT SHREVEPORT CAMPUS' MANAGEMENT

The accompanying Southern University at Shreveport campus financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the campus' finances and to show the campus' accountability and oversight for the money it receives. Questions about this report or the need for additional financial information can be addressed by contacting Mr. Benjamin Pugh, Vice Chancellor for Finance and Administration at Southern University at Shreveport, 3050 Martin Luther King Jr. Drive, Shreveport, Louisiana 71107, phone number 318-670-6481.

SOUTHERN UNIVERSITY AT SHREVEPORT
SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Net Assets
June 30, 2009

ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	($2,478,982)
Investments (note 3)	487,003
Receivables, net (note 4)	5,295,445
Due from state treasury	30,313
Deferred charges and prepaid expenses	393,035
Other current assets	282,916
Total current assets	4,009,730
Noncurrent assets:	
Restricted cash and cash equivalents (note 2)	469,164
Restricted investments (note 3)	1,161,165
Capital assets, net (note 6)	26,274,030
Total noncurrent assets	27,904,359
Total assets	31,914,089
LIABILITIES	
Current liabilities:	
Accounts payable and accruals (note 7)	910,012
Deferred revenues (note 8)	1,013,962
Compensated absences (notes 9 and 15)	49,976
Capital lease obligations (notes 14 and 15)	27,581
Amounts held in custody for others	213,974
Claims and litigation payable (note 13 and 15)	220,877
Other current payables	344,894
Total current liabilities	2,781,276

(Continued)

See the accompanying notes and accountant's review report.

SOUTHERN UNIVERSITY AT SHREVEPORT
SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Net Assets
June 30, 2009

LIABILITIES (CONT.)	
Noncurrent liabilities:	
Compensated absences (notes 9 and 15)	$1,741,287
Capital lease obligations (notes 14 and 15)	1,561,809
Claims and litigation payable (note 13)	462,062
Other postemployment benefits payable (notes 12 and 15)	4,686,162
Bonds payable (notes 15 and 16)	12,938,511
Total noncurrent liabilities	21,389,831
Total liabilities	24,171,107
NET ASSETS	
Invested in capital assets, net of related debt	13,423,240
Restricted for:	
Nonexpendable (note 17)	300,000
Expendable (note 17)	1,923,644
Unrestricted	(7,903,902)
TOTAL NET ASSETS	$7,742,982

(Concluded)

See the accompanying notes and accountant's review report.

SOUTHERN UNIVERSITY AT SHREVEPORT
SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2009

OPERATING REVENUES	
Student tuition and fees	$4,797,303
Less scholarship allowances	(1,946,466)
Net student tuition and fees	2,850,837
Federal grants and contracts	8,344,081
State and local grants and contracts	379,101
Auxiliary enterprise revenues	514,445
Less scholarship allowances	(4,416)
Net auxiliary revenues	510,029
Other operating revenues	1,212,090
Total operating revenues	13,296,138
OPERATING EXPENSES	
Educational and general:	
Instruction	5,799,958
Research	356,920
Public service	1,874,319
Academic support	1,254,161
Student services	8,035,392
Institutional support	5,434,466
Operation and maintenance of plant	1,400,171
Depreciation (note 6)	1,223,656
Scholarships and fellowships	4,130,872
Auxiliary enterprises	576,310
Other operating expenses	445,801
Total operating expenses	30,532,026
OPERATING LOSS	(17,235,888)

(Continued)

See the accompanying notes and accountant's review report.

SOUTHERN UNIVERSITY AT SHREVEPORT
SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2009

NONOPERATING REVENUES (Expenses)	
State appropriations	$8,545,274
Federal grants and contracts	4,964,888
Investment income	110,642
Interest expense	(841,491)
Other nonoperating expenses	(23,508)
Net nonoperating revenues	12,755,805
LOSS BEFORE OTHER REVENUES	(4,480,083)
Capital appropriations	4,335,474
Capital grants and gifts	1,200,000
Additions to permanent endowment	120,000
Transfers to other campuses, net	(90,106)
INCREASE IN NET ASSETS	1,085,285
NET ASSETS - BEGINNING OF YEAR (Restated) (note 18)	6,657,697
NET ASSETS - END OF YEAR	$7,742,982

(Concluded)

See the accompanying notes and accountant's review report.

SOUTHERN UNIVERSITY AT SHREVEPORT
SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	$2,463,456
Grants and contracts	9,712,823
Payments to suppliers	(5,087,261)
Payments for utilities	(464,909)
Payments to employees	(12,242,998)
Payments for benefits	(3,193,360)
Payments for scholarships and fellowships	(5,912,937)
Auxiliary enterprise charges	522,630
Other receipts	1,427,149
Net cash used by operating activities	(12,775,407)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	8,567,516
Gifts and grants for other than capital purposes	5,647,827
Private gifts for endowment purposes	120,000
TOPS receipts	64,013
TOPS disbursements	(64,013)
Federal Family Education Loan program receipts	4,779,170
Federal Family Education Loan program disbursements	(4,779,170)
Other payments	(383,331)
Net cash provided by noncapital financing activities	13,952,012
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(140,263)
Interest paid on capital debt and leases	(754,162)
Net cash used by capital and related financing activities	(894,425)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	2,026,122
Interest received on investments	113,565
Purchase of investments	(1,715,992)
Net cash provided by investing activities	423,695

(Continued)

See the accompanying notes and accountant's review report.

SOUTHERN UNIVERSITY AT SHREVEPORT
SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009

NET INCREASE IN CASH AND CASH EQUIVALENTS	$705,875
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(2,715,693)
CASH AND CASH EQUIVALENTS AT END OF YEAR	($2,009,818)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	($17,235,888)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,223,656
Changes in assets and liabilities:	
Decrease in accounts receivable, net	765,842
Increase in prepaid expenses	(186,228)
Decrease in other assets	141,798
Decrease in accounts payable	(75,007)
Increase in deferred revenue	289,218
Increase in compensated absences	116,568
Increase in other postemployment benefits payable	2,184,634
Net cash used by operating activities	($12,775,407)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS	
Cash and cash equivalents classified as current assets	($2,478,982)
Cash and cash equivalents classified as noncurrent assets	469,164
Cash and cash equivalents at the end of the year	($2,009,818)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Capital appropriations for construction of capital assets	$4,335,474
Capital grants and gifts	1,200,000
Net decrease in the fair value of investments	5,296
Loss on disposal of capital assets	44,477
New capital leases	259,768

(Concluded)

See the accompanying notes and accountant's review report.

INTRODUCTION

Southern University at Shreveport is a campus within the Southern University System (System) which is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana, within the executive branch of government. The university 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 university'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.

