

LOUISIANA STATE UNIVERSITY SYSTEM

A COMPONENT UNIT OF THE
STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Financial Statement Audit for the
Year Ended June 30, 2022
Issued March 22, 2023**

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March 20, 2023

Independent Auditor's Report

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Louisiana State University System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the System as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Louisiana State University School of Medicine in New Orleans Faculty Group Practice doing business as LSU Healthcare Network and Subsidiaries; the Health Care Services Foundation and its subsidiary; the Stephenson Technologies Corporation; and the LSU Research Foundation, which are nonprofit corporations included as blended component units in the basic financial statements which represent 1.90%, 1.35%, 5.46%, and 6.66%, respectively of total assets, total liabilities, total revenues, and total expenses of the System. We also did not audit the financial statements of the LSU Foundation, the Tiger Athletic Foundation, the LSU Health Sciences Foundation in Shreveport, or the LSU Health Foundation, New Orleans, which are discretely presented component units included in the basic financial statements of the System. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts reported for the previously-mentioned component units, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of the LSU Foundation and the Tiger Athletic Foundation, which were audited by other auditors, were audited in accordance with GAAS but not in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 1-T to the financial statements, for the year ended June 30, 2022, the System adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 8 through 19, the Schedule of Proportionate Share of the Total OPEB Liability on page 100, the Schedule of the Proportionate Share of the Net Pension Liabilities of Cost Sharing Defined Benefit Pension Plans on page 101, the Schedule of Contributions to Cost Sharing Defined Benefit Pension Plans on page 102, and the Notes to Required Supplementary Information on pages 103 through 105 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for

placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplementary information combining financial schedules on pages 107 through 118, for the year ended June 30, 2022, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the supplementary information combining financial schedules for the fiscal year ended June 30, 2022, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with GAAS, the basic financial statements of the System as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated March 17, 2022, which contained unmodified opinions on the respective financial statements of the business-type activities. The combining financial schedules on pages 119 through 130 for the year ended June 30, 2021, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relate directly to, the underlying accounting and other records used to prepare the 2021 financial statements. The combining financial schedules were subjected to the auditing procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures, in accordance with GAAS. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the supplementary information combining financial schedules for the fiscal year ended

June 30, 2021, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2023, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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LSU2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following discussion and analysis has been prepared by management and is written to provide an overview of the financial position and activities of the Louisiana State University System (System) for the year ended June 30, 2022. It should be read in conjunction with the financial statements and the notes thereto which follow this section.

The annual report consists of a series of financial statements prepared in accordance with standards promulgated by the Governmental Accounting Standards Board (GASB) that are published in the codification of governmental accounting and financial reporting standards available from GASB. These standards include those required by Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38 and codified through sections 2100-2700 of the GASB's Codification of currently effective accounting and reporting standards.

The System applies GASB Codification Section 2600 *Reporting Entity and Component Unit Presentation and Disclosure*. This section addresses which support organizations, such as foundations, should be included as component units and how these component units should be presented in the financial statements. The State of Louisiana has set a threshold for including discretely presented component units if the potential component unit's assets equal 3% or more of the total assets of the system of universities it supports. A component unit that falls below this threshold may be excluded if it has been included in the financial report for at least three consecutive years and currently does not meet the reporting threshold.

The System has four foundations that are discretely presented in its financial statements. These are the LSU Foundation, the Tiger Athletic Foundation, the LSU Health Foundation, New Orleans, and the LSU Health Sciences Foundation in Shreveport. The financial data of each of these foundations is presented separately in a Statement of Financial Position and a Statement of Activities. Additional information about the foundations is contained in the notes to the financial statements.

BACKGROUND

The Louisiana State University System is the state's flagship university system. It is also one of the most diverse and comprehensive higher education systems in the country. Headcount enrollment during the fall 2021 semester was 56,625 which was an increase from the 55,961 reported in the previous year.

Degrees conferred by System campuses range from associate degree to doctor of philosophy. In addition, professional degrees in law, veterinary medicine, medicine, dentistry, and the complete spectrum of Allied Health, Nursing, and Public Health professions are conferred.

The System also encompasses specialized campuses including the Pennington Biomedical Research Center, an internationally renowned metabolic institute extending the human health life span through discoveries that shed light on new treatments and protocols to remedy chronic diseases such as obesity, diabetes, heart disease and cancer. The LSU Agricultural Center plays a vital and integral role in supporting agricultural industries, enhancing the environment, and improving quality of life through its 4-H youth programs, family and consumer sciences, and community development programs. The Ag Center completes its work through a network of 14 academic departments and specialized units primarily located in Baton Rouge, 15 research stations throughout the state, and 64 parish offices.

As it relates to health care, beginning in 1997 the LSU System was charged with the responsibility of administering 10 public hospitals across the state. These hospitals served as the primary source of health care services for the indigent population of the state and accounted for more than two million inpatient and outpatient visits each year. In addition, these hospitals were utilized by the LSU Health Sciences Centers in New Orleans and Shreveport as teaching hospitals wherein the medical, dental, nursing, and allied health faculty provided supervision and training to students while simultaneously providing necessary medical care to patients.

Beginning in the Spring of 2013, following a directive from the State, the LSU System began to transition the management and operations of all but one of its hospitals to private entities, entering into public private hospital partnerships. This major transformation of public healthcare in Louisiana occurred in a span of months, beginning in July 2012, when Congress reduced the state's disaster-recovery Federal Medical Assistance Percentage (FMAP) rate from 71.92 percent to a projected 65.51 percent, the lowest reimbursement rate Louisiana has had in more than 25 years. The FMAP was a major source of funding for the hospitals. Congress made the cut to correct a mistake in Louisiana's FMAP calculation. Realizing that the cut to FMAP could be problematic, the public private hospital partnerships were formed as a way to increase support for healthcare services and these partnerships continue today.

The transition of the management and operations of the hospitals to private partners were negotiated and formalized through cooperative endeavor agreements (CEA). These CEA's were executed by the State, the LSU System and the Private Partner selected for each former public hospital. The LSU System, through the CEA's and supporting documents, ensured that the public purpose of serving the indigent as well as the public mission of providing graduate medical education to its students and residents was maintained in the partnerships. The latest of the public private partnerships occurred in October 2018 between LSU Health Sciences Center Shreveport and Ochsner; this partnership, unlike the others, is established as a Joint Venture.

While many of these partnerships have been in place for several years now, they have been annually extended through the development and approval of Memorandum of Understandings. With changes in health care financing and funding as well as the changing health care industry and teaching, many of the original CEA's are being renegotiated at this time between all appropriate parties, including the State and LSU.

FINANCIAL HIGHLIGHTS

GENERAL

Despite continued challenges due to disruptions caused by the COVID-19 Pandemic, LSU was able to sustain itself financially and continue to report positive results overall by increasing its net position by \$459 million. A breakdown of the various components of this increase is described through the following paragraphs.

Total operating revenues increased from the prior fiscal year by approximately \$203 million, while operating expenses decreased by approximately \$268 million. The operating loss for fiscal year 2022 was \$162 million; the operating loss for fiscal year 2021, restated, was \$634 million.

An overall increase in operating revenue of \$203 million was driven by increases in several different revenue sources including student tuition and fees due to enrollment increases and on-line program expansion, sales and services to educational departments due to increases in the Physician Upper Payment Limit and Covid-19 testing fees, and non-governmental grants and contracts as a result increased service fees through partnership with Ochsner Health System, and as result of the Medicaid Managed Care Quality Incentive Program (MCIP) contracts that the LSU Health Sciences Center in New Orleans has on behalf of Louisiana Department of Health and the surrounding hospitals. Auxiliary enterprise revenues also increased substantially due to a return to normal activity in athletics, residential life, and university retail upon fully opening after COVID-19 closures.

The overall decrease in operating expenses is largely attributable to decreased employee benefit and retirement costs experienced as a result of changes in health benefits provided and retirement plan assets experiencing investment gains in the previous years. Partially offsetting these decreases in expenses were increased expenses for scholarship and fellowships, salaries and benefits as a result of a return to full employment, and increased auxiliary enterprise expenses upon resumption of a full range of activities.

If you include non-operating revenues and expenses, the System shows income before other revenues, expenses, gains, and losses of \$376 million for fiscal year 2021-2022. This level of income represents an increase of \$261 million compared to the \$115 million of revenue recognized in the previous year. This increase can be attributed largely to the improved operating loss as described above which offset reductions in non-operating revenue sources including gifts and investment income. Reduced revenue from those sources can be attributed to declines in the investment markets in 2022.

Other revenues, expenses, gains and losses which include non-recurring items such as capital appropriations and gifts were \$83 million in 2022 compared to \$53 million in 2021. The increase of \$30 million was largely attributable to state capital appropriations for a medical education building at LSU Health Sciences Center – Shreveport, engineering shops at the Baton Rouge campus, Huey P. Long renovations, and drainage improvements at the Alexandria campus.

As stated previously, when accounting for all of the operating, non-operating and other revenues and expenses as described above, the System's net financial position improved by \$459 million over 2021 (as restated).

OVERVIEW OF THE FINANCIAL STATEMENTS

The System's financial report consists of three sections: Management's Discussion and Analysis (this section), the basic financial statements, including the notes to the financial statements, and supplementary information. The basic financial statements are the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows, as well as the financial statements related to the discretely presented component units.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for the System as a whole. The Statement of Net Position presents the financial position of the System at the end of the fiscal year and includes all assets, deferred outflows, liabilities, and deferred inflows of the System. The difference between total assets plus deferred outflows and total liabilities plus deferred inflows is one way to measure the System's financial health or net position, while the change in net position is a useful indicator of whether the financial condition of the System is improving or deteriorating. Over time, increases or decreases in the System's net position can be useful in assessing whether its financial health is improving. Other non-financial factors such as the trend in enrollment and the condition of the physical plant are also useful in evaluating the overall financial health of the System. Finally, the Statement of Cash Flows presents the significant sources and uses of cash.

STATEMENT OF NET POSITION

Net position is divided into three major categories.

Net investment in capital assets represents the System's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction, or improvement of those capital assets.

Restricted net position represents the System's assets that are available for spending only as legally or contractually permitted, or obligated by legislative requirements, donor agreements, grant requirements, etc.

Unrestricted net position represents the System's assets that may be used at the discretion of the governing board to meet current expenses and for any lawful purpose.

From the data presented, readers of the Statement of Net Position are able to determine the following:

- The assets available to further the mission of the System,
- Deferred outflows and inflows representing consumption or acquisition of net resources applicable to future periods,
- The liabilities of the System which include the amount owed vendors, lending institutions, bondholders, leases, and retirees, and
- The net position and availability of assets for use by the System.

Current assets total \$1.4 billion and consist primarily of cash and cash equivalents, net receivables including leases receivable, investments, amounts due from governments, and prepaid expenses and advances. Deferred outflows of resources total \$758 million and consist primarily of deferred outflows related to changes in the pension and other post-employment benefits liability and losses on debt refundings, which are deferred and amortized over time. Current liabilities total \$482 million and consist mainly of accounts payable and accrued liabilities, unearned revenues, the current portion of debt payable and other borrowings, amounts held in custody for others, the other post-employment benefits liability to be paid within one year, lease liabilities, and a contingent amount for uncompensated absences.

Noncurrent assets total \$5.9 billion and include net capital assets of \$3.4 billion and other noncurrent assets of \$2.5 billion. The other noncurrent assets primarily include leases receivable of \$2 billion along with cash and investments that are externally restricted to certain programs and/or to make debt service payments or to maintain sinking or reserve funds, as well as other restricted assets. Noncurrent liabilities total \$3.6 billion and include (1) principal amounts of revenue bonds payable, notes payable, and lease liabilities with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; (3) the other postemployment benefits liability that will not be paid within one year; (4) the net pension liability; and (5) other liabilities that, while scheduled to be paid within one year, are to be paid from funds classified as noncurrent assets. Deferred inflows of resources total \$3.2 billion which consist of changes in the net pension liability and the other post-employment benefits liability that will be recognized as inflows in future years and lessor lease payments deferred and recognized as revenues in future years over the periods under lease.

Restricted nonexpendable net position totals \$168 million and consists of endowment and similar type funds, which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained intact and invested for the purpose of producing income that may either be expended or added to principal.

Restricted expendable net position totals \$328 million and includes resources that the System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. A summarized statement of the System's assets, deferred outflows, liabilities, deferred inflows, and net position at June 30, 2022, and June 30, 2021 (restated), follows.