Southern University at Shreveport is a two-year open enrollment institution that prepares students for careers in technical and occupational fields; awards certificates, diplomas, and associate degrees; and offers courses and programs that are transferable to other colleges and universities. During the summer, fall, and spring semesters of the 2008-2009 fiscal year, the campus conferred 387 degrees and student enrollment was approximately 5,917. The Shreveport campus has 89 full-time and adjunct 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 the GASB. The accompanying financial statements have been prepared in accordance with such principles.

The campus applies all GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on

Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The campus has the option to apply all FASB pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The campus has elected not to apply FASB pronouncements issued after the applicable date. However, the SUSLA Facilities, Inc., a nongovernmental blended component unit, follows the not-for-profit model of financial reporting as set forth in the FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. With the exception of necessary presentation adjustments, no modifications have been made to their financial information in Southern University at Shreveport's financial statements for these differences.

B. REPORTING ENTITY

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy, has defined the governmental reporting entity to be the State of Louisiana. Southern University at Shreveport is a part of the Southern University System, which is considered a discretely presented component unit of 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) state appropriations provide the largest percentage of total revenues; (4) the state issues bonds to finance certain construction; and (5) the System primarily serves state residents. The accompanying financial statements present information only as to the transactions of the programs of the Southern University at Shreveport campus.

Annually, the State of Louisiana issues a comprehensive annual financial report, which includes the activity contained in the accompanying financial statements within the Southern University System amounts. The Louisiana Legislative Auditor audits the basic financial statements of the Southern University System and the state.

Criteria described in GASB Codification Section 2100 were used to evaluate whether potential component units should be blended with the campus, 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 campus is financially accountable and other organizations for which the nature and significance of their relationship with the campus are such that exclusion would cause the financial statements of the campus to be misleading or incomplete.

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

Southern University at Shreveport. 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 campus is considered a special-purpose government engaged only in business-type activities (enterprise fund). Accordingly, the campus' financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting where the aim is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when a liability has been incurred, regardless of the timing of the related cash flows. All significant intra-campus transactions have been eliminated.

D. BUDGET PRACTICES

The State of Louisiana's appropriation 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; (4) inventories are recorded as expenditures at the time of purchase; and (5) carry forward of prior year funds is recognized as revenue in the current year. The other funds of Southern University at Shreveport, although subject to internal budgeting, are not required to submit budgets for approval through the legislative budget process.

E. CASH AND CASH EQUIVALENTS

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include time deposits. Under state law, the campus 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 campus 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 Assets include all certificates of deposit, regardless of maturity. These terms are also used in preparing the Statement of Cash Flows. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

F. INVENTORIES

Inventories are valued at the lower of cost or market on the weighted-average basis. The campus 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 university investments are classified as noncurrent assets in the Statement of Net Assets.

In accordance with Louisiana Revised Statute (R.S.) 49:327, the campus 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 Southern University System 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 Assets.

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-tem investments of SUSLA Facilities, Inc. are classified as current assets in the Statement of Net Assets, 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 campus 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 campus' capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed $100,000. Any infrastructure exceeding $3 million is also 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. DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities before the end of the fiscal year but are related to the subsequent accounting period. Deferred 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 of employment, both classified and unclassified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and unclassified 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, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave that 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 for the Teachers' Retirement System of Louisiana and the Louisiana State Employees' Retirement System but not for the Optional Retirement System.

Upon termination or transfer, a classified employee will be paid for any one 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 principal amounts of revenue bonds payable with maturities greater than one year, estimated amounts for accrued compensated absences, capital lease obligations with contractual maturities greater than one year, federal disallowed costs, and other postemployment benefits that will not be paid within the next fiscal year.

L. NET ASSETS

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net assets are classified in the following components:

(a) *Invested in capital assets, net of related debt* consists of the campus' 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* consist 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* consist of resources that the campus is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(d) *Unrestricted* consist of resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the campus 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 campus' policy is to first apply the expense toward unrestricted resources, then toward restricted resources.

M. CLASSIFICATION OF REVENUES AND EXPENSES

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

- *Operating revenue* includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and (3) most federal, state, and local grants and contracts and federal appropriations.

- *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.

- *Operating expenses* generally include transactions resulting from providing goods or services, such as (1) payments to vendors for goods or services; (2) payments to employees for services; and (3) payments for employee benefits.

- *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 Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services (tuition and fees) provided by the campus and the amount that is paid by students and/or third parties making payments on the students' behalf.

O. ADOPTION OF NEW ACCOUNTING PRINCIPLES

The Governmental Accounting Standards Board has issued guidance on reporting federal revenues received from certain federal programs and has determined that revenues received from these programs are non-exchange revenue transactions. The campus has implemented the guidance for the federal Pell Grant and has reclassified the revenues received as nonoperating revenues on the Statement of Revenues, Expenses, and Changes in Net Assets. The effect of implementing this guidance is a decrease of $4,964,888 in operating revenues for federal grants and contracts and a corresponding increase in federal nonoperating revenues on the Statement of Revenues, Expenses, and Changes in Net Assets. This change affects the comparability of amounts reported for the year ended June 30, 2009, with amounts reported for the year ended June 30, 2008.

P. 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 from those estimates.

Q. ELIMINATING INTERFUND ACTIVITY

Activities between the campus and the campus' services units are eliminated for the purpose of preparing the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets.

2. CASH AND CASH EQUIVALENTS

At June 30, 2009, the campus has cash and cash equivalents (book balances) totaling ($2,009,818) as follows:

Demand deposits	($2,110,518)
Time certificates of deposit	100,000
Petty cash	700
Total	($2,009,818)

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

Current assets	($2,478,982)
Noncurrent assets - restricted	469,164
Total	($2,009,818)

3. INVESTMENTS

At June 30, 2009, the campus has investments totaling $1,648,168 as follows:

	Fair Value June 30, 2009	Investment Maturities (Years)	Credit Quality Rating
Investments held by private foundation:			
Corporate bonds	$29,481	4.9	
U.S. government agencies	82,758	5.3	
U.S. government obligations	30,395	1.3	
Equities	32,806	Not Applicable	
Mutual funds (equities)	3,835	Not Applicable	
Mutual funds (international equities)	4,372	Not Applicable	
Money market mutual fund	6,413	Not Applicable	
Subtotal - external investment pool	190,060		Not Rated
SUSLA Facilities, Inc.	1,458,108		
Total	$1,648,168		

These investments are reported at fair value as required by GASB Statement No. 31 and are reported on the Statement of Net Assets as follows:

Current assets	$487,003
Noncurrent assets - restricted	1,161,165
Total	$1,648,168

Investments held by the Southern University System Foundation are in an external investment pool, which is not SEC registered, but is managed in accordance with the terms outlined in a management agreement executed between the Southern University System and the Southern University System Foundation. The campus is a voluntary participant in the agreement and the fair value of the campus' position in the pool is equal to the value of the pool shares.