Louisiana State University System Statement of Net Position

	As of			Percentage Change
	June 30, 2022	June 30, 2021 (Restated)*	Change	
Assets:				
Current assets	\$ 1,370,685,128	\$ 1,339,828,488	\$ 30,856,640	2.3%
Capital and intangible assets	3,372,882,840	2,169,245,732	1,203,637,108	55.5%
Other assets	2,569,573,524	2,733,738,265	(164,164,741)	(6.0%)
Total Assets	<u>7,313,141,492</u>	<u>6,242,812,485</u>	<u>1,070,329,007</u>	17.1%
Deferred Outflows of Resources:				
Deferred amounts on debt refunding	28,535,846	22,353,070	6,182,776	27.7%
OPEB-related deferred outflows of resources	390,824,860	384,673,267	6,151,593	1.6%
Deferred outflows related to pensions	338,273,812	511,814,805	(173,540,993)	(33.9%)
Total Deferred Outflows of Resources	<u>757,634,518</u>	<u>918,841,142</u>	<u>(161,206,624)</u>	(17.5%)
Total Assets and Deferred Outflows of Resources	<u>8,070,776,010</u>	<u>7,161,653,627</u>	<u>909,122,383</u>	12.7%
Liabilities:				
Current liabilities	481,580,752	549,071,486	(67,490,734)	(12.3%)
Noncurrent liabilities	3,600,593,975	5,983,226,859	(2,382,632,884)	(39.8%)
Total Liabilities	<u>4,082,174,727</u>	<u>6,532,298,345</u>	<u>(2,450,123,618)</u>	(37.5%)
Deferred Inflows of Resources:				
Lease related deferred inflows of resources	2,114,992,097	-	2,114,992,097	100.0%
OPEB-related deferred inflows of resources	510,641,012	214,971,812	295,669,200	137.5%
Deferred inflows related to pensions	554,076,214	64,586,267	489,489,947	757.9%
Total Deferred Inflows of Resources	<u>3,179,709,323</u>	<u>279,558,079</u>	<u>2,900,151,244</u>	1,037.4%
Total Liabilities and Deferred Inflows of Resources	<u>\$ 7,261,884,050</u>	<u>\$ 6,811,856,424</u>	<u>\$ 450,027,626</u>	6.6%
Net Position:				
Net investment in capital assets	\$ 2,301,873,176	\$ 1,492,227,433	\$ 809,645,743	54.3%
Restricted - nonexpendable	167,859,073	177,467,103	(9,608,030)	(5.4%)
Restricted - expendable	327,615,938	350,146,367	(22,530,429)	(6.4%)
Unrestricted	<u>(1,988,456,227)</u>	<u>(1,670,043,700)</u>	<u>(318,412,527)</u>	(19.1%)
Total Net Position	<u>\$ 808,891,960</u>	<u>\$ 349,797,203</u>	<u>\$ 459,094,757</u>	131.2%

* Restated for prior period adjustments but not restated for the implementation of GASB 87 as described in note 1-T.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) display information on how the System's net position changed as a result of current year operations. This statement presents the revenues of the System, both operating and nonoperating, the expenses incurred by the System, operating and non-operating, and capital grants, contributions and other net inflows or outflows.

Generally, operating revenues are recognized for providing goods and services to various customers and constituencies of the System. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the System. Non-operating revenues are revenues for which goods and services are not provided as an exchange transaction. For example, State appropriations are required to be reported as non-operating because they are provided by the Legislature to the System without the Legislature directly receiving commensurate goods and services for those revenues.

The consolidated SRECNP at June 30, 2022 for the System indicates a net operating loss of \$162 million determined without including State appropriations, gifts, or investment earnings and before subtracting interest expenses on debt.

Operating revenues increased by \$203 million and operating expenses decreased by \$268 million. Changes in operating revenues and operating expenses are identified in the financial highlights section above.

After including non-operating revenues such as State appropriations (\$477 million), gifts (\$58 million), federal non-operating revenues (\$143 million), and after subtracting net investment loss (\$79 million), other net non-operating expenses (\$25 million), and interest expense (\$36 million), the System had income before other revenues, expenses, gains, and losses of \$376 million.

The following table summarizes the System's operating revenues for the year ending June 30, 2022 with comparative totals for the year ended June 30, 2021.

Louisiana State University System Operating Revenues

	As of		Change	Percentage Change
	June 30, 2022	June 30, 2021		
Tuition and fees, net	\$ 567,471,278	\$ 541,578,259	\$ 25,893,019	4.8%
Federal appropriations	11,046,281	11,286,783	(240,502)	(2.1%)
Grants and contracts	1,162,236,201	1,048,777,510	113,458,691	10.8%
Sales and services of educational departments	269,762,983	255,656,381	14,106,602	5.5%
Auxiliary enterprises, net	244,315,056	183,088,125	61,226,931	33.4%
Hospital income	52,385,696	53,176,564	(790,868)	(1.5%)
Other	21,343,407	32,029,574	(10,686,167)	(33.4%)
Total operating revenues	\$ 2,328,560,902	\$ 2,125,593,196	\$ 202,967,706	9.5%

Operating Revenues

Operating revenues for the System totaled \$2.3 billion for the year ended June 30, 2022. Major components of operating revenues are grants and contracts, representing 50% of the total; net tuition and fees, representing 24% of the total; auxiliary revenues, representing 10% of the total; and sales and services of educational departments, representing 12% of the total.

For 2022, net tuition and fee revenue increased due to student enrollment increases, expansion of on-line program offerings and other factors. Sales and services to educational departments revenue increased due to increases in the Physician Upper Payment Limit received in connection with medical services, and Covid-19 testing fees. Grants and contracts revenue increased as a result of increased service fees through partnership with Ochsner Health System, and as result of the Medicaid Managed Care Quality Incentive Program (MCIP) contracts that the LSU Health Sciences Center in New Orleans has on behalf of Louisiana Department of Health and the surrounding hospitals. Auxiliary enterprise revenues also increased substantially due to a return to normal activity in athletics, residential life, and university retail upon fully opening after COVID-19 closures.

Summarized on the next page is the Statement of Revenues, Expenses, and Changes in Net Position.

Louisiana State University System
Statement of Revenues, Expenses, and Changes in Net Position

	As of		Change	Percentage Change
	June 30, 2022	June 30, 2021 (restated)*		
Operating revenues	\$ 2,328,560,902	\$ 2,125,593,196	\$ 202,967,706	9.5%
Operating expenses	2,490,994,730	2,759,255,928	(268,261,198)	(9.7%)
Operating loss	(162,433,828)	(633,662,732)	471,228,904	74.4%
Nonoperating revenues (expenses)	538,799,237	748,438,176	(209,638,939)	(28.0%)
Income before other revenues, expenses, gains, and losses	376,365,409	114,775,444	261,589,965	227.9%
Other revenues, expenses, gains, and losses	82,606,075	52,994,974	29,611,101	55.9%
Change in net position	458,971,484	167,770,418	291,201,066	173.6%
Net position at beginning of year - restated	349,920,476	182,026,785	167,893,691	92.2%
Net position at end of year	\$ 808,891,960	\$ 349,797,203	\$ 459,094,757	131.2%

* Restated for prior period adjustments but not restated for the implementation of GASB 87 as described in note 1-T.

Operating Expenses

Total operating expenses for the System amounted to approximately \$2.5 billion for the year ended June 30, 2022. Instruction expenses represented 26% of all operating expenses and represented the largest functional component. Other major components are research expenses, 11%; public service expenses, 26%; institutional support, 8%; operation and maintenance of plant, 8%; and auxiliary enterprises, 8%. Shown below in tabular format is a summary of the System's operating expenses for the fiscal year ended June 30, 2022, with comparative totals for the year ended June 30, 2021, as restated.

Louisiana State University System Operating Expenses

	As of		Change	Percentage Change
	June 30, 2022	June 30, 2021 (restated)*		
Instruction	\$ 641,533,743	\$ 746,009,939	\$ (104,476,196)	(14.0%)
Research	278,776,308	331,875,352	(53,099,044)	(16.0%)
Public service	651,693,969	702,090,202	(50,396,233)	(7.2%)
Academic support	118,614,050	145,084,674	(26,470,624)	(18.2%)
Student services	40,635,246	46,298,975	(5,663,729)	(12.2%)
Institutional support	213,108,025	227,175,689	(14,067,664)	(6.2%)
Operation and maintenance of plant	201,571,755	207,740,650	(6,168,895)	(3.0%)
Scholarships and fellowships	118,072,352	87,952,227	30,120,125	34.2%
Auxiliary enterprises	193,622,608	179,110,094	14,512,514	8.1%
Hospital	33,366,674	85,918,126	(52,551,452)	(61.2%)
Total operating expenses	\$ 2,490,994,730	\$ 2,759,255,928	\$ (268,261,198)	(9.7%)

* Restated for prior period adjustments but not restated for the implementation of GASB 87 as described in note 1-T.

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2022, the System had approximately \$3.4 billion invested in a broad range of capital assets including land, buildings and improvements, equipment, right-to-use lease assets, construction in progress, and infrastructure, which is net of accumulated depreciation and amortization of \$2.7 billion (see the following table).

Louisiana State University System Capital Asset Summary

	As of		Change	Percentage Change
	June 30, 2022	June 30, 2021 (restated)*		
Land and Non-depreciable Easements	\$ 176,176,510	\$ 176,161,794	\$ 14,716	0.0%
Other Capital Assets:				
Buildings and Improvements	4,192,967,468	3,314,752,966	878,214,502	26.5%
Machinery and Equipment	1,021,497,334	1,037,861,032	(16,363,698)	(1.6%)
Infrastructure	43,905,535	43,905,535	-	0.0%
Intangible Assets	87,592,206	87,473,512	118,694	0.1%
Right-to-use lease assets	351,781,989	-	351,781,989	100.0%
Construction/Development in Progress	244,093,273	150,492,752	93,600,521	62.2%
Total cost of capital assets	6,118,014,315	4,810,647,591	1,307,366,724	27.2%
Less accumulated depreciation and amortization	(2,745,131,475)	(2,641,401,859)	(103,729,616)	3.9%
Capital assets, net	\$3,372,882,840	\$2,169,245,732	\$1,203,637,108	55.5%

* Restated for prior period adjustments but not restated for the implementation of GASB 87 as described in note 1-T.

Land and Non-depreciable Easements total \$176 million, while other capital assets net of accumulated depreciation total \$3.2 billion at June 30, 2022. The overall net increase in capital assets of \$1.2 billion from restated amounts is largely a result of increases in buildings and improvements being constructed and placed into service, as well as recognition of right-to-use assets acquired for leases pursuant to adoption of Governmental Accounting Standards Board Statement (GASB) No. 87, *Leases*.

Major capital additions during 2022 included the Greenhouse II residential housing facility on the Baton Rouge central utility plant improvements for the LSU Health Sciences Center, and a medical education building for the LSU Health Science Center-Shreveport.

Long-Term Debt

At June 30, 2022, the System had \$354 million in bonds outstanding, \$93 million in compensated absence liabilities, \$332 million in lease liabilities, \$1.5 billion in OPEB liabilities, \$927 million in pension liabilities, and \$415 million in financed purchase obligations. Bonds outstanding decreased \$11 million from June 30, 2021, mainly due to regular principal payments made according to schedule. Refunding bonds were issued during 2022 in the amount of \$155 million, that served to refinance prior bonds and reduce future interest costs.

The OPEB liability decreased by approximately \$552 million from the amount as of June 30, 2021 largely due to changes in the benefits offered within the LSU Health Plan and changes in actuarial assumptions used in estimating the cost of future benefits. The net pension liability decreased approximately \$851 million, also because of changes in actuarial assumptions and positive performance of investments held in pensions trusts in 2021.

ECONOMIC OUTLOOK

Over the past decade, the state's fiscal condition has vacillated based on various changes in state tax and exemption laws. Institutions of higher education have experienced substantial cuts in state appropriated funds and state general fund direct appropriations. Tuition, fees, and other self-generated revenues mitigated most of the reductions, and now comprise a significant portion of the total operating budget revenue. Despite the coronavirus pandemic, the State's economy is on a path toward recovery. At its May 2022 meeting, the Revenue Estimating Conference increased its current year forecast for state general fund direct appropriations by \$104 million.

While the economic picture for the State looks promising, the LSU Board of Supervisors (Board) remains optimistic about the economic prosperity translating into investments for the University and higher education in general. The Board anticipates, based on recent efforts to protect higher education, that there will be no budgetary reductions through fiscal year 2022-23. In the 2022 Regular Session of the Louisiana Legislature, the Legislature approved a historic investment for State universities and colleges, totaling more than \$159 million, a 12% increase in higher education funding from fiscal year 2021-22. The State provided funding for faculty pay raises averaging three percent, as well as increases to the higher education funding formula. The Legislature also provided full-funding for the merit-based scholarship program, Taylor Opportunity Program for Students ("TOPS"), and enhanced funding for the need-based program, GO Grants.

In October 2020, the Legislature renewed the operational autonomies granted to certain postsecondary education institutions, which has allowed LSU to retain purchasing, risk management and other autonomies it had been granted through the LA GRAD Act.

Facts, decisions, or conditions that could have an effect on financial position and results include the following:

- Changes in current enrollment
- Changes in tuition and fee charges
- Changes in state appropriations
- Significant or new capital appropriations or projects
- Changes in the healthcare arrangements
- Changes in enterprise resource systems
- Changes in bond ratings
- Changes in organizational structure

CONTACTING THE LOUISIANA STATE UNIVERSITY'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of System's finances and to show Louisiana State University's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Vice President of Finance and Administration and Chief Administrative Officer at 3810 West Lakeshore Drive, Suite 109, Baton Rouge, LA 70808.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Statement of Net Position, June 30, 2022

ASSETS

Current Assets:

Cash and cash equivalents (note 2)	\$182,547,673
Investments (note 3)	661,437,493
Receivables, net (note 4)	373,117,726
Due from State Treasury (note 14)	834,238
Due from Federal Government (note 4)	59,459,837
Inventories	7,064,902
Prepaid expenses and advances	21,558,029
Notes receivable	2,668,376
Leases receivable (note 12)	61,128,290
Leases receivable - discrete component units (note 12)	653,529
Other current assets	215,035
Total current assets	<u>1,370,685,128</u>

Noncurrent Assets:

Restricted Assets:

Cash and cash equivalents (note 2)	163,844,056
Investments (note 3)	267,679,038
Receivables, net (note 4)	1,916,024
Notes receivable	12,977,536
Other restricted assets	4,077,506
Investments (note 3)	70,032,140
Leases receivable (note 12)	2,045,321,822
Leases receivable - discrete component units (note 12)	3,504,212
Other noncurrent assets	221,190
Capital assets, net (note 5)	3,372,882,840
Total noncurrent assets	<u>5,942,456,364</u>

Total assets

7,313,141,492

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on debt refunding	28,535,846
OPEB-related deferred outflows of resources (note 8)	390,824,860
Pension-related deferred outflows of resources (note 7)	338,273,812

Total deferred outflows of resources

757,634,518

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$8,070,776,010

(Continued)

The accompanying notes are an integral part of this statement.

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

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities (note 6)	\$170,608,270
Unearned revenues	174,876,533
Amounts held in custody for others	7,200,295
Other liabilities (note 26)	16,846,198
Compensated absences (note 10 and 13)	8,981,530
Lease liability (note 11 and 13)	9,101,981
Lease liability - discrete component units (note 11 and 13)	7,076,827
Finance purchase obligations (note 13)	3,713,911
Notes payable (note 13)	361,075
Bonds payable (note 13)	21,984,393
Total OPEB liability (note 8)	60,829,739
Total current liabilities	<u>481,580,752</u>

Noncurrent Liabilities:

Compensated absences payable (note 10 and 13)	84,459,982
Lease liability (note 11 and 13)	213,679,689
Lease liability - discrete component units (note 11 and 13)	102,499,472
Finance purchase obligations (note 13)	411,385,768
Notes payable (note 13)	3,098,004
Bonds payable (note 13)	332,166,904
Total OPEB liability (note 8)	1,462,278,012
Net pension liability (note 7)	926,552,685
Other noncurrent liabilities (note 13)	64,473,459
Total noncurrent liabilities	<u>3,600,593,975</u>

Total liabilities4,082,174,727**DEFERRED INFLOWS OF RESOURCES**

Lease-related deferred inflows of resources (note 12)	2,114,992,097
OPEB-related deferred inflows of resources (note 8)	510,641,012
Pension-related deferred inflows of resources (note 7)	554,076,214
Total deferred inflows of resources	<u>3,179,709,323</u>

NET POSITION

Net investment in capital assets	2,301,873,176
Restricted	
Nonexpendable (note 15)	167,859,073
Expendable (note 15)	327,615,938
Unrestricted	<u>(1,988,456,227)</u>
Total net position	<u>808,891,960</u>

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND NET POSITION**\$8,070,776,010

(Concluded)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement B

COMPONENT UNITS
Statement of Financial Position, June 30, 2022

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Foundation, New Orleans	LSU Health Sciences Foundation in Shreveport	Total Foundations
ASSETS					
Current Assets:					
Cash and cash equivalents (note 2)	\$35,901,122	\$16,209,120	\$1,988,200	\$2,718,252	\$56,816,694
Restricted cash and cash equivalents (note 2)	48,899,156	38,243,875			87,143,031
Investments (note 3)		21,065,366	4,231,772	8,440,863	33,738,001
Restricted investments (note 3)		7,970,123			7,970,123
Accrued interest receivable	377,579				377,579
Accounts receivable, net	1,168,440	2,646,735	746,865	194,113	4,756,153
Unconditional promises to give, net (note 23)	23,327,225	4,956,194	2,177,166	10,466,332	40,926,917
Deferred charges and prepaid expenses		278,081	346,735	29,995	654,811
Other current assets	172,235	26,653,462			26,825,697
Total current assets	109,845,757	118,022,956	9,490,738	21,849,555	259,209,006
Noncurrent Assets:					
Restricted assets:					
Cash and cash equivalents (note 2)		5,425,659		556,003	5,981,662
Investments (note 3)	658,203,924	99,298,809		227,892,107	985,394,840
Other	5,140,541				5,140,541
Investments (note 3)	12,390,741		157,435,135		169,825,876
Other receivables, net					
Unconditional promises to give, net (note 23)	43,321,901	3,519,952	1,710,047	13,729,793	62,281,693
Property and equipment, net (note 5)	33,968,754	201,282,923	23,518,124	4,407,473	263,177,274
Other noncurrent assets	1,067,312	64,905,222			65,972,534
Total noncurrent assets	754,093,173	374,432,565	182,663,306	246,585,376	1,557,774,420
Total assets	\$863,938,930	\$492,455,521	\$192,154,044	\$268,434,931	\$1,816,983,426
Current Liabilities:					
Accounts payable and accrued liabilities	\$4,313,695	\$1,826,588	\$1,308,503	\$4,462,563	\$11,911,349
Amounts held in custody for others	19,346,275	623,960		82,810,855	102,781,090
Deferred revenues		28,841,711			28,841,711
Compensated absences payable	524,334				524,334
Other current liabilities		29,469	1,575,375		1,604,844
Current portion of notes payable	511,656	3,236,692	118,322		3,866,670
Current portion of bonds payable (note 13)		7,459,000			7,459,000
Total current liabilities	24,695,960	42,017,420	3,002,200	87,273,418	156,988,998
Noncurrent Liabilities:					
Amounts held in custody for others	118,151,747	609,442	32,937,028		151,698,217
Notes payable	13,495,027	10,408,660	4,517,384		28,421,071
Bonds payable (note 13)		118,791,380			118,791,380
Deferred revenues		49,456,329			49,456,329
Other noncurrent liabilities	2,061,381	-	164,855		2,226,236
Total noncurrent liabilities	133,708,155	179,265,811	37,619,267	87,273,418	350,593,233
Total liabilities	158,404,115	221,283,231	40,621,467	87,273,418	507,582,231
NET ASSETS					
Without donor restrictions	58,808,311	204,939,765	20,020,199	23,549,223	307,317,498
With donor restrictions	646,726,504	66,232,525	131,512,378	157,612,290	1,002,083,697
Total net assets	705,534,815	271,172,290	151,532,577	181,161,513	1,309,401,195
Total liabilities and net assets	\$863,938,930	\$492,455,521	\$192,154,044	\$268,434,931	\$1,816,983,426

*As of December 31, 2021

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

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

OPERATING REVENUES

Student tuition and fees	\$710,311,127
Less scholarship allowances	(142,839,849)
Net student tuition and fees	<u>567,471,278</u>
Federal appropriations	11,046,281
Federal grants and contracts	184,825,650
State and local grants and contracts	78,379,809
Nongovernmental grants and contracts	899,030,742
Sales and services of educational departments	269,762,983
Hospital income	52,385,696
Auxiliary enterprise revenues (including revenues pledged to secure debt per note 22)	275,910,926
Less scholarship allowances	(31,595,870)
Net auxiliary revenues	<u>244,315,056</u>
Other operating revenues	<u>21,343,407</u>
Total operating revenues	<u><u>2,328,560,902</u></u>

OPERATING EXPENSES

Educational and general:	
Instruction	641,533,743
Research	278,776,308
Public service	651,693,969
Academic support	118,614,050
Student services	40,635,246
Institutional support	213,108,025
Operation and maintenance of plant	201,571,755
Scholarships and fellowships	118,072,352
Auxiliary enterprises	193,622,608
Hospital	33,366,674
Total operating expenses (note 18)	<u><u>2,490,994,730</u></u>
Operating Loss	<u><u>(162,433,828)</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

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

NONOPERATING REVENUES (EXPENSES)

State appropriations	\$476,949,883
Gifts	57,876,077
Federal nonoperating revenues	143,590,542
Net investment loss	(78,693,613)
Interest expense	(35,781,750)
Other net nonoperating revenues (expenses)	(25,141,902)
	<u>538,799,237</u>
Income Before Other Revenues, Expenses, Gains, and Losses	376,365,409
Capital appropriations	73,564,298
Capital gifts and grants	12,235,467
Additions to permanent endowments	5,500,950
Other additions (deductions), net	(8,694,640)
	<u>82,606,075</u>
Change in Net Position	458,971,484
Net Position at Beginning of Year, Restated (Note 16)	<u>349,920,476</u>
Net Position at End of Year	<u><u>\$808,891,960</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

COMPONENT UNITS
Statement of Activities
For the Year Ended June 30, 2022

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Foundation, New Orleans	LSU Health Sciences Foundation in Shreveport	Total Foundations
Changes in net assets without donor restrictions:					
Operating activities					
Revenues:					
Contributions	\$2,147,845	\$1,646,191	\$1,048,010	\$493,766	\$5,335,812
Contract revenue		33,506,600			33,506,600
Investment earnings (loss), net	(1,506,328)	828,353	(2,331,089)	(2,215,310)	(5,224,374)
Service fees	1,481,720		2,599,636	888,149	4,969,505
Other revenues	9,045,844	13,093,631	1,898,016	100,992	24,138,483
Total revenues without donor restrictions	11,169,081	49,074,775	3,214,573	(732,403)	62,726,026
Net assets released from donor restrictions:					
Satisfaction of purpose restrictions	39,987,816	10,511,050	11,142,062	21,300,447	82,941,375
Total operating revenues and other support	51,156,897	59,585,825	14,356,635	20,568,044	145,667,401
Expenses:					
Amounts paid to benefit Universities for:					
Projects specified by donors	38,267,598		6,027,563	19,948,531	64,243,692
Projects specified by the Board of Directors		40,879,946			40,879,946
Other:					
Grants and contracts			3,292,795		3,292,795
Property operations			169,658		169,658
Other		13,515,565	2,568,219		16,083,784
Total program expenses	38,267,598	54,395,511	12,058,235	19,948,531	124,669,875
Supporting services:					
Salaries and benefits	3,097,056	2,761,489	2,174,051	458,970	8,491,566
Occupancy	151,003	216,525	126,841	28,788	523,157
Office operations	2,044,231	157,314	384,590	51,267	2,637,402
Travel	4,351	87,178	184,146	1,159	276,834
Professional services	505,885	98,860	502,916	119,938	1,227,599
Dues and subscriptions	40,081	28,751	199,743	6,958	275,533
Meetings and development	52,806	4,203	4,181	5,041	66,231
Depreciation	918,815		241,859	57,361	1,218,035
Other		2,706,856	466,028	80,246	3,253,130
Total supporting services	6,814,228	6,061,176	4,284,355	809,728	17,969,487
Fund-raising expenses	7,228,770	2,426,994		1,385,036	11,040,800
Total expenses	52,310,596	62,883,681	16,342,590	22,143,295	153,680,162
Change in net assets without donor restrictions	(1,153,699)	(3,297,856)	(1,985,955)	(1,575,251)	(8,012,761)

* For the calendar year ending December 31, 2021

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
COMPONENT UNITS
Statement of Activities
For the Year Ended June 30, 2022

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Foundation, New Orleans	LSU Health Sciences Foundation in Shreveport	Total Foundations
Changes in net assets with donor restrictions					
Contributions	\$109,389,404	\$12,679,407	\$12,186,618	\$7,581,811	\$141,837,240
Investment earnings (loss)	(39,600,680)	5,048,809	(10,789,996)	(20,016,833)	(65,358,700)
Changes in value of split interest agreements	(1,338,509)				(1,338,509)
Satisfaction of purpose restrictions	(39,987,816)	(10,511,050)	(11,142,062)	(21,300,447)	(82,941,375)
Change in net assets with donor restrictions	<u>28,462,399</u>	<u>7,217,166</u>	<u>(9,745,440)</u>	<u>(33,735,469)</u>	<u>(7,801,344)</u>
Change in net assets	27,308,700	3,919,310	(11,731,395)	(35,310,720)	(15,814,105)
Net assets at beginning of year	<u>678,226,115</u>	<u>267,252,980</u>	<u>163,263,972</u>	<u>216,472,233</u>	<u>1,325,215,300</u>
Net assets at end of year	<u>\$705,534,815</u>	<u>\$271,172,290</u>	<u>\$151,532,577</u>	<u>\$181,161,513</u>	<u>\$1,309,401,195</u>

* For the calendar year ending December 31, 2021

(Concluded)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Statement of Cash Flows
For the Year Ended June 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$581,622,785
Federal appropriations	7,806,488
Grants and contracts	1,097,460,896
Sales and services of educational departments	272,622,051
Hospital income	51,183,151
Auxiliary enterprise receipts	234,806,518
Payments for employee compensation	(1,292,499,190)
Payments for benefits	(430,525,216)
Payments for utilities	(54,615,938)
Payments for supplies and services	(834,359,815)
Payments for scholarships and fellowships	(118,883,411)
Loans to students	(3,075,968)
Collection of loans to students	2,175,790
Other receipts	88,377,921
Net cash used by operating activities	<u>(397,903,938)</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES:**

State appropriations	477,311,350
Gifts and grants for other than capital purposes	74,649,525
Private gifts for endowment purposes	3,120,950
TOPS receipts	122,094,099
TOPS disbursements	(122,095,572)
FEMA disbursements	(886,766)
Direct lending receipts	343,678,861
Direct lending disbursements	(343,745,151)
CARES receipts	69,041,171
CARES disbursements	(67,263,940)
Other receipts	15,882,303
Net cash provided by noncapital financing activities	<u>571,786,830</u>

**CASH FLOWS FROM CAPITAL
FINANCING ACTIVITIES:**

Proceeds from issuance of debt	155,275,000
Capital gifts and grants received	8,401,183
Purchase of capital assets	(78,046,536)
Principal paid on capital debt	(31,365,258)
Interest paid on capital debt	(31,500,121)
Refunding of bonds	(153,839,450)
Bond issuance cost	(1,435,550)
Receipts from lessor leases	103,367,435
Payments for right of use leased assets	(19,962,889)
Other uses	(6,881,312)
Net cash used by capital financing activities	<u>(55,987,498)</u>

(Continued)

The accompanying notes are an integral part of this statement.