The investments held by the private foundation totaling $190,060 are held pursuant to the Endowed Chairs for Eminent Scholars Program and Endowed Professorships Program. For these programs, the investment policy established by the Louisiana Board of Regents states that the overall average credit quality rating of the fixed income securities must be at least AA. In addition, the Board of Regent's investment policy states that investments in foreign stocks are limited to 15% of the fund. The Southern University System's investment policy limits the campus' investments of fixed income securities in investments of federal government and agency issues and to corporate issues having credit ratings of A to AAA. There are no formally adopted investment policies regarding interest rate risk or custodial credit risk.

See accountant's review report.

At June 30, 2009, SUSLA Facilities, Inc., has bond funds totaling $1,458,108 on deposit with its bond trustee. These deposits consist of cash equivalents, money market 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 SUSLA Facilities, Inc., were prepared in accordance with the pronouncements of FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations.* 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 SUSLA Facilities, Inc., do not reflect the requirements of GASB Statement No. 3, as revised by GASB Statement No. 40.

4. RECEIVABLES

Receivables as shown on Statement A, net of an allowance for doubtful accounts, are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student tuition and fees	$1,615,956	($195,639)	$1,420,317
Auxiliary enterprises	16,733	(2,307)	14,426
Federal grants and contracts	3,574,897	(1,431,690)	2,143,207
State and private grants and contracts	1,513,219	(17,985)	1,495,234
Accrued interest receivable	10,781		10,781
Other	224,505	(13,025)	211,480
Total	$6,956,091	($1,660,646)	$5,295,445

There is no noncurrent portion of accounts receivable.

5. NOTES RECEIVABLE

Notes receivable are comprised of loans to students under the Federal Perkins Loan program. Loans are no longer issued under the Federal Perkins Loan program, but collections are still made on outstanding loans.

At June 30, 2009, notes receivable, net of an allowance for doubtful accounts, total to zero. These receivables are composed of the following:

	Notes Receivable	Allowance for Doubtful Accounts	Notes Receivable, Net
Federal Perkins Loan program	$444,959	($444,959)	
Long-term student loans	98,968	(98,968)	
Total	$543,927	($543,927)	NONE

6. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2009, is as follows:

	Balance June 30, 2008	Prior Period Adjustments	Adjusted Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
Capital assets not being depreciated:						
Land	$553,003		$553,003			$553,003
Construction-in-progress	1,090,236		1,090,236	$4,335,474		5,425,710
Total capital assets not being depreciated	$1,643,239	NONE	$1,643,239	$4,335,474	NONE	$5,978,713
Capital assets being depreciated:						
Land improvements				$199,564		$199,564
Less accumulated depreciation				(35,784)		(35,784)
Total land improvements	NONE	NONE	NONE	163,780	NONE	163,780
Buildings	$23,479,626	$61,764	$23,541,390		($32,019)	23,509,371
Less accumulated depreciation	(5,129,434)	(1,570)	(5,131,004)	(615,690)		(5,746,694)
Total buildings	18,350,192	60,194	18,410,386	(615,690)	(32,019)	17,762,677
Equipment	4,312,765		4,312,765	1,287,011	(324,447)	5,275,329
Less accumulated depreciation	(2,815,742)		(2,815,742)	(514,435)	311,989	(3,018,188)
Total equipment	1,497,023	NONE	1,497,023	772,576	(12,458)	2,257,141
Library books	3,596,520		3,596,520	51,167	(4,897)	3,642,790
Less accumulated depreciation	(3,478,221)		(3,478,221)	(57,747)	4,897	(3,531,071)
Total library books	118,299	NONE	118,299	(6,580)	NONE	111,719
Total capital assets being depreciated	$19,965,514	$60,194	$20,025,708	$314,086	($44,477)	$20,295,317
Capital assets summary:						
Capital assets not being depreciated	$1,643,239		$1,643,239	$4,335,474		$5,978,713
Capital assets being depreciated	31,388,911	$61,764	31,450,675	1,537,742	($361,363)	32,627,054
Total cost of capital assets	33,032,150	61,764	33,093,914	5,873,216	(361,363)	38,605,767
Less accumulated depreciation	(11,423,397)	(1,570)	(11,424,967)	(1,223,656)	316,886	(12,331,737)
Capital assets, net	$21,608,753	$60,194	$21,668,947	$4,649,560	($44,477)	$26,274,030

The campus 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, 2009, total interest on the capital debt was $85,244. Of this amount, $20,012 represents

See accountant's review report.

capitalized interest on completed projects under the Millennium Housing, L.L.C. Student Housing and Auxiliary Facilities Project, Series 2006.

7. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of the campus' payables and accruals at June 30, 2009:

Vendor payables	$386,641
Accrued salaries and payroll deductions	54,980
Accrued interest	436,672
Other	31,719
Total	$910,012

8. DEFERRED REVENUES

The following is a summary of deferred revenues at June 30, 2009:

Prepaid tuition and fees	$372,815
Grants and contracts	641,147
Total	$1,013,962

9. COMPENSATED ABSENCES

At June 30, 2009, employees of the campus have accumulated and vested annual leave, sick leave, and compensatory leave of $866,110; $912,898; and $12,255, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

10. PENSION PLANS

Plan Description. Substantially all employees of the campus are members of two statewide, public employee retirement systems. Academic employees are generally members of the Teachers' Retirement System of Louisiana (TRSL), and classified/unclassified state employees are generally members of the Louisiana State Employees' Retirement System (LASERS). Both plans are administered by separate boards of trustees. TRSL is a cost-sharing, multiple-employer defined benefit pension plan and LASERS is considered a single-employer, defined benefit pension plan because the material portion of its activity is with one employer--the State of Louisiana. Both plans provide retirement, disability, and survivors' benefits to plan members and beneficiaries. The State of Louisiana guarantees benefits granted by the retirement systems by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after five years of service for TRSL and after 10 years of service for LASERS. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Funding Policy. The contribution requirements of employee plan members and the campus are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8% (TRSL) and 7.5% (8% for LASERS employees hired after July 1, 2006) of covered salaries. For fiscal year 2009, the state is required to contribute 15.5% of covered salaries to TRSL and 18.5% of covered salaries to LASERS. The State of Louisiana, through the annual appropriation to each university, funds the employer contribution. The employer contributions to TRSL for the years ended June 30, 2009, 2008, and 2007 were $997,205; $983,345; and $837,516, respectively, and to LASERS for the years ended June 30, 2009, 2008, and 2007 were $493,087; $508,919; and $427,890, respectively, equal to the required contributions for each year.