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

CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	\$145,385,367
Interest received on investments	38,644,963
Purchase of investments	(331,776,193)
Net cash used by investing activities	<u>(147,745,863)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(29,850,469)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>376,242,198</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>\$346,391,729</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	(\$162,433,828)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	154,154,325
Non-Employer contributing entity revenue	5,329,109
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Increase in accounts receivable, net	(81,538,180)
Increase in inventories	(326,481)
Decrease in prepaid expenses and other	7,112,965
Decrease in notes receivable	1,826,505
Increase in deferred outflows related to OPEB	(6,151,593)
Decrease in deferred outflows related to pensions	173,540,993
Increase in other assets	(564,129)
Decrease in accounts payable and accrued liabilities	(3,463,823)
Increase in unearned revenue	8,215,311
Decrease in amounts held in custody for others	(2,308,509)
Decrease in compensated absences	(1,278,168)
Decrease in total OPEB liability	(552,505,429)
Decrease in net pension liability	(851,298,340)
Increase in deferred inflows related to OPEB	295,669,200
Increase in deferred inflows related to pensions	489,489,947
Increase in other deferred inflows	25,506,660
Increase in other liabilities	<u>103,119,527</u>
Net cash used by operating activities	<u><u>(\$397,903,938)</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

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

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

Cash and cash equivalents classified as current assets	\$182,547,673
Cash and cash equivalents classified as noncurrent assets	163,844,056

Cash and cash equivalents at end of the year	<u><u>\$346,391,729</u></u>
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**SCHEDULE OF NONCASH INVESTING, CAPITAL,
AND FINANCING ACTIVITIES:**

Capital appropriations	\$73,564,298
Amortized borrowing expense	18,861
Decrease in fair market value of assets	(138,244,817)
Non-Employer contributing entity revenue	5,329,109
Capital gifts and grants	4,464,658
Transfers/disposal of capital assets	(513,986)
Leased assets in current year	752,889
Lease receivables in current year	2,378,328
	<u><u>(\$52,250,660)</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Louisiana State University System (System) is a publicly supported institution of higher education. The System is a component unit of the State of Louisiana within the executive branch of government. The System is under the management and supervision of the LSU Board of Supervisors; however, certain items such as the annual budgets of the universities and changes to the degree programs and departments of instruction require the approval of the Board of Regents for Higher Education. The Board of Supervisors is comprised of 15 members appointed for a six-year term by the governor, with the consent of the Senate, and one student member appointed for a one-year term by a council composed of the student body presidents of the universities. Like other state-funded universities, operations of the System's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature. The chief executive officer of the System is the president.

The System is comprised of nine campuses in five cities and one state hospital. In addition, the System has established public/private partnership cooperative endeavors for the management of six additional hospitals. The System includes LSU and A&M College (LSU) and the Pennington Biomedical Research Center, both in Baton Rouge; the LSU Agricultural Center (including the Louisiana Agricultural Experiment Stations and the Louisiana Cooperative Extension Service), with headquarters in Baton Rouge; LSU Shreveport; LSU of Alexandria; LSU Eunice, a two-year institution; the LSU Health Sciences Center in New Orleans, which includes schools of Medicine, Dentistry, Nursing, Public Health, and Allied Health Professions, and a Graduate School in New Orleans, and the Louisiana State University School of Medicine in New Orleans Faculty Group Practice (a Louisiana nonprofit corporation doing business as LSU Healthcare Network); the Health Care Services Division; and the LSU Health Sciences Center in Shreveport, which includes schools of Medicine, Allied Professions, and Graduate Studies. Student enrollment for the System for the 2021 fall semester totaled 56,625. As of December 2021, the System had 4,558 full and part-time faculty members with the academic rank of instructor or above, including those positions with equivalent rank.

Beginning in 1997, Louisiana Revised Statute (R.S.) 17:1519.1 provided for the operation of Louisiana's public hospitals by the LSU Health Sciences Center - Health Care Services Division, under the overall management of the LSU Board of Supervisors. These hospitals serve as the primary source of health care services for the indigent population of the state. In addition, these hospitals are utilized by the LSU Health Sciences Centers as teaching hospitals wherein the medical and dental faculty and medical education students provide the medical care to patients.

In 2013, LSU transitioned management and operations of its hospitals to private hospital partnerships. Under cooperative endeavor agreements, the Louisiana Children's Medical Center (LCMC) manages the new University Medical Center. Leonard J. Chabert Medical Center in Houma is now operated by a partnership between Terrebonne General Medical Center and Southern Regional Medical Center, which delivers services through the Ochsner Health System. University Medical Center in Lafayette is managed by Lafayette General Medical Center.

W.O. Moss Regional Medical Center in Lake Charles closed as an inpatient facility in 2013, and its outpatient services are now managed by Lake Charles Memorial Health System. Earl K. Long Medical Center in Baton Rouge closed in April 2013. An extensive network of outpatient clinics is now managed by Our Lady of the Lake Regional Medical Center. Bogalusa Medical Center is operated by Franciscan Missionaries of Our Lady Health System through Our Lady of Angels. Lallie Kemp Medical Center in Independence is under the management of the System.

Beginning in October 2013, E.A. Conway Medical Center in Monroe and LSU Medical Center in Shreveport transitioned from LSU Health Sciences Center Shreveport to management by the Biomedical Research Foundation of Northwest Louisiana, and subsequently to Ochsner LSU Health System in October 2018. The management of the Shreveport Faculty Group Practice also transitioned to Ochsner LSU Health System of North Louisiana in October 2018. Huey P. Long Medical Center under the management of LSU Health Sciences Center Shreveport closed June 30, 2014. Outpatient clinic and inpatient hospital services are delivered by Christus St. Frances Cabrini Hospital and Rapides Regional Medical Center.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards* published by GASB.

The discrete component unit foundations, which are the LSU Foundation, the Tiger Athletic Foundation, the LSU Health Foundation, New Orleans, and the LSU Health Sciences Foundation in Shreveport, follow the provisions of the Financial Accounting Standards Board for not-for-profit organizations.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The System is considered a component unit of the State of Louisiana because the State exercises oversight responsibility and has accountability for fiscal matters as follows: (1) a majority of the members of the governing board are appointed by the governor; (2) the State has control and exercises authority over budget matters; (3) the State issues or approves the issuance of bonds to finance certain construction; and (4) the System primarily serves State residents. The accompanying financial statements present information only as to the transactions of the programs of the LSU System.

Blended Component Units

Louisiana State University School of Medicine in New Orleans Faculty Group Practice, a Louisiana Non-Profit Corporation, d/b/a LSU Healthcare Network (LSUHN), supports the LSU Health Sciences Center (LSUHSC) in carrying out its patient care, educational, and research functions. The Board of Directors consists of seven (7) members who are representatives of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), the LSUHSC, and the LSU School of Medicine in New Orleans, as well as eight (8) public or community members who are not employees of LSU and are nominated by either the Nominating Committee or any member of the Board of Directors. Upon dissolution of LSUHN, any remaining assets would be distributed to the Board of Supervisors of LSU or its successor for distribution to LSUHSC or to the Louisiana State University Medical Center Foundation. LSUHN provides health care to the general public including, but not limited to, the delivery of physician medical services and other healthcare services to individuals. LSUHN receives compensation for these services from the Medicare and Medicaid programs, certain commercial insurance carriers, health maintenance organizations, preferred provider organizations, and directly from patients.

LSUHN's activities include services provided in both hospitals across Southern Louisiana and the clinics operated by LSUHN on behalf of LSUHSC. In August 2011, LSUHN and LSUHSC (through the Board of Supervisors of LSU) entered into a restated and amended agreement pursuant to the Uniform Affiliation Agreement. The agreement establishes support of the Board of Supervisors of LSU and LSUHSC-NO in the attainment of its mission and goals, particularly as they relate to the LSUHSC-NO Schools of Medicine, Allied Health Professions, Dentistry, Nursing, and Public Health (collectively, the Health Professional Schools) in their clinical practices.

LSUHN remains a private entity under Louisiana Revised Statute (LRS) 17:3390 but is combined with the Louisiana State University System for financial reporting purposes and is included in the basic financial statements of the Louisiana State University System.

To obtain the latest audit report of the LSU Healthcare Network, write to the LSU Healthcare Network, 2025 Gravier Street, 6th Floor, New Orleans, Louisiana 70112.

The Health Care Services Foundation (HCSF) and its subsidiary, Bogalusa Community Medical Center (BCMC), are blended component units of the university system and are included in the financial statements. The component units are included in the reporting entity because they are fiscally dependent on the LSU System and the LSU Health Care Services Division (HCSF) and provide services exclusively to HCSF. HCSF is a nonprofit organization, incorporated in the State of Louisiana that provides support and appropriate services to the HCSF, including purchasing, leasing, owning, operating, managing, and selling property and services to maximize healthcare capabilities in Louisiana. BCMC is a nonprofit, nonstock corporation, incorporated in Louisiana. On April 25, 2002, HCSF became the sole member of the BCMC, which leases the hospital's facilities to the HCSF. Although HCSF and BCMC are legally separate entities, they are reported as a part of the university system because their purposes are to assist the LSU Health Care Services Division in carrying out its medical, educational, and research functions.

To obtain the latest audit report of the HCSF and the BCMC, write to Health Care Services Foundation, Post Office Box 91308, Baton Rouge, Louisiana 70821-1308.

Stephenson Technologies Corporation (STC) is an affiliate of the Louisiana State University and Agriculture and Mechanical College (LSU) that operates primarily for scientific and educational services. STC conducts contract research and development, test and evaluation, operations and maintenance, and policy development for the government, academia, and industry. The component unit is included in the reporting entity because of the significant operational relationship with LSU, its sole corporate member. STC has its headquarters in Baton Rouge, Louisiana, and conducts operations in various corporate and client locations throughout the United States. Stephenson Technologies Corporation (STC, formerly Nascent Technologies Corporation) was established on the 8th of May 2015, began operations in October 2016, and changed its name to STC in April 2017. STC qualifies as a tax-exempt organization under 501(c)(3) of the Internal Revenue Code.

To obtain the latest audit report for STC, write to the Stephenson Technologies Corporation, 340 East Parker Street, Suite 368, Baton Rouge, Louisiana 70803-0001.

The LSU Research Foundation (formerly the LSU Research and Technology Foundation) was formed on July 3, 2002 and began operations on July 18, 2003. The LSU Research Foundation was organized to encourage, support, facilitate, foster, and manage research, technology, and start-up life sciences business emanating from the Louisiana State University System and other research institutions and facilities in Louisiana to enhance economic growth; to coordinate and manage the transfer of intellectual property and other intangible property and rights derived from such research and technology to the marketplace; and to pursue all other activities and actions contemplated by the foregoing. It is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

To obtain the latest audit report for the LSU Research Foundation, write LSU Research Foundation, 101 Louisiana Emerging Technology Center, Baton Rouge, LA 70803.

Discretely Presented Component Units

The LSU Foundation, the Tiger Athletic Foundation, the LSU Health Foundation, New Orleans, and the LSU Health Sciences Foundation in Shreveport are included as discretely presented component units of the System in the System's basic financial statements, in accordance with the criteria outlined in GASB Codification Section 2100. The foundations are legally separate, tax-exempt organizations supporting the System. The foundations have been organized to solicit, receive, hold, invest, and transfer funds for the benefit of the System. In addition, the foundations assist the university in meeting the criteria for accreditation as outlined by the Commission on Colleges for the Southern Association of Colleges and Schools. The university and the LSU Foundation are also in management agreements related to endowed chairs and professorships. These agreements are in compliance with Board of Regents policy and allow the foundations to manage funds on behalf of the university.

Each of these foundations is a nonprofit organization that prepares its financial reports under the Financial Accounting Standards Board (FASB) standards as set forth in its codification (ASC), including FASB ASC Topic 958. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundations' financial information in the System's financial report for these differences.

Furthermore, each of these foundations is a legally separate, tax-exempt organization supporting the LSU System. They are included in the System's financial statements because their assets, individually, equaled 3% or more of the assets of the System or the assets had equaled 3% or more of the assets of the System in the past three years.

Each discretely presented component unit is described as follows:

The LSU Foundation supports LSU A&M. During the year ended June 30, 2022, the foundation made distributions to or on behalf of the university for both restricted and unrestricted purposes for \$38,267,598. Complete financial statements for the foundation can be obtained at 3796 Nicholson Dr., Baton Rouge, Louisiana 70802 or from the foundation's website at www.lsufoundation.org.

The Tiger Athletic Foundation (TAF) supports LSU A&M. During the year ended December 31, 2021, TAF made distributions to or on behalf of the university for both restricted and unrestricted purposes for \$40,879,946 with an additional \$604,329 from booster clubs and \$148,045 from affiliated chapters. Complete financial statements for TAF can be obtained from Post Office Box 711, Baton Rouge, Louisiana 70821 or from the foundation's website at www.lsutaf.org.

The LSU Health Foundation, New Orleans, formerly known as the LSU Health Sciences Center Foundation, supports LSU Health Sciences Center. In fiscal years 2019 through 2021, LSU Health Foundation, New Orleans did not meet the requirements as outlined in GASB Statement No 61 to be included as a component unit. During the year ended June 30, 2022, the foundation made distributions to or on behalf of the university for either restricted or unrestricted purposes for \$6,027,563. Complete financial statements for the foundation can be obtained at 2000 Tulane Ave, New Orleans, Louisiana 70112 or from the foundation's website at www.lsuhealthfoundation.org.