11. OPTIONAL RETIREMENT PLAN

TRSL administers an optional retirement plan, which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. This plan was designed to aid universities in recruiting employees who may not be expected to remain in the TRSL for five or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRSL and purchase retirement and death benefits through contracts provided by designated companies.

R.S. 11:927 sets the contribution requirements of the plan members and the campus equal to the contribution rates established for the regular retirement plan of TRSL. Total contributions by the campus are 15.5% of the covered payroll for fiscal year 2009. The participant's contribution of 8%, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRSL pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by an actuarial committee. The TRSL retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligation of the State of Louisiana or the TRSL. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

Employer and employee contributions to the optional retirement plan totaled $417,300 and $215,381, respectively, for the fiscal year ended June 30, 2009.

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - Employees of Southern University at Shreveport 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 prior to 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 State of Louisiana's Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's Web site 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 campus 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 three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan, and the Health Maintenance Organization (HMO) plan. In addition, all plan members are offered the Medical Home HMO plan. Retired employees who have Medicare Part A and Part B coverage also have access to Medicare Advantage plans which are offered on a calendar year basis. During calendar year 2008, there were three HMO plans and three private fee-for-service (PFFS) plans offered by five companies. During calendar year 2009, there were three HMO plans and two private fee-for-service (PFFS) plans offered by four companies.

Employees hired before January 1, 2002, pay approximately 25% of cost of medical coverage (except single retirees under age 65 pay approximately 25% of active employee cost). Employees hired on or after January 1, 2002, pay a percentage of the total contribution based on the following schedule:

Service	Contribution Percentage
Under 10 years	81%
10 - 14 years	62%
15 - 19 years	44%
20+ years	25%

See accountant's review report.

Shown below are the total monthly premium rates in effect for the plan year 2008-09.

	PPO	EPO	HMO
Active			
Single	$542	$564	$521
With Spouse	1,152	1,198	1,106
With Children	661	688	635
Family	1,215	1,264	1,166
Retired, No Medicare and Re-employed Retiree			
Single	$1,009	$1,049	$969
With Spouse	1,782	1,853	1,710
With Children	1,124	1,169	1,079
Family	1,773	1,844	1,702
Retired, with 1 Medicare			
Single	$328	$341	$315
With Spouse	1,212	1,261	1,164
With Children	568	591	545
Family	1,615	1,680	1,551
Retired, with 2 Medicare			
With Spouse	$590	$613	$566
Family	730	759	701

Medicare Advantage Plans - Calendar Year 2008

	HMO			Private Fee-for-Service Plans		
	Humana	People's Health	Vantage	Humana	Universal American	United Healthcare
Retired, with 1 Medicare						
Single	$137	$142	$140	$174	$134	$254
Retired, with 2 Medicare						
With Spouse	$274	$284	$280	$348	$267	$509

Medicare Advantage Plans - Calendar Year 2009

	HMO			Private Fee-for-Service Plans	
	Humana	People's Health	Vantage	Humana	Secure Horizons
Retired, with 1 Medicare					
Single	$137	$142	$178	$174	$270
Retired, with 2 Medicare					
With Spouse	$274	$284	$356	$348	$539

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total monthly premium is approximately $1 per thousand dollars of coverage of which the employer pays one-half of the premiums. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65

See accountant's review report.

and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

Annual Other Postemployment Benefit Cost and Liability - The campus' annual 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, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liability (UAAL). The total ARC for fiscal year 2009 is $2,524,400 as set forth below:

Normal cost	$1,454,500
Interest	97,092
Amortization of the UAAL	972,808
Annual required contribution	$2,524,400

The following schedule presents the components of the campus' annual OPEB cost for fiscal year 2009, the amount actually contributed to the plan, and changes in the campus' net OPEB obligation to the OPEB plan:

Annual required contribution	$2,524,400
Interest on net OPEB obligation	100,061
ARC adjustment	(95,588)
Annual OPEB cost	2,528,873
Contributions made	(344,239)
Increase in net OPEB obligation	2,184,634
Beginning net OPEB obligation, June 30, 2008	2,501,528
Ending net OPEB obligation, June 30, 2009	$4,686,162

The campus' 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, 2009, and the preceding fiscal year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	$2,827,100	11.5%	$2,501,528
June 30, 2009	2,528,873	13.6%	4,686,162

Funded Status and Funding Progress - Act 910 of the 2008 Regular Session established the Post Employment Benefits Trust Fund effective July 1, 2008; however, during fiscal year 2009, neither the campus nor the State of Louisiana contributed to it. Since no contributions were made, the campus' entire actuarial accrued liability of $25,456,900 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2008, was as follows:

Actuarial accrued liability (AAL)	$25,456,900
Actuarial value of plan assets	NONE
Unfunded actuarial accrued liability (UAAL)	$25,456,900
Funded ratio	0%
Covered payroll (active plan members)	$7,677,871
UAAL as a percentage of covered payroll	331.6%

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities 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 of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2008, OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 9.0% and 10.1% for pre-Medicare and Medicare eligible employees, respectively, scaling down to ultimate rates of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of projected payroll on an open basis. Annual per capita medical claims costs were updated to reflect an additional year of actual experience. There were no other changes in assumptions.

13. CONTINGENT LIABILITIES AND RISK MANAGEMENT

The campus is involved in 30 lawsuits and claims against it at June 30, 2009, of which one is handled by a contracted attorney. In the opinion of the contracted attorney, for the one lawsuit, there is no probable loss to the campus. The remaining lawsuits and claims are handled by the Attorney General's office or the state's self-insurance fund that is operated by the Office of Risk Management (ORM). Any losses resulting from these lawsuits and claims would be paid by ORM or through General Fund appropriations.

The amount of settlements paid in the last three years did not exceed insurance coverage.

In April 2009, Southern University at Shreveport signed a repayment plan with the U. S. Department of Education to repay disallowed federal costs in the amount of $682,939. These costs were related to programs administered during the period July 1, 2005 through June 30, 2006. This debt is included in the System's schedule of long-term liabilities at note 15. The following is a summary of future minimum payments as of June 30, 2009:

Fiscal Year Ended June 30,	Principal	Interest	Total
2010	$220,877	$18,019	$238,896
2011	227,579	11,317	238,896
2012	234,483	4,413	238,896
Total	$682,939	$33,749	$716,688

14. LEASE OBLIGATIONS

Operating Leases

For the fiscal year ended June 30, 2009, total operating lease expenses were $538,361. The campus has $33,806 of future minimum annual rental payments in fiscal year 2010 that are required under operating leases for office space that have initial or noncancelable lease terms in excess of one year as of June 30, 2009. The lease agreements have nonappropriation exculpatory clauses that allow lease cancellation if the legislature does not make an appropriation for its continuation during any future fiscal period.

Capital Leases

The campus 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 agreement is described in more detail in note 21. The capital lease obligation reported by the campus does not equal the capital lease receivable reported by the Southern University System Foundation due to the Foundation's 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, 2009:

See accountant's review report.

Fiscal Year Ended June 30,	
2010	$111,589
2011	111,551
2012	111,587
2013	111,576
2014	111,650
2015-2019	557,853
2020-2024	557,646
2025-2029	557,749
2030-2034	557,832
2035-2039	557,852
Total mimimum payments	3,346,885
Less - amount representing interest	(1,757,495)
Present value of net minimum lease payments	$1,589,390

The gross amount of assets held under capital leases as of June 30, 2009, include buildings, land improvements, and land of $1,062,495; $199,564; and $321,908, respectively.

Lessor Leases

The following is a schedule, by fiscal years, of the minimum future rentals on noncancelable operating leases as of June 30, 2009:

Nature of Operating Lease	2010	2011	2012	2013	Total Minimum Future Rentals
Other	$14,000	$14,000	$14,000	$14,000	$56,000

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. Contingent rentals amounted to $39,941 for the fiscal year ended June 30, 2009.

See accountant's review report.

15. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes in the campus' long-term liabilities for the fiscal year ended June 30, 2009:

	Balance, June 30, 2008	Prior Period Adjustments	Restated Balance, June 30, 2008	Additions	Reductions	Balance, June 30, 2009	Amounts Due Within One Year
Compensated absences payable	$1,674,695		$1,674,695	$162,030	($45,462)	$1,791,263	$49,976
Capital lease obligations	1,270,302	$59,320	1,329,622	259,768		1,589,390	27,581
Claims payable				682,939		682,939	220,877
OPEB payable	2,501,528		2,501,528	2,528,873	(344,239)	4,686,162	
Revenue bonds payable	13,093,785	(157,358)	12,936,427	2,084		12,938,511	
Total long-term liabilities	$18,540,310	($98,038)	$18,442,272	$3,635,694	($389,701)	$21,688,265	$298,434

16. BONDS PAYABLE

Bonds payable consisted of the following for the fiscal year ended June 30, 2009:

Issue	Date of Issue	Original Issue	Outstanding June 30, 2008	Issued (Redeemed)	Outstanding June 30, 2009	Final Fiscal Year Maturity	Interest Rates	Future Interest Payments June 30, 2009
SUSLA Facilities, Inc., Revenue Bonds:								
Series 2007A	July 25, 2007	$12,795,000	$12,795,000		$12,795,000	2040	5.75%	$16,014,756
Series 2007B	July 25, 2007	205,000	205,000		205,000	2014	9%	52,425
Total			13,000,000	NONE	13,000,000			$16,067,181
Original premiums/discounts, net as restated			(64,615)		(64,615)			
Accumulated amortization of premiums/discounts, as restated			1,042	$2,084	3,126			
Bonds payable, net			$12,936,427	$2,084	$12,938,511			

In the prior year, a bond discount of $157,358, which is net of $2,579 amortization, for the SUSLA Facilities, Inc., revenue bonds was incorrectly included in bond issuance costs. The amounts outstanding as of June 30, 2008, in the above schedule have been restated for this change.

See accountant's review report.

The scheduled maturities of the bonds at June 30, 2009, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2010		$754,163	$754,163
2011	$50,000	751,913	801,913
2012	55,000	747,187	802,187
2013	80,000	741,112	821,112
2014	110,000	734,025	844,025
2015-2019	1,045,000	3,519,431	4,564,431
2020-2024	1,545,000	3,140,219	4,685,219
2025-2029	2,045,000	2,627,031	4,672,031
2030-2034	2,705,000	1,949,106	4,654,106
2035-2039	3,575,000	1,051,531	4,626,531
2040	1,790,000	51,463	1,841,463
Total	13,000,000	$16,067,181	$29,067,181
Unamortized premium/discount, net as restated	(61,489)		
Bonds payable reported on the Statement of Net Assets	$12,938,511		

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 constructing 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 the exercise by the Board of the option to purchase the project.

Costs incurred in connection with the issuance of SUSLA Facilities, Inc. 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, 2009:

See accountant's review report.

	Costs	Prior Year Accumulated Amortization	Current Year Amortization	Costs, Net of Accumulated Amortization
Bond issuance costs	$230,528	($3,842)	($7,684)	$219,002

The following is a summary of the debt service reserve requirements of the bond issues outstanding at June 30, 2009:

	Cash/ Investment Reserves Available	Reserve Requirements	Excess
SUSLA Facilities, Inc., Series 2007A	$971,105	$948,488	$22,617

17. RESTRICTED NET ASSETS

The campus has the following restricted net assets at June 30, 2009:

Nonexpendable - endowments	$300,000
Expendable:	
Gifts, grants, and contracts	$596,862
Student fees	715,108
Student loans	458,641
University plant projects	21,302
Debt service requirements	131,731
Total expendable	$1,923,644

Of the total net assets reported in the Statement of Net Assets as of June 30, 2009, a total of $611,448 is restricted by enabling legislation.

18. RESTATEMENT OF BEGINNING NET ASSETS

The beginning net assets as reflected on Statement B have been restated to reflect the following adjustments:

Net Assets at June 30, 2008	$7,800,637
Accounts payable adjustment	12,265
Capital asset adjustment	60,194
Capital lease adjustments	(59,320)
Receivable correction	(1,148,564)
Other miscellaneous corrections	(7,515)
Net Assets at June 30, 2008, as restated	$6,657,697

19. RELATED PARTY TRANSACTIONS

During fiscal year ended June 30, 2009, the Southern University System had a relationship with the Southern University System Foundation. Southern University at Shreveport also obtained financing for various projects through a third party financing arrangement with the foundation.

20. FOUNDATIONS

The Southern University System has contracted with the Southern University System Foundation to invest the System's Endowed Chairs for Eminent Scholars Program endowment funds and Endowed Professorship Program endowment funds. The Endowed Chairs for Eminent Scholars Program endowment funds are established for $1,000,000 each, with $600,000 of private contributions and $400,000 of state matching portion allocated by the Board of Regents for Higher Education, while the Endowed Professorship Program endowment funds are established for $100,000 each, with $60,000 of private contributions and $40,000 of state matching portion allocated by the Board of Regents for Higher Education. The original endowment base including the state matching portion and private contributions totaled $200,000. At June 30, 2009, the Southern University System Foundation holds in custody $190,060 of Endowed Chairs for Eminent Scholars Program and Endowed Professorship Program endowment funds invested for the Southern University at Shreveport campus. Because the Southern University System Foundation's fiscal year-end of December 31, 2008, differs from the campus' fiscal year-end, the amounts reported as due to the campus by the Southern University System Foundation do not agree to the amounts reported as invested by the campus.