The LSU Health Sciences Foundation in Shreveport supports LSU-HSC Shreveport. During the year ended June 30, 2022, the foundation made distributions to or on behalf of the university for either restricted or unrestricted purposes for \$19,948,531. Complete financial statements for the foundation can be obtained at 920 Pierremont, Suite 506, Shreveport, Louisiana 71106 or from the foundation's website at www.lsuhsfoundation.org.

Joint Venture

On September 18, 2018, and in accordance with R.S. 39:366.11, the Joint Legislative Committee on Budget held a public hearing on the Cooperative Endeavor Agreement (CEA) by and among the State of Louisiana (State), acting by and through the Louisiana Division of Administration (DOA), Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), and Ochsner LSU Health System of North Louisiana (OLHS-NL), a private Louisiana nonprofit corporation. The CEA and service agreements cover the hospital and clinic facilities in Shreveport and Monroe. The Joint Venture CEA, effective October 1, 2018, is for an initial term of ten (10) years. The annual base rent for the leased premises is \$41,827,876.35 adjusted annually for CPI payable directly by Ochsner LSU Hospitals, L.L.C (Lessee), a subsidiary of OLHS-NL, to The State of Louisiana, through the Division of Administration (Lessor).

LSU and Ochsner appoint equal parties to the Board and the Joint Management Committee of OLHS-NL. LSU appoints the Chief Medical Officer of OLHS-NL (CMO) who has the authority to Act on behalf of LSU in matters pertaining to the agreement, and Ochsner appoints the Chief Executive Officer (CEO). LSUHSC-S and Ochsner LSU Hospitals, LLC (OLH) will share in other fees and cost as outlined in the shared services agreement.

OLHS-NL will operate the hospitals in a manner that assures Safety Net Services are available to the citizens of north Louisiana through the hospitals and clinic facilities. In order to help compensate OLHS-NL for its role in ensuring the availability of Safety Net Services to Medicaid and uninsured beneficiaries, the State committed to include the amount of \$294,000,000 in its Executive Budget in state fiscal years 2018-2019 and 2019-2020 for Total Medicaid payments to the Hospitals and has continued this level of funding through fiscal 2021-2022. In subsequent years, the State will continue to include the specified amount in its annual budget request and put forth reasonable good faith efforts to help insure that the Louisiana Legislature approves an appropriation.

To request a copy of the latest audit report of OLHS-NL, write to Ochsner LSU Health System of North Louisiana, 1541 Kings Highway, Shreveport, Louisiana 71103.

In addition, effective October 1, 2018, Ochsner LSU Health System of North Louisiana (OLHS-NL) became the sole member of LSU Health Sciences Center-Shreveport Faculty Group Practice (FGP) doing business as Ochsner LSU Physician Group (OLPG) which provides physician and non-physician practitioner services and medical administrative services at the hospitals by and through LSUHSC-S faculty. To request a copy of the latest audit report of the OLPG, write to the Ochsner LSU Physician Group, 1541 Kings Highway, Shreveport, Louisiana 71103.

The LSU System is a component unit of the State of Louisiana. Annually, the State of Louisiana issues an Annual Comprehensive Financial Report, which includes the activity contained in the accompanying financial statements. These financial statements are audited by the Louisiana Legislative Auditor.

C. BASIS OF ACCOUNTING

For financial reporting purposes, the System is considered a special-purpose government engaged only in business-type activities (enterprise fund). Accordingly, the System's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-campus transactions have been eliminated.

Application of the accrual basis of accounting for governmental entities may, at times, require use of certain private sector standards issued by the Financial Accounting Standards Board (FASB) prior to November 30, 1989. In determining which of those standards to apply, the System follows the guidance included in GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA*, or amended through subsequent pronouncements and authoritative guidance.

Discrete Component Units

The foundations follow the provisions of Financial Accounting Standards Board (FASB) as they apply to not-for-profit organizations. The FASB has established the Accounting Standards Codification (ASC) as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions.
- Net Assets With Donor Restrictions – Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Foundations and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

D. BUDGET PRACTICES

The appropriations made for the General Fund of the LSU System are annual lapsing appropriations 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, other postemployment benefits, and pension costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated, but are recognized in the succeeding year; and (4) inventories in the General Fund are recorded as expenditures at the time of purchase.

The original approved budget and subsequent amendments approved are as follows:

Original approved budget	\$ 1,190,016,205
Increases (Decreases)	
State general fund	27,695,000
Self-generated	8,027,465
Interagency transfers	323,391
Statutory dedications	<u>-</u>
Final budget	<u>\$ 1,226,062,061</u>

The other funds of the System, although subject to internal budgeting, are not required to submit budgets for approval through the legislative budget process.

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and money market funds. All highly-liquid investments with an original maturity of three months or less are considered cash equivalents. Under State law, the LSU System may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The System may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In accordance with Louisiana Revised Statute (R.S.) 49:327, the System is authorized to invest funds in direct U.S. government obligations, U.S. government agency obligations, mutual funds, direct security repurchase agreements, and time certificates of deposit. 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 instrument or bond indenture. The majority of these investments are U.S. Treasury securities, mutual funds, and investments held by private foundations and are reported at fair value on the balance sheet. Changes in the carrying value of investments, resulting in unrealized gains or losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

In accordance with provisions of Article VII, Section 14 of the Louisiana Constitution and R.S. 49:327(C)(3)(b), the university may invest publicly-funded, permanently-endowed funds in the stock of any corporation listed on the New York Stock Exchange, the American Stock Exchange, or authorized for quotations display on the National Association of Securities Dealers Automated Quotations System, provided that the total investment in such stocks at any one time shall not exceed 35% of the market value of all publicly-endowed funds of the university. The System's investment of endowed chairs and professorships funded by the Board of Regents and maintained by the foundations are authorized by policies and procedures established by the Board of Regents.

F. INVENTORIES

Inventories are valued at cost or replacement cost, except for livestock at LSU and the LSU Agricultural Center and the inventory of the Dental School of the LSU Health Sciences Center in New Orleans. These inventories are valued at current market prices. The System uses periodic and perpetual inventory systems and values its various other inventories using the first-in, first-out and weighted-average valuation methods. The System accounts for its inventories using the consumption method.

G. NONCURRENT RESTRICTED ASSETS

Cash, investments, receivables, and other assets that are externally restricted for grants, endowments, debt service payments, maintenance of sinking or reserve funds, or to purchase or construct capital assets are classified as noncurrent restricted assets in the Statement of Net Position.

H. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated acquisition value at the date of donation. For movable property, the System's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, land improvements, and right-to-use lease assets that total \$100,000 or more and significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. Right-to-use lease assets are amortized over the term of the respective lease contracts. Depreciation and amortization expense is charged directly to the various functional categories of operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position. The LSU System uses the group or composite method for library book depreciation if the books are considered to have a useful life of greater than one year.

Hospitals and medical units within the LSU Health Sciences Centers are subject to federal cost reporting requirements and use capitalization and depreciation policies of the Centers for Medicare and Medicaid Services to ensure compliance with federal regulations. These capitalization policies include capitalizing all assets above \$5,000, depreciable lives greater than 40 years on some assets, and recognizing one-half year of depreciation in the year of acquisition and in the final year of useful life.

I. UNEARNED REVENUES

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

J. NONCURRENT LIABILITIES

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and financed asset purchase and lease liability obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences, total OPEB liabilities, and the System's proportionate share of net pension liabilities that will not be paid within the next fiscal year; (3) unearned revenues; and (4) other liabilities that will not be paid within the next fiscal year.

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with State law and administrative regulations. Faculty with 12-month appointments who have over 10 years of State service, nonclassified employees with over 10 years of State service, and classified employees regardless of years of State service accumulate leave without limitation. According to the System leave schedule, faculty with 12-month appointments who have less than 10 years of State service and nonclassified employees with less than 10 years of State service can only accumulate 176 hours of annual leave; sick leave is accumulated without limitation. Effective January 1, 1994, academic and unclassified employees were given the opportunity to elect to remain under the university leave schedule or change to the Louisiana State Civil Service annual leave accrual schedule under which there is no limit on the accumulation of annual leave. Nine-month faculty members accrue sick leave but do not accrue annual leave; however, they are granted faculty leave during holiday periods when students are not in classes. Upon separation of employment, both classified and nonclassified 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. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

L. NET POSITION

The System's net position is classified as follows:

(1) Net Investment in Capital Assets

This represents the System's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction, or improvement of those capital assets.

(2) Restricted Net Position - Expendable

Restricted expendable net position includes resources that the System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(3) Restricted Net Position - Nonexpendable

Restricted nonexpendable net position consists of endowment and similar type funds that donors or other outside sources have stipulated as a condition of the gift instrument, that 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.

(4) Unrestricted Net Position

Unrestricted net position represents the net of assets, deferred outflows, deferred inflows, and liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position. Such net resources are generally derived from student tuition and fees, State appropriations, and sales and services of educational departments and certain auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the System and may be used at the discretion of the governing board to meet current expenses and for any purpose.

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

M. CLASSIFICATION OF REVENUES

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

- (a) Operating Revenue - 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; (3) hospital income; and (4) most federal, state, and local grants and contracts and federal appropriations.
- (b) Nonoperating Revenue - Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, investment income, lease revenue, and grants that do not have the characteristics of exchange transactions.

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

O. ELIMINATING INTERFUND ACTIVITY

All major activities among departments, campuses, and auxiliary units of the LSU System are eliminated for purposes of preparing the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

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. DEFERRED OUTFLOWS AND DEFERRED INFLOWS

Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources until that time.

R. PENSION PLANS

The System is a participating employer in two defined benefit pension plans (plans), as described in note 7. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Synthetic guaranteed investment contracts are reported at contract value. All other investments have been reported at fair value within each plan.

S. LEASES

The System enters into noncancellable lease agreements and records them in accordance with GASB Statement No. 87, *Leases*.

Lessee Leases

The System recognizes a lease liability and intangible right-to-use leased asset in the financial statements. Lease liabilities are recorded for lease contracts with an initial individual value of \$100,000 or more and with lease periods greater than one year. At the commencement of a lease, the System initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include (1) the discount rate used to present value the expected lease payment, (2) lease term, and (3) lease payments.

The System uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the System generally follows the State of Louisiana's estimated incremental borrowing rate as the discount rate for leases. The lease terms include the noncancellable period of the lease and optional renewal periods. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The System monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor Leases

The System recognizes a lease receivable and a deferred inflow of resources in the financial statements for those lease contracts with an initial individual value of \$100,000 or more and whose terms call for a lease period greater than one year. The lease receivable is measured at the commencement of the lease at the present value of fixed payments expected to be received during the non-cancellable lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include (1) the discount rate used to present value the expected lease receipts, (2) lease term, and (3) lease receipts.

The System generally follows the State of Louisiana's estimated incremental borrowing rate as the discount rate for measurement of the lease receivables.

The lease term includes the noncancellable period of the lease plus any renewal periods that management has determined will be reasonably certain of renewal. Management monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

T. ACCOUNTING CHANGES AND STANDARDS IMPLEMENTED

The System has implemented GASB Statement No. 87, *Leases*. Under this Statement, lease contracts, as defined, are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources, and a lessee recognizes a lease liability and intangible right-to-use asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. Lease receivables as well as lease liabilities are measured at the present value of lease payments over the term of each respective contract. Options to renew the lease are included in the lease term if reasonably certain to be exercised.

The System has implemented GASB 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This standard requires that interest cost incurred before the end of a construction period be recognized as an expense as incurred. Implementation of this standard did not have a significant impact in the System's financial statements.

The System has implemented GASB Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred*

Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard clarifies accounting guidance for fiduciary activities for certain employee benefit plans. This statement had no significant impact to the System’s financial statements.

2. CASH AND CASH EQUIVALENTS

At June 30, 2022, the System has cash and cash equivalents (book balances) of \$346,391,729 as follows:

Petty Cash	\$ 286,888
Demand deposits	333,668,392
Certificates of deposit	18,600
Money market funds	11,216,350
Open-end mutual fund	313,267
Cash held in foundation bond funds	<u>888,232</u>
Total	<u>\$ 346,391,729</u>

Custodial credit risk is the risk that, in the event of a bank failure, the System’s deposits may not be recovered. Under state law, the System’s deposits 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. These securities are held in the name of the System or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

As of June 30, 2022, \$15,217,815 of the System’s bank balance of \$397,415,287 was exposed to custodial credit risk, as these balances were uninsured and uncollateralized.

Disclosures required for the open-end mutual fund reported above as cash equivalents are included in note 3.

CASH AND CASH EQUIVALENTS - COMPONENT UNITS

Cash and cash equivalents of the component units totaled \$149,941,387, as reported on the Statement of Financial Position, and prepared under the standards set forth by the FASB, which does not require the disclosures of GASB Statement 40, *Deposit and Investment Risk Disclosures*. However, a brief summary of the cash and cash equivalents where held and associated risk is presented below.

The LSU Foundation considers all highly-liquid investments with original maturities of three months or less to be cash equivalents. Occasionally, the LSU Foundation has deposits in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Foundation's management believes the credit risk associated with these deposits is minimal.

The Tiger Athletic Foundation (TAF) periodically maintains cash in bank accounts in excess of insured limits. TAF has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

The LSU Health Sciences Foundation in Shreveport considers cash to include amounts on hand and amounts on deposit at financial institutions which are not held within the investment portfolio. The Foundation in Shreveport, at times, may have deposits in excess of FDIC-insured limits. Management believes the credit risk associated with these deposits is minimal.

The LSU Health Foundation, New Orleans considers all highly liquid investments in money market funds and investments available for current use with an initial maturity of three months or less to be cash equivalents.