21. COOPERATIVE ENDEAVOR AGREEMENT

On October 26, 2006, the Southern University System Foundation entered into a Cooperative Endeavor and Lease Agreement (the Agreement) with the Board of Supervisors of Southern University and Agricultural and Mechanical College (the Board) to lease to the Board certain student housing facilities for the Southern University at Shreveport campus and certain auxiliary student facilities for the Southern University at Baton Rouge and Shreveport campuses. The

Board made an initial payment to the Southern University System Foundation in the amount of $4,500,000 on December 13, 2006. The initial payment was deposited in the Southern University System Foundation to be used for a student intramural sports complex and north-end seating in Mumford Stadium at the Baton Rouge campus.

After the initial payment, the Board shall make annual payments to the foundation starting November 1, 2008, and terminating on November 1, 2038, unless the Louisiana Public Facilities Authority Series 2006 Bonds are paid in full or legally defeased before that date. The Board payments are designed to be sufficient to pay the principal of and interest on the Series 2006 Bonds. The terms are such that at the bond issuance, certain funds were placed in a capitalized interest account to be held by the trustee, which were applied against the November 1, 2007, and November 1, 2008, debt service payments. Thus, the Board is not required to make a payment until all funds in the capitalized interest account are fully used to cover the debt service payments. The funds in the capitalized interest account were used to pay all amounts due during the fiscal year ended June 30, 2009, except for $191,675, which was paid by the Southern University at Baton Rouge campus on November 1, 2008. The base rental payments are as follows:

Fiscal Year Ended June 30,	Base Rent
2010	$3,749,975
2011	3,748,725
2012	3,749,925
2013	3,749,525
2014	3,752,025
2015-2019	18,746,775
2020-2024	18,739,813
2025-2029	18,743,312
2030-2034	18,746,088
2035-2039	18,746,750
Total	$112,472,913

The portion of the above payments representing completed projects is reported by the Shreveport campus as capital lease obligations (note 14). Until a project is complete, the Shreveport campus reports the payments relating to them as prepayments.

In addition to the base rental payments, the Board is also required to pay to the Southern University System Foundation as additional rent, all amounts expended by the foundation for the procurement of insurance coverage; fees and expenses of the foundations or its trustee in performing the requirements of the Trust Indenture and Loan Agreement; and administrative expenses in connection with reports and other tasks required in connection with the foundation's obligations under the Agreement. The Baton Rouge and Shreveport campuses provide the revenue streams used to make the base rental and other required payments.

The Agreement also 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 June 30, 2009, the balance in the Rental Deposit Fund is $1,876,011, of which $70,980 was contributed by the Shreveport campus.

Pursuant to the Agreement, the Southern University System 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 of Supervisors of Southern University and Agricultural and Mechanical College (the Lessor). The payment by the Lessee is $100 per year and the term is equal to the term of the LPFA Series 2006 bonds, terminating on the date of payment in full or defeasance of the LPFA Series 2006 bonds.

22. DEFERRED COMPENSATION PLAN

Certain employees of the campus participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report of the Plan, available from the Louisiana Legislative Auditor's Web site at www.lla.la.gov.

23. SUBSEQUENT EVENTS

The State of Louisiana has mandated a reduction in projected revenues for the fiscal year 2010 because of a decrease in state revenues. The Shreveport campus has implemented an approved restructuring plan to ensure that current operations are sustained and the missions and goals of the campus are not negatively impacted. Management does not anticipate that the 2009-2010 mandated budget cuts will significantly impact the campus' overall mission and goals. Management will continue to closely monitor available resources to ensure the campus' ongoing ability to react to known and unknown internal and external issues in a prompt manner.

The campus will implement the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, for the fiscal year ended June 30, 2010. This statement requires that all intangible assets not specifically excluded by its scope be classified as capital assets. This includes, but is not limited to, patents, copyrights, trademarks, and computer software. The effects of GASB Statement No. 51 are not known at this time but are required to be applied retroactively by restating prior year balances.

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REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the Other Postemployment Benefits Plan

The schedule of funding progress is required supplementary information that presents certain specific data regarding the funding progress of the Other Postemployment Benefits Plan, including the unfunded actuarial accrued liability.

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SOUTHERN UNIVERSITY AT SHREVEPORT
SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA

Schedule of Funding Progress for the Other Postemployment Benefits Plan
For the Fiscal Year Ended June 30, 2009

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, 2007	NONE	$23,029,600	$23,029,600	0%	$7,631,594	301.8%
July 1, 2008	NONE	25,456,900	25,456,900	0%	7,677,871	331.6%

Note to the Schedule:

GASB Statement 45 was implemented prospectively during the fiscal year ended June 30, 2008; therefore, only two years of information are available.

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Management Letter

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

April 14, 2010

SOUTHERN UNIVERSITY AT SHREVEPORT
SOUTHERN UNIVERSITY SYSTEM
STATE OF LOUISIANA
Shreveport, Louisiana

We have reviewed the financial statements of Southern University at Shreveport, as of and for the year ended June 30, 2009, and have issued our accountant's review report thereon dated April 14, 2010. Southern University at Shreveport is a campus within the Southern University System, a component unit of the State of Louisiana. The campus' accounts are an integral part of the Southern University System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the objective of which is the expression of an opinion regarding the basic financial statements. Accordingly, we did not express such an opinion in our accountant's review report referred to previously.

We did not review the financial statements of SUSLA Facilities, Inc., a blended component unit of the campus, which are included in the campus' financial statements. The financial statements of this component unit were audited by another auditor whose report thereon has been furnished to us, and the results of our review expressed herein, insofar as it relates to the amounts included for that component unit, is based solely upon the report of the other auditor.

Our review of the financial statements did not disclose any transactions entered into by the campus during the year that were both significant and unusual or transactions for which there is a lack of authoritative guidance.

For purposes of this letter, a disagreement with management is defined as a matter, whether or not resolved to our satisfaction, concerning a financial accounting or reporting matter that could be significant to the campus' financial statements or the accountant's report. No such disagreements arose during our review procedures.