3. INVESTMENTS

At June 30, 2022, the System has investments totaling \$999,148,671.

The System's established investment policy follows State law (R.S. 49:327), which authorizes the System to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds. In addition, 35% of the System's publicly-funded permanent endowment funds may be invested in common stocks listed on the New York Stock Exchange, the American Stock Exchange, or authorized for quotations on the National Association of Securities Dealers Automated Quotations System.

To the extent available, the Systems' investments are recorded at fair value as of June 30, 2022. GASB Statement No. 72 - *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques maximized the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- | | |
|---------|---|
| Level 1 | Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date. |
| Level 2 | Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly. |
| Level 3 | Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment. |

A summary of the System's investments, along with the fair value hierarchy levels of each type of investment is as follows:

Investments by Fair Value Level	Fair Value Hierarchy			
		Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)	Significant Other Observable Inputs (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)
Type of Investment	Total Value			
Negotiable CDs	\$ 100,537	\$ 100,537	\$ -	\$ -
Repurchase Agreements	1,175,100	1,175,100	-	-
U.S. Treasury Securities	61,344,680	49,430,618	11,914,062	-
Bonds and Notes:				
Federal National Mortgage Association	17,258,933	-	17,258,933	-
Federal Home Loan Bank	16,835,905	5,108,921	11,726,984	-
Federal Home Loan Mortgage Corporation	14,120,963	2,457,122	11,663,841	-
Federal Farm Credit Bank	43,644,673	1,480,720	42,163,953	-
World Bank Group	24,338,128	-	24,338,128	-
Inter-American Development Bank	4,392,328	-	4,392,328	-
Mortgage Backed Securities:				
Federal National Mortgage Association	5,841,135	11,285	5,829,850	-
Small Business Administration	1,103,011	-	1,103,011	-
Corporate debt obligations	282,612,091	41,177,363	241,434,728	-
Municipal obligations	193,388,568	18,078,719	175,309,849	-
Fixed income mutual funds	7,474,027	7,240,225	233,802	-
Money market mutual funds	5,093	5,093	-	-
Equity:				
Equity mutual funds	18,986,160	18,986,160	-	-
Common and preferred stock	43,921,395	43,921,395	-	-
Other	8,314,560	5,814,560	-	2,500,000
Investments held through Foundation (commingled)	52,177,812	52,177,812	-	-
Investments held through Foundation (held separately):				
Money market mutual funds	6,943,186	6,943,186	-	-
Equity mutual funds	35,236,433	35,236,433	-	-
Fixed Income mutual funds	103,026,197	103,026,197	-	-
Other commingled funds - fixed income	6,065,503	-	6,065,503	-
JP Morgan Savings Account	1,309,793	1,309,793	-	-
Realty Investments	9,029,356	-	-	9,029,356
Total Investments by Fair Value Level	958,645,567	393,681,239	553,434,972	11,529,356
Investments Measured at Net Asset Value (NAV)				
Comingled funds held through foundation (net asset value)	34,701,407			
Investments Reported at Amounts Other than Fair Value				
Other:				
Endowed partnerships	1,802,046			
Interest Receivable	3,746,319			
BCMC Foundation Nonnegotiable Certificates of Deposit	253,332			
Total Investments	\$ 999,148,671			

Level 1 investments listed in the above table are valued using prices quoted in active markets for those securities.

Level 2 investments listed in the above table are valued using the following approaches:

- U.S. Government Agency Securities: quoted prices for similar securities in active markets, or matrix pricing based on the securities' relationship to benchmark quoted prices;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Small Business Administration: quoted prices for similar securities in active markets;
- Fixed Income Mutual Fund: quoted prices for similar securities in active markets;
- Investments held through foundations: quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 investments listed in the above table include realty investments which are generally less liquid and have no observable pricing inputs where there is little, if any, market activity for the investment.

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2022 are presented in the following table:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Comingled funds held through foundation	\$ 34,701,407	\$ -	Quarterly or less	≤ 90 days

Interest rate risk is the risk applicable to debt instruments with fair values that are sensitive to changes in interest rate. One indicator of the measure of interest rate risk is the dispersion of maturity dates of debt instruments. The table below identifies the System's fixed-income investments by maturity ranges at June 30, 2022.

Type of Investments:	Investments	Carrying Value	Investment Maturities in Years					
			0-1	>1 - 5	>5 - 10	>10 - 20	>20 - 30	
<u>Investments Reported by Fair Value Level:</u>								
Negotiable certificates of deposit	0.01%	\$ 100,537	\$ 100,537	\$ -	\$ -	\$ -	\$ -	
Repurchase Agreements	0.12%	1,175,100	1,175,100	-	-	-	-	
U.S. Treasury Securities	6.14%	61,344,680	13,901,534	28,210,349	19,232,797	-	-	
Bonds and Notes:								
Federal National Mortgage Association	1.73%	17,258,933	-	-	13,268,888	3,990,045	-	
Federal Home Loan Bank	1.69%	16,835,905	-	5,565,705	11,270,200	-	-	
Federal Home Loan Mortgage Corporation	1.41%	14,120,963	-	-	14,120,963	-	-	
Federal Farm Credit Bank	4.37%	43,644,673	-	1,480,720	9,466,513	32,697,440	-	
World Bank Group	2.44%	24,338,128	-	-	12,336,688	12,001,440	-	
Inter-American Development Bank	0.44%	4,392,328	-	-	4,392,328	-	-	
Mortgage Backed Securities:								
Federal National Mortgage Association	0.58%	5,841,135	-	937,337	1,940,590	11,285	2,951,923	
Small Business Administration	0.11%	1,103,011	11,837	831,372	259,802	-	-	
Corporate debt obligations	28.29%	282,612,091	10,478,679	83,986,477	168,709,715	14,340,291	5,096,929	
Municipal obligations	19.36%	193,388,568	1,503,098	31,435,346	84,740,377	48,854,442	26,855,305	
Fixed income mutual funds	0.75%	7,474,027	83,822	3,844,122	3,546,083	-	-	
Money market mutual funds	0.00%	5,093	-	-	-	-	-	
Equity:								
Equity mutual funds	1.90%	18,986,160	-	-	-	-	-	
Common and preferred stock	4.40%	43,921,395	-	-	-	-	-	
Other	0.83%	8,314,560	-	-	-	-	-	
Investments held through Foundation (commingled)	5.22%	52,177,812	-	-	-	-	-	
Investments held through Foundation (held separately):								
Money market mutual funds	0.69%	6,943,186	-	-	-	-	-	
Equity mutual funds	3.53%	35,236,433	-	-	-	-	-	
Fixed income mutual funds	10.31%	103,026,197	2,752,715	10,900,115	89,373,367	-	-	
Other commingled funds - fixed income	0.61%	6,065,503	1,050,452	4,986,364	1,061	27,626	-	
JP Morgan Savings Account	0.13%	1,309,793	-	-	-	-	-	
Realty Investments	0.90%	9,029,356	-	-	-	-	-	
<u>Investments Measured at Net Asset Value (NAV)</u>								
Comingled funds held through foundation (net asset value)	3.47%	34,701,407	-	34,701,407	-	-	-	
<u>Investments Reported at Amounts Other than Fair Value</u>								
Other:								
Endowment partnerships	0.18%	1,802,046	-	-	-	-	-	
Interest Receivable	0.37%	3,746,319	-	-	-	-	-	
BCMC Foundation Nonnegotiable Certificates of Deposit	0.03%	253,332	-	-	-	-	-	
			<u>\$ 999,148,671</u>	<u>\$ 31,057,774</u>	<u>\$ 206,879,314</u>	<u>\$ 432,659,372</u>	<u>\$ 111,922,569</u>	<u>\$ 34,904,157</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the System's investments by type, as described previously; however, the System does not have policies to further limit credit risk.

Ratings issued by the major rating agencies which indicate the level of credit risk for holdings of the System are as follows:

<u>Rating Agency Used</u>	<u>Rating</u>	<u>Fair Value</u>
	Unrated	\$ 118,882,494
Fitch	A+	23,389,399
Fitch	AA-	5,372,460
Fitch	AA+	416,125
Moody's	A1	11,315,276
Moody's	A2	2,938,697
Moody's	A3	12,671,834
Moody's	Aa1	20,189,236
Moody's	Aa2	27,518,642
Moody's	Aa3	40,101,496
Moody's	AAA	40,024,518
Moody's	Baa1	1,022,282
S&P	A	17,377,571
S&P	A-	29,593,600
S&P	A+	25,070,680
S&P	A+f	1,624,643
S&P	AA	28,177,915
S&P	AA-	89,881,540
S&P	AA+	155,674,001
S&P	AAA	48,693,444
S&P	AAAm	11,585
S&P	BBB	11,210,542
S&P	BBB+	10,966,240
Total		<u>\$ 722,124,220</u>

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the System's investments are exposed to custodial credit risk. For U.S. Treasury obligations and U.S. government agency obligations, the System's investment policies generally require that issuers must provide the universities with safekeeping receipts, collateral agreements, and custodial agreements.

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State law as applicable to institutions of higher education does not address interest rate risk. The System has a policy to limit concentration of credit risk with regard to the investment of equities. However, it does not have a policy to limit interest rate risk or the concentration of debt securities with any one issuer.

GASB codification section I50 requires disclosure of investments in any one issuer of greater than 5% of total investments. The System had no concentrations greater than 5% in any one issuer as of June 30, 2022.

The investments in mortgage-backed securities and Small Business Administration securities are based on flows from payments on the underlying mortgages and loans that contain prepayment options that cause them to be highly sensitive to changes in interest rates. Generally, when interest rates fall, obligees tend to prepay the assets, thus eliminating the stream of interest payments that would have been received under the original amortization schedule. This reduced cash flow diminishes the fair value of the asset-backed investment.

The LSU System has \$40.6 million invested in highly sensitive investments, such as variable notes.

The variable rate securities consist of \$40.6 million in corporate debt obligations. Variable Rate Notes are debt obligations that have variable interest rates. These types of securities have coupon payments that correlate to a benchmark such as LIBOR and Treasury Bill rates for example. In many instances, the coupon paid is based on a spread to or as a percentage of a specified benchmark and may include a "floor and cap" rate. The investments in variable rate notes are highly sensitive to changes in interest rates due to the coupons regularly changing in relation to the corresponding benchmark. In addition, variable rate notes may include a call feature. These variable rate notes had coupons ranging from 1.50% to 4.58%. The maturity dates range from January 2025 to October 2031.

Investments held by private foundations in external investment pools are managed in accordance with the terms outlined in management agreements executed between the university and the foundations. Each university is a voluntary participant. The foundations hold and manage funds received by the university as state matching funds for the Eminent Scholars Endowed Chairs and Endowed Professorship Programs.

INVESTMENTS - COMPONENT UNITS

The carrying amount, which is equal or approximately equal to the fair value of investments held by the component unit foundations at June 30, 2022, follows:

Type of Investment	LSU Foundation	Tiger Athletic Foundation*	LSU Health Foundation, New Orleans	LSU Health Sciences Foundation in Shreveport	Total Investments
Money markets/certificates of deposit	\$ -	\$ 3,733,422	\$ 4,231,771	\$ 207,912	\$ 8,173,105
Debt obligations	88,710,251	70,615,726	750,000	-	160,075,977
Corporate stocks, common stocks, and indexed mutual funds	5,070,135	40,613,532	10,136,655	-	55,820,322
Shaw Center for the Arts, LLC	12,390,741	-	-	-	12,390,741
Royalty interest	154,084	-	-	-	154,084
Mutual funds	183,277,557	-	33,789,749	163,611,897	380,679,203
Private equity	101,655,599	-	4,508,996	1,097,378	107,261,973
Hedged funds	104,335,353	-	18,115,260	-	122,450,613
Real estate	-	5,486,010	-	-	5,486,010
Real assets	-	1,457,630	6,213,069	-	7,670,699
Alternative investments	-	6,427,978	-	-	6,427,978
Municipal bonds	3,709,702	-	-	-	3,709,702
Commingled Funds	138,245,102	-	83,921,407	-	222,166,509
Separately managed accounts	33,046,141	-	-	-	33,046,141
Agency investments for LSUHSC Shreveport	-	-	-	71,415,783	71,415,783
Total Investments	\$ 670,594,665	\$ 128,334,298	\$ 161,666,907	\$ 236,332,970	\$ 1,196,928,840

*As of December 31, 2021

The LSU Foundation is a 50% investor in the Shaw Center for the Arts, LLC. The investment recorded on the Statement of Financial Position for \$12,390,741 at June 30, 2022, is accounted for by the equity method.