In our prior audit report on the Southern University System for the year ended June 30, 2008, we reported four findings involving the Shreveport campus relating to inaccurate annual fiscal report preparation; insufficient control over federal receivables; general ledger accounts not properly

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reconciled; and control weaknesses over information technology. The finding related to control weaknesses over information technology has been substantially resolved by management. The findings related to inaccurate annual fiscal report preparation; insufficient control over federal receivables; and general ledger accounts not properly reconciled (combined with receivable finding) are addressed again in this letter.

Because our review procedures were substantially less in scope than an audit in accordance with *Government Auditing Standards*, identifying matters affecting the Southern University at Shreveport campus' internal control, compliance with applicable laws and regulations, and operational efficiencies was not an objective of our procedures. Accordingly, our review procedures cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. However, during our review procedures, we noted three significant matters requiring communication to management concerning internal control deficiencies. These findings are also included in the Southern University System audit reported dated April 5, 2010, for the year ended June 30, 2009.

Inaccurate Annual Fiscal Report Preparation

For the third consecutive year, Southern University at Shreveport did not have adequate controls over the campus' financial information included in the System's annual fiscal report (AFR) to ensure that the AFR and related note disclosures were prepared timely and accurately. Louisiana Revised Statute 39:79 authorizes the commissioner of administration to establish the format for obtaining each agency's financial information. Good internal control includes establishing formal written procedures for compiling financial information included in the AFR and developing an adequate review process to ensure that financial statements are prepared accurately and submitted timely.

The Office of Statewide Reporting and Accounting Policy (OSRAP) designed the AFR to obtain financial information and required a signed affidavit from each agency or university system that the financial statements present fairly the financial information of the system. OSRAP uses the AFRs during its compilation of the state's Comprehensive Annual Financial Report (CAFR).

A review of the campus' financial information included the following errors and omissions:

The Statement of Net Assets included the following errors:

- The campus overstated the value of its equipment by $236,313 because the campus recorded depreciation expense only for items purchased in the current year.

- The campus overstated federal receivables by $1,431,690. The receivables have been outstanding for over two years and it is doubtful that these receivables can be collected since the period of availability has elapsed.

- The campus overstated capital assets by $830,601 because it double counted $1,090,236 of prior year construction costs for three buildings as additional construction costs incurred in the current year and excluded $259,635 of current year construction costs for another building.

- The campus understated claims payable and the related note disclosure by $682,939 for disallowed costs on federal programs. The campus did not include the amounts owed under the repayment plan with the U.S. Department of Education.

The Statement of Revenues, Expenses, and Changes in Net Assets included the following errors:

- The campus incorrectly reduced instructional expenses by $1,200,000 for the donation of a plane instead of reporting this as a capital gift. This also misstated the statement of cash flows by understating payments for supplies and services and overstating capital asset purchases by $1,200,000.

- The campus incorrectly reported $120,000 of endowment contributions as investment income. This also misstated the statement of cash flows by understating private gifts for endowments and purchases of investments by $120,000.

The Statement of Cash Flows included the following errors:

- The campus included noncash capital appropriations as cash transactions which overstated capital appropriations and the purchases of capital assets by $5,166,075.

- The campus reported the investment transactions of its blended component unit at net, thereby understating the proceeds from sales and maturities of investments by $2,026,122; understating the purchases of investments by $1,595,992; and overstating interest received on investments by $430,130.

The related note disclosures included the following errors:

- The campus did not disclose its related-party transaction with its blended component unit (SUSLA Facilities, Inc.). In addition, the campus did not disclose the bond reserve requirements of $948,488 and available funds of $971,105 for SUSLA Facilities, Inc.

Management of the campus has not placed sufficient emphasis on ensuring that financial information included in the AFR is properly prepared and reviewed for errors or omissions. Currently, each campus of the Southern University System is responsible for its own financial statements and note disclosure preparation and each uses different Financial Record System reports and/or different methods for compiling the information in those reports. Failure to provide accurate and timely financial information for inclusion in the System's AFR that is submitted to OSRAP could result in a misstatement of the state's CAFR.

Management of Southern University at Shreveport should develop procedures to include written instructions, a timetable for compiling the required financial information, detailed supporting schedules to support AFR information, and a supervisory review of the financial information and note disclosures to detect and correct material errors in the financial information before it is submitted for inclusion in the Southern University System's AFR. Management concurred with the finding and provided correction action plans (see Appendix A, page 1).

Insufficient Control Over Receivables

For the fourth consecutive year, Southern University at Shreveport did not maintain adequate internal control over student and federal receivables. Good internal control requires regular monitoring and the periodic reconciliation of accounts receivable general ledger balances to the subsidiary ledger balances to ensure that (1) federal receivables are collected timely; (2) reasonable attempts are made to collect outstanding student account balances; (3) errors and or fraud are detected timely; and (4) financial information is fairly presented. Southern University System policy requires that after one year a demand letter be mailed to students not currently enrolled at the university informing them that if past due amounts are not remitted to the university, the account balance will be transferred to the Louisiana Department of Justice for collection 30 days after the letters are mailed.

Our audit revealed the following:

- At June 30, 2009, the campus' subsidiary ledger for student receivables, which totaled $1,624,502, was not reconciled to the general ledger balance of $1,314,348. Since the campus converted to the Banner Student Information System (SIS) in August 2003, a reconciliation of the entire account balance has not been performed. In addition, the campus' general ledger balances for doubtful accounts allowances of $290,734 were not reconciled to the subsidiary ledger balances which totaled $228,956.

- The campus did not remit its doubtful (overdue) accounts of $228,956 to the Louisiana Department of Justice for collection action as required by System policy. In addition, the campus did not remit its receivable accounts written off during the current year of $164,583.

- The campus did not attempt to collect federal receivables totaling $1,431,690 for over two years. According to the general ledger system, of this amount, $283,126 was established from two to three years ago; $142,367 was established from three to four years ago; and $1,006,197 was established more than four years ago. Because the federal programs are operated on a reimbursement basis, the campus has been using its existing resources to operate the programs without drawing the proper source of funds. This contributed to the campus accumulating a negative cash balance of $2 million at June 30, 2009.

Management did not ensure that System policies and procedures requiring the reconciliation of the general ledger accounts to the subsidiary ledgers were performed accurately and timely and that overdue accounts were submitted to the Department of Justice for collection. In addition, the campus did not request reimbursement from federal programs timely. As a result, the campus may have lost its ability to claim those federal funds that were not requested within the federal programs' period of availability. In addition, the campus could not use the replacement funds for necessary functions. When accounts receivable are not adequately monitored, analyzed, collected, and reconciled timely, assets are placed at greater risk of fraud and/or misappropriation and financial records and/or financial statements may not represent the true financial condition of the entity.