4. RECEIVABLES

Receivables and amounts due from the federal government are shown on Statement A net of an allowance for doubtful accounts, as follows:

	<u>Receivables</u>	<u>Doubtful Accounts</u>	<u>Net Receivables</u>
Student tuition and fees	\$ 66,487,803	\$ (12,436)	\$ 66,500,239
Auxiliary enterprises	24,416,015	1,665	24,414,350
Contributions and gifts	4,540,232	-	4,540,232
Federal grants and contracts	59,592,726	132,889	59,459,837
State and private grants and contracts	205,255,589	574,644	204,680,945
Sales and services/other	57,082,002	443,612	56,638,390
Clinics	19,346,196	7,842,465	11,503,731
Hospital	26,657,335	22,132,090	4,525,245
Other - uncompensated care	2,230,618	-	2,230,618
Total	<u>\$ 465,608,516</u>	<u>\$ 31,114,929</u>	<u>\$ 434,493,587</u>

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Restated Balance June 30, 2021	Additions	Transfers	Retirements	Balance June 30, 2022
Capital assets not being depreciated					
Land	\$ 176,161,794	\$ 17,216	\$ -	\$ (2,500)	\$ 176,176,510
Capitalized collections	12,928,890	928,126	-	(5,000)	13,852,016
Construction-in-progress	150,492,752	95,680,263	(2,079,742)	-	244,093,273
Total capital assets not being depreciated	\$ 339,583,436	\$ 96,625,605	\$ (2,079,742)	\$ (7,500)	\$ 434,121,799
Capital assets being depreciated:					
Infrastructure	\$ 43,905,535	\$ -	\$ -	\$ -	\$ 43,905,535
Less accumulated depreciation	(25,774,885)	(1,132,190)	-	-	(26,907,075)
Total infrastructure	18,130,650	(1,132,190)	-	-	16,998,460
Land improvements	144,342,416	21,604	-	(351,512)	144,012,508
Less accumulated depreciation	(93,684,386)	(4,870,101)	-	351,512	(98,202,975)
Total land improvements	50,658,030	(4,848,497)	-	-	45,809,533
Buildings	3,959,515,127	88,712,604	2,079,742	(1,352,513)	4,048,954,960
Less accumulated depreciation	(1,546,181,078)	(90,534,912)	-	840,660	(1,635,875,330)
Total buildings	2,413,334,049	(1,822,308)	2,079,742	(511,853)	2,413,079,630
Equipment (including library books)	1,024,932,142	33,137,968	-	(50,424,792)	1,007,645,318
Less accumulated depreciation	(888,652,609)	(37,678,674)	-	50,436,249	(875,895,034)
Total equipment	136,279,533	(4,540,706)	-	11,457	131,750,284
Software (internally generated and purchased)	84,138,102	216,503	-	(97,809)	84,256,796
Other intangibles	3,335,410	-	-	-	3,335,410
Less accumulated amortization - software	(83,991,720)	(127,585)	-	91,719	(84,027,586)
Less accumulated amortization - other intangibles	(3,117,180)	(157,213)	-	-	(3,274,393)
Total non-lease intangible assets	364,612	(68,295)	-	(6,090)	290,227
Total capital assets being depreciated	\$ 2,618,766,874	\$ (12,411,996)	\$ 2,079,742	\$ (506,486)	\$ 2,607,928,134
Right-to-use leased assets:					
Leased land	\$ 4,318,613	\$ 424,922	\$ -	\$ -	\$ 4,743,535
Less accumulated amortization	-	(200,195)	-	-	(200,195)
Total leased land	4,318,613	224,727	-	-	4,543,340
Leased building & office space	346,153,718	162,615	-	(202,203)	346,114,130
Less accumulated amortization	(1,497,635)	(19,189,753)	-	202,203	(20,485,185)
Total leased building & office space	344,656,083	(19,027,138)	-	-	325,628,945
Leased equipment	758,972	165,352	-	-	924,324
Less accumulated amortization	-	(263,702)	-	-	(263,702)
Total leased equipment	758,972	(98,350)	-	-	660,622
Total right-to-use leased assets	\$ 349,733,668	\$ (18,900,761)	\$ -	\$ -	\$ 330,832,907
Capital asset summary:					
Capital assets not being depreciated	\$ 339,583,436	\$ 96,625,605	\$ (2,079,742)	\$ (7,500)	\$ 434,121,799
Other capital assets, at cost	5,260,168,732	122,088,679	2,079,742	(52,226,626)	5,332,110,527
Right-to-use leased assets	351,231,303	752,889	-	(202,203)	351,781,989
Total cost of capital assets	5,950,983,471	219,467,173	-	(52,436,329)	6,118,014,315
Less accumulated depreciation and amortization	(2,642,899,493)	(154,154,325)	-	51,922,343	(2,745,131,475)
Capital assets, net	\$ 3,308,083,978	\$ 65,312,848	\$ -	\$ (513,986)	\$ 3,372,882,840

COMPONENT UNITS

	Restated Balance June 30, 2021	Additions	Transfers	Retirements	Balance June 30, 2022
Capital assets not being depreciated					
Land	\$ 16,867,697	\$ 6,114,534	\$ -	\$ (48,058)	\$ 22,934,173
Capitalized collections	4,218,976	-	-	-	4,218,976
Construction-in-progress	10,633,313	6,771,249	(6,979,759)	(684,855)	9,739,948
Total Capital assets not being depreciated	\$ 31,719,986	\$ 12,885,783	\$ (6,979,759)	\$ (732,913)	\$ 36,893,097
Other capital assets:					
Land improvements	\$ 9,484,849	\$ 111,562	\$ 127,515	\$ -	\$ 9,723,926
Less accumulated depreciation	(1,890,048)	(255,284)	-	-	(2,145,332)
Total land improvements	7,594,801	(143,722)	127,515	-	7,578,594
Buildings	296,891,944	713,050	2,661,581	(65,842)	300,200,733
Less accumulated depreciation	(72,458,103)	(9,236,697)	-	-	(81,694,800)
Total buildings	224,433,841	(8,523,647)	2,661,581	(65,842)	218,505,933
Equipment	3,196,123	79,121	-	-	3,275,244
Less accumulated depreciation	(2,958,990)	(116,604)	-	-	(3,075,594)
Total equipment	237,133	(37,483)	-	-	199,650
Total other capital assets	\$ 232,265,775	\$ (8,704,852)	\$ 2,789,096	\$ (65,842)	\$ 226,284,177
Capital asset summary:					
Capital assets not being depreciated	\$ 31,719,986	\$ 12,885,783	\$ (6,979,759)	\$ (732,913)	\$ 36,893,097
Other capital assets, at cost	309,572,916	903,733	2,789,096	(65,842)	313,199,903
Total cost of capital assets	341,292,902	13,789,516	(4,190,663)	(798,755)	350,093,000
Less accumulated depreciation	(77,307,141)	(9,608,585)	-	-	(86,915,726)
Capital assets, net	\$ 263,985,761	\$ 4,180,931	\$ (4,190,663)	\$ (798,755)	\$ 263,177,274

6. DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2022, were as follows:

<u>Activity</u>	<u>Amount</u>
Vendors	\$ 97,702,561
Salaries and benefits	63,798,421
Accrued interest	274,849
Other payables	<u>8,832,439</u>
Total	<u>\$ 170,608,270</u>

7. DEFINED BENEFIT PENSION PLANS

The System is a participating employer in two cost-sharing, multiple employer defined benefit pension plans. These plans are administered by two public employee retirement systems, the Teachers' Retirement System of Louisiana (TRSL), and the Louisiana State Employees' Retirement System (LASERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees and both systems are component units of the State of Louisiana.

Each of the systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

TRSL:
 8401 United Plaza Blvd.
 P.O. Box 94123
 Baton Rouge, Louisiana
 70804-9123
 (225) 925-6446
www.trsl.org

LASERS:
 8401 United Plaza Blvd.
 P.O. Box 44213
 Baton Rouge, Louisiana
 70804-4213
 (225) 925-0185
www.lasersonline.org

Plan Descriptions

Teachers' Retirement System of Louisiana (TRSL)

TRSL is the administrator of a cost-sharing multiple employer defined benefit plan. The plan provides retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in R.S. 11:701. The age and years of creditable service required for a member to receive retirement benefits are established by R.S. 11:761 and vary depending on the member's hire date. The computation for retirement benefits is defined in R.S. 11:768.

Louisiana State Employees' Retirement System (LASERS)

LASERS is the administrator of a cost-sharing multiple employer defined benefit pension plan to provide retirement, disability, and survivor's benefits to eligible State employees and their beneficiaries as defined in R.S. 11:411-417. Act 922 of the 2010 Regular Legislative Session closed existing sub-plans for members hired before January 1, 2011, and created new sub-plans for regular members, hazardous duty members, and judges. The substantial majority of the System's members are regular plan members. The System has participants in this plan who began service under the LASERS plan and later transferred to employment with the System. The age and years of creditable service required in order for a member to receive retirement benefits are established by R.S. 11:441 and vary depending on the member's hire date, employer, and job classification. The computation of retirement benefits is defined in R.S. 11:444.

A brief summary of eligibility and benefits of the plans are provided in the following table:

Final average salary	TRSL	LASERS
	Highest 36 or 60 months ¹	Highest 36 or 60 months ¹
Years of service required and/or age eligible for benefits	30 years any age ⁵ 25 years age 55 20 years any age ² 5 years age 60 ⁷	30 years any age 25 years age 55 20 years any age ² 5-10 years age 60 ^{6,7}
Benefit percent per years of service	2.0% to 3.0% ⁴	2.5% to 3.5% ³

¹ Employees hired after a certain date use the revised benefit calculation based on the highest 60 months of service

² With actuarial reduced benefits

³ Members in regular plan 2.5%, hazardous duty plan 3.33%, and judges 3.5%

⁴ Benefit percent varies depending on when hired

⁵ For school food service workers, hired on or before 6-30-15, 30 years at age 55

⁶ Five to ten years of creditable service at age 60 depending upon the plan or when hired

⁷ Hired on or after 7/1/15, age eligibility is 5 years at age 62

Cost of Living Adjustments

The pension plans in which the System participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. COLAs may be granted to these systems (TRSL and LASERS) if approved with a two-thirds vote of both houses of the Legislature, provided the plan meets certain statutory criteria related to funded status and interest earnings. Both LASERS and TRSL have established an experience account to fund permanent benefit increases for retirees.

Funding Policy

Employee contribution rates are established by R.S.11.62. Employer contribution rates are established annually under R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the respective pension system actuary. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Each LASERS and TRSL sub-plan pays a separate actuarially-determined employer contribution rate. However, all assets of the pension plan are used for the payment of benefits for all classes of members, regardless of their sub-plan membership.

Contributions to the plans are required and determined by state statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2022, for the System and covered employees were as follows:

	<u>System</u>	<u>Employees</u>
Teachers' Retirement System:		
Higher Ed Regular Plan	24.50%	8.00%
K-12 Regular Plan	25.20%	8.00%
State Employees' Retirement System	39.50%	7.50% - 8.00%

The LSU System's contributions made to the Retirement Systems for 2022, which equaled the required contributions, were as follows:

Teachers' Retirement System:	
Regular Plan	\$ 163,192,926
State Employees' Retirement System	\$ 39,896,650

Additionally, contributions are made to the retirement system from non-employers and those contributions are recognized as revenue for the LSU System for its proportionate share. The amount of revenue recognized for 2022 is \$5,329,109.

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

The following schedule lists the System's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2021, measurement date. The System uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2022, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2021, along with the change compared to the June 30, 2020, rate. The System's proportion of the Net Pension Liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2022 (measured as of June 30, 2021)	Rate at June 30, 2021	Increase (Decrease) to June 30, 2020 Rate
Teachers' Retirement System	\$ 659,332,185	12.35%	0.04%
State Employees' Retirement System	267,220,500	4.86%	(0.07%)
	<u>\$ 926,552,685</u>		

The following schedule lists the System's recognized pension expense for the year ended June 30, 2022, for each of the pension plans:

Teachers' Retirement System	\$ 12,928,811
State Employees' Retirement System	7,222,474
	<u>\$ 20,151,285</u>

At June 30, 2022, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRSL	LASERS	Total
Deferred Outflows:			
Differences between expected and actual experience	\$ 3,367,493	\$ 263,907	\$ 3,631,400
Changes of assumptions	64,181,005	6,545,313	70,726,318
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion	51,615,443	486,961	52,102,404
Differences between contributions and proportionate share of contributions	8,691,578	32,536	8,724,114
Employer contributions subsequent to the measurement date	163,192,926	39,896,650	203,089,576
Total	<u>\$ 291,048,445</u>	<u>\$ 47,225,367</u>	<u>\$ 338,273,812</u>
Deferred Inflows:			
Differences between expected and actual experience	\$ (9,969,496)	\$ -	\$ (9,969,496)
Net difference between projected and actual earnings on pension plan investments	(445,068,287)	(62,316,827)	(507,385,114)
Changes in proportion	(30,295,046)	(3,267,033)	(33,562,079)
Differences between contributions and proportionate share of contributions	(3,006,940)	(152,585)	(3,159,525)
Total	<u>\$(488,339,769)</u>	<u>\$ (65,736,445)</u>	<u>\$ (554,076,214)</u>

The amount reported in the above table totaling \$203,089,576 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2023.