Management of the campus should ensure that periodic reconciliations of the subsidiary ledgers for student receivable and the doubtful account allowance accounts to the general ledger balances are performed timely and accurately. Management should review those reconciliations to ensure that all reconciling items are properly supported. Management should also ensure that overdue student receivables are submitted to the Department of Justice for collection in accordance with System policy. In addition, management should implement adequate procedures to ensure that all federal receivables are adequately monitored and that requests for reimbursement are made timely. The campus should also analyze its federal receivables and pursue collection of all outstanding federal receivables. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 2).

Ineffective Internal Audit Function

Southern University at Shreveport does not have an effective internal audit function to examine, evaluate, and report on compliance with the policies and procedures that comprise the internal controls. An effective internal audit function should identify high risk areas and evaluate and report on whether internal controls have been implemented to properly safeguard assets and prevent or detect errors and fraud in those areas.

During fiscal year ended June 30, 2009, it was noted that the campus internal auditors issued one report that addressed a high risk area even though the internal audit plan identified 25 high risk areas.

This campus reports over $31 million in total assets and over $32 million in total revenues. Even though there is no requirement to address each high risk area identified in the internal audit plan or even a specific number of them, the lack of significant progress toward addressing those areas of risk diminishes the campus' ability to identify and address potential weaknesses that could result in the loss of assets, fraud, and errors going undetected and/or funds not being properly expended or accounted for.

Management should allocate sufficient resources and planning to effectively address and report on the high risk areas identified in the internal audit plan. Management partially concurred with the finding stating that the internal audit function completed work in several areas of interest to the campus (see Appendix A, page 3).

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the campus. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the campus should be considered in reaching decisions on courses of action.

We did not perform any review procedures on the accuracy of management's responses in Appendix A.

A separate audit report for SUSLA Facilities, Inc., is available at the address listed in note 1-B to the financial statements.

This management letter is intended for the information and use of the Southern University at Shreveport campus, its management, others within the university, the Southern University System and its board of supervisors, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daryl G. Purpera, CPA
Legislative Auditor

STD:WDD:EFS:PEP:dl

SUS09

Management's Corrective Action Plans and Responses to the Findings and Recommendations

SUSLA
SOUTHERN UNIVERSITY SHREVEPORT LOUISIANA
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Office of the Chancellor

February 4, 2010

Mr. Daryl G. Purpera, Temporary Legislative Auditor
Office of Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

Dear Mr. Purpera:

Please find the below-listed legislative audit finding and corrective action response referencing ***"Inaccurate Annual Fiscal Report Preparation"*** (AFR) for the Southern University at Shreveport campus for fiscal year ending June 30, 2009.

Finding:
Inaccurate Annual Fiscal Report (AFR) Preparation.

Corrective Action:
Southern University at Shreveport (SUSLA) concurs with the reportable finding listed above relative to preparation of the Annual Fiscal Report (AFR).

The University will work with System Management and other Southern University campus fiscal officers to develop written procedures and a timetable for preparation and compilation of the AFR. Additionally, the University will modify and strengthen internal procedures regarding preparation and review of all journal entries.

The University has recently hired a Comptroller to assume supervisory responsibility for all accounting personnel, and to ensure day-to-day monitoring of all financial activity. This is a new position within the organizational structure of the Division of Finance and Administration. The proposed upgrade to the Banner Finance software module will also bring significant enhancement to SUSLA's reporting capabilities.

The University will take positive steps to avoid a future repeat of this finding.

Proposed Completion Date: **June 30, 2010**
Persons Responsible: **Dr. Ray L. Belton, Chancellor**
Benjamin Pugh, Vice Chancellor for Finance & Administration

Should you have questions or require additional information, I can be reached at (318) 670-6481.

Respectfully submitted,

Ray L. Belton, Ph.D.
Chancellor

BWP/lhb

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PHONE: (318) 670-6312 FAX (318) 670-6374
TOLL FREE: 1-800-458-1472, #6312
WWW.SUSLA.EDU

SOUTHERN UNIVERSITY AT SHREVEPORT

SUSLA
SOUTHERN UNIVERSITY SHREVEPORT LOUISIANA

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Office of the Chancellor

February 24, 2010

Mr. Daryl G. Purpera, Temporary Legislative Auditor
Office of Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

Dear Mr. Purpera:

Please find the below-listed legislative audit finding and corrective action response referencing ***"Insufficient Control Over Receivables"*** for the Southern University at Shreveport campus for fiscal year ending June 30, 2009.

Finding:
Insufficient Control Over Receivables

Corrective Action:
Southern University at Shreveport concurs with the reportable finding listed above relative to *Insufficient Control Over Receivables*.

The University, after several months of intensive recruitment, hired a highly qualified individual in December 2009 to assume the position of Comptroller whose first priority has been to bring day-to-day supervision to this task.

The University also hired an external CPA firm to provide staff training on federal and state regulations relative to receivables.

Additionally, the University is in negotiations with an external CPA firm to provide technical assistance and support in resolving this finding.

Reimbursement requests will be monitored and submitted to the appropriate funding agencies on a timely basis.

All federal receivables will be analyzed by University staff who will be required to diligently pursue collection.

Proposed Completion Date: **June 30, 2010**
Persons Responsible: **Brandy Jacobsen, Comptroller**
Benjamin Pugh, Vice Chancellor for Finance & Administration

Should you have questions or concerns, please contact Mr. Benjamin Pugh at (318) 670-6481.

Respectfully submitted,

Ray L. Belton, Ph.D.
Chancellor

BWP/lhb

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Office of the Chancellor

February 4, 2010

Mr. Daryl G. Purpera, Temporary Legislative Auditor
Office of Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

Dear Mr. Purpera:

Please find the below-listed legislative audit finding and corrective action response referencing ***"Ineffective Internal Audit Function"*** for the Southern University at Shreveport campus for fiscal year ending June 30, 2009.

Finding:
Ineffective Internal Audit Function

Corrective Action:
Southern University at Shreveport (SUSLA) partially concurs with the above-noted finding. During FY 2009, our Internal Audit function completed field work in several areas of interest to the University. Most of the audits were listed as Special Audits/Projects which can vary significantly from projected audit plans.

The University will review its internal audit function to determine the adequacy of current resources and planning to ensure effective monitoring of high risk areas.

Proposed Completion Date: **June 30, 2010**
Persons Responsible: **Arthur Smalls, CPA - Internal Auditor**
Dr. Ray L. Belton, Chancellor
Benjamin Pugh, Vice Chancellor for Finance & Administration

Should you have questions or require additional information, I can be reached at (318) 670-6481.

Respectfully submitted,

Ray L. Belton, Ph.D.
Chancellor

BWP/lhb

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