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

<u>Year</u>	<u>TRSL</u>	<u>LASERS</u>	<u>Total</u>
2023	(69,558,432)	(6,905,369)	(76,463,801)
2024	(66,233,330)	(9,602,663)	(75,835,993)
2025	(92,590,904)	(14,157,812)	(106,748,716)
2026	(132,101,584)	(27,741,884)	(159,843,468)
	<u>(360,484,250)</u>	<u>(58,407,728)</u>	<u>(418,891,978)</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2021, is as follows:

	TRSL	LASERS																		
Valuation Date	June 30, 2021	June 30, 2021																		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal																		
Amortization Approach	Closed	Closed																		
Actuarial Assumptions:																				
Expected Remaining Service Lives	5 years	2 years																		
Investment Rate of Return	7.40% net of investment expenses (decreased from 7.45% in 2020)	7.40% net of investment expenses (decreased from 7.55% in 2020)																		
Inflation Rate	2.3% per annum	2.3% per annum																		
Mortality	<p>Active members – RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females.</p> <p>Disability retiree mortality – RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females.</p> <p>Non-Disabled retiree/inactive members – RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females.</p> <p>The mortality tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.</p>	<p>General active member: RP-2014 Blue Collar Employee tables adjusted by 0.978 for males and 1.144 for females.</p> <p>General retiree/inactive members (males): RP-2014 Blue Collar Healthy Annuitant table, adjusted by 1.280.</p> <p>General retiree/inactive members (females): RP-2014 White Collar Healthy Annuitant table, adjusted by 1.417.</p> <p>Mortality assumptions for non-disabled members include improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis.</p> <p>Disabled Members: RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, with no projection for improvement.</p>																		
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2013-2017) experience study of the System's members.	Termination, disability, and retirement assumptions were updated and projected to reflect the results of the most recent five-year (2014-2018) experience study of the System's members.																		
Salary Increases	Salary increases were projected based on a 2013-2017 experience study of the System's members. The projected salary increase for regular plan members ranges from 3.1% - 4.6% varies depending on duration of service.	Salary increases were updated and projected to reflect the results of the most recent five year (2014-2018) experience study of the System's members. The salary increase ranges for specific types of members are:																		
		<table border="1"> <thead> <tr> <th style="text-align: left;">Member Type</th> <th style="text-align: center;">Lower Range</th> <th style="text-align: center;">Upper Range</th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">3.0%</td> <td style="text-align: center;">12.8%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">2.6%</td> <td style="text-align: center;">5.1%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> </tbody> </table>	Member Type	Lower Range	Upper Range	Regular	3.0%	12.8%	Judges	2.6%	5.1%	Corrections	3.6%	13.8%	Hazardous Duty	3.6%	13.8%	Wildlife	3.6%	13.8%
Member Type	Lower Range	Upper Range																		
Regular	3.0%	12.8%																		
Judges	2.6%	5.1%																		
Corrections	3.6%	13.8%																		
Hazardous Duty	3.6%	13.8%																		
Wildlife	3.6%	13.8%																		
Cost of Living Adjustments	Not substantively automatic	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																		

The following schedule list the methods used by each of the retirement systems in determining the long-term rate of return on pension plan investments:

TRSL	LASERS
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.87% for 2021.</p>	<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.61% for 2021.</p>

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2021:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	TRSL	LASERS	TRSL	LASERS
Cash	-	1.00%	-	-0.29%
Domestic equity	27.00%	31.00%	4.21%	4.09%
International equity	19.00%	23.00%	5.23%	5.12%
Domestic fixed income	13.00%	3.00%	0.44%	0.49%
International fixed income	5.50%	18.00%	0.56%	3.94%
Alternative investments	-	24.00%	-	6.93%
Private assets	25.50%	0.00%	8.48%	0.00%
Other private assets	10.00%	0.00%	4.27%	0.00%
Total	100%	100%		

Discount Rate

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the respective pension system's actuary. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability was 7.40% for TRSL and 7.40% for LASERS for the year ended June 30, 2021. In fiscal year 2022, the LASERS Board and TRSL Board adopted additional reductions to the discount rate beyond the original plan and a 7.25% rate was used to determine the projected actuarially required contribution rates for the 2022/2023 fiscal year.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the System's proportionate share of the Net Pension Liability (NPL) using the discount rate of each retirement system as well as what the System's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the retirement systems:

	1.0% Decrease	Current Discount Rate	1.0% Increase
TRSL			
Rates	6.40%	7.40%	8.40%
Share of NPL	\$ 1,091,127,911	\$ 659,332,185	\$ 296,146,567
LASERS			
Rates	6.40%	7.40%	8.40%
Share of NPL	\$ 362,063,593	\$ 267,220,500	\$ 186,520,976

Payables to the Pension Plans

The System recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2022, primarily related to the accrual for payroll. The amounts due are included in liabilities under the amounts reported as accounts, salaries, and other payables. The balance due to each of the retirement systems at June 30, 2022, is as follows:

TRSL	\$ 17,396,684
LASERS	<u>3,374,961</u>
	<u>\$ 20,771,645</u>

Optional Retirement System

The Optional Retirement Plan (ORP) was established for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement.

ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts – fixed, variable, or both – for benefits payable at retirement.

R.S. 11:927 sets the contribution requirements of ORP plan members and the employer. Employer ORP contributions to TRSL for the fiscal year 2022 totaled \$96,073,646. Employee contributions totaled \$27,771,157. The active member and employer contribution rates were 8% and 6.2%, respectively, with an additional employer contribution of 21.5% made to the TRSL defined benefit plan for application to the unfunded accrued liability of the system.

8. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The System provides certain continuing health care and life insurance benefits for its retired employees. Substantially all System employees become eligible for these benefits if they reach normal retirement age while working for the System and qualify for retirement under one of the pension plans in which the System participates.

The System offers its employees the opportunity to participate in one of two medical coverage plans. One plan is administered by the State of Louisiana through the Louisiana Office of Group Benefits (OGB), which also offers a life insurance plan, and the other plan is with the LSU Health Plan (Health Plan). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, promulgates the accounting and financial reporting requirements by employers that offer other postemployment benefits (OPEB) besides pensions. Both of the medical coverage plans and the life insurance plan available are subject to the provisions of this statement.

These plans are not administered as formal trusts; therefore, there are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75 to pay future OPEB benefits. The plans are funded on a “pay-as-you-go basis” under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due. Information about each of these two plans is presented below.

General Information about each OPEB plan:

Plan Description:

LSU Health Plan

The Health Plan originally began as a pilot program within OGB, the office that provides health benefits to State employees and later the administration was transferred to the System. R.S. 42:851 grants the authority to establish or amend benefits under the plan to the System. The Health Plan does not issue a publicly-available financial report, but it is included in the System’s financial report. The plan is defined as a single-employer defined benefit health OPEB plan.

State OGB Plan

System employees may also participate in the state’s other OPEB Plan, a multiple-employer defined benefit OPEB Plan that provides medical, prescription drug, and life insurance to eligible active employees, retirees, and their beneficiaries. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they are enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (LASERS and TRSL), or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. 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 of the OPEB Plan; however, it is included in the Louisiana Annual Comprehensive Financial Report. You may obtain a copy on the Office of Statewide Reporting and Accounting Policy’s website at www.doa.la.gov/osrap.

Funding policy:

LSU Health Plan

Plan rates are actuarially determined and approved by the LSU First Benefits Oversight Committee. Plan rates are in effect for one year, and members have the opportunity to switch providers during the annual enrollment period, which usually occurs during October.

The System administers and offers eligible employees, retirees, and their beneficiaries the opportunity to participate in comprehensive health and preventive care coverage under its Health Plan that gives members a unique, consumer-driven health-care approach to pay routine health expenses and provides coverage for major health care expenses.

Employer contributions are based on plan premiums and the employer contribution percentage. Employees who participate in a Health Plan through the State of Louisiana who retire with 20 or more years of medical coverage are generally required to pay the active contribution rate for retiree and dependent coverage prior to qualifying for Medicare, and 25% of the applicable premium for coverage once eligible for Medicare. All others pay a percentage of the retiree contribution rate (which differs for pre-Medicare eligible retirees and Medicare eligible retirees) based upon years of medical coverage at retirement. For eligible retirees, the percentages are as follows:

LSU Health Plan Medical Participation	Employer Contribution Percentage	Retiree Contribution Percentage
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ Years	75%	25%

Effective January 1, 2019, retired employees, who have Medicare Part A and Part B coverage were moved to the LSU First Retiree Medicare plan upon reaching Medicare eligibility. The LSU First Retiree Medicare plan is a fully insured Medicare Advantage plan.

State OGB Plan

The contribution requirements of plan members and the System are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree health care based on a participation schedule.

Employer contributions are based on plan premiums and the employer contribution percentage. Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers retirees four self-insured healthcare plans and one fully insured plan. Effective January 1, 2019, retired employees, who have Medicare Part A and Part B coverage also have access to six fully insured Medicare Advantage plans and an Individual Medicare Market Exchange Plan that provides monthly health reimbursement arrangement credits.

Employees who were active medical participants before January 1, 2002, and continue medical participation until retirement, pay approximately 25% of cost of medical coverage (except single retirees under age 65, who pay approximately 25% of the active employee cost). Employees who begin medical participation on or after January 1, 2002, pay a percentage of the total contribution rate upon retirement based on the following schedule:

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

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums. The retiree is responsible for 100% of the premium for dependents. The total monthly premium for retirees in the basic or supplemental life insurance plan varies according to age group.

Total Collective OPEB Liability and Changes in Total Collective OPEB Liability:

The following schedule lists the System's proportionate share of the OPEB liability at June 30, 2022, allocated by LSU Health Plan and OGB along with each respective plan measurement date and actuarial valuation date, the proportionate share allocation rate, the percentage change in proportion from the prior year rate, and the amount due within one year that was determined based on the amount of benefit payments expected to be paid within one year. The System's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability (AAL) in relation to the total OPEB AAL liability for all participating entities included in the State of Louisiana reporting entity.

	Measurement Date / Actuarial Valuation Date	Total OPEB Liability	Proportion	Increase (Decrease) to Prior Proportion	Due within one year
LSU Health Plan	June 30, 2022 / February 2022	\$ 729,860,623	89.3354%	(0.7223%)	\$ 26,045,715
OGB	July 1, 2021 / July 1, 2021	793,247,128	8.6631%	(0.3988%)	34,784,024
		<u>\$ 1,523,107,751</u>			<u>\$ 60,829,739</u>

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

The following schedule list the System's recognized OPEB expense for the year ended June 30, 2022 for each of the OPEB plans:

LSU Health Plan	\$ (224,192,971)
State OGB Plan	13,553,133
Total	<u>\$ (210,639,838)</u>

At June 30, 2022, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>LSU Health Plan</u>	<u>State OGB Plan</u>	<u>Total</u>
Deferred Outflows:			
Changes of assumptions	\$ 223,625,234	\$ 58,280,044	\$ 281,905,278
Differences between expected and actual experience	33,662,014	15,932,327	49,594,341
Difference between actual OPEB payments and proportionate share of OPEB payments	-	18,129,434	18,129,434
Change in proportion	-	6,411,783	6,411,783
OPEB benefit payments made subsequent to the measurement date	-	34,784,024	34,784,024
Total	<u>\$ 257,287,248</u>	<u>\$ 133,537,612</u>	<u>\$ 390,824,860</u>
Deferred Inflows:			
Differences between expected and actual experience	\$ (53,766,502)	\$ (460,467)	\$ (54,226,969)
Change in proportion	-	(60,789,620)	(60,789,620)
Changes of assumptions	(359,382,703)	(35,461,326)	(394,844,029)
Difference between actual OPEB payments and proportionate share of OPEB payments	-	(780,394)	(780,394)
Total	<u>\$ (413,149,205)</u>	<u>\$ (97,491,807)</u>	<u>\$ (510,641,012)</u>

Deferred outflows of resources related to OPEB resulting from the System's benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year</u>	<u>LSU Health Plan</u>	<u>State OGB Plan</u>	<u>Total</u>
2023	(11,760,756)	(14,952,189)	\$ (26,712,945)
2024	(9,404,600)	1,100,700	(8,303,900)
2025	(6,968,323)	10,768,837	3,800,514
2026	(27,081,511)	4,344,433	(22,737,078)
2027	(51,326,019)	-	(51,326,019)
2028	(49,320,748)	-	(49,320,748)
	<u>\$ (155,861,957)</u>	<u>\$ 1,261,781</u>	<u>\$ (154,600,176)</u>

Sensitivity of Total OPEB Liability

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
<u>LSU Health Plan</u>			
Rates	2.54%	3.54%	4.54%
Total OPEB liability	\$891,629,217	\$729,860,623	\$606,802,857
<u>State OGB Plan</u>			
Rates	1.18%	2.18%	3.18%
Total OPEB liability	\$922,594,407	\$793,247,128	\$690,374,404

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

	<u>1.0% Decrease</u>	<u>Current Healthcare Costs Trend Rate(s)</u>	<u>1.0% Increase</u>
<u>LSU Health Plan</u>			
Pre-65 Rates	6.0% decreasing to 3.0%	7.0% decreasing to 4.0%	8.0% decreasing to 5.0%
Post-65 Rates	<u>5.0% decreasing to 3.0%</u>	<u>6.0% decreasing to 4.0%</u>	<u>7.0% decreasing to 5.0%</u>
Total OPEB liability	\$598,884,165	\$729,860,623	\$902,026,792
<u>State OGB Plan</u>			
Pre-65 Rates	6.00% decreasing to 3.5%	7.00% decreasing to 4.5%	8.00% decreasing to 5.5%
Post-65 Rates	4.50% decreasing to 3.5%	5.50% decreasing to 4.5%	6.50% decreasing to 5.5%
Total OPEB liability	<u>\$695,961,958</u>	<u>\$793,247,128</u>	<u>\$916,732,067</u>

Actuarial Assumptions and Other Inputs:

The following table includes information on the actuarial assumptions and other inputs for both of the System's OPEB plans and applies to all periods included in the measurement unless otherwise specified:

	LSU Health Plan	State OGB Plan
Total OPEB liability measurement date	June 30, 2022	July 1, 2021
Actuarial valuation date	February 2022	July 1, 2021
Actuarial Cost Method	Entry age normal based on level percentage of projected salary	Entry age normal, level percentage of pay. Service costs are attributed through all assumed ages of exit from active service. For current DROP participants, assumed exit from active service is the date at which DROP ends.
Actuarial Assumptions:		
Expected Remaining Service Lives	6.8 years starting July 1, 2021, and 6.6 years for 2021 measurement	4.5 years 2021 through 2018 measurement and 4.48 years for 2017 measurement
Discount rate	3.54% (increased from 2.16% in 2021) Source: Bond Buyer 20 - Bond Go Index	2.18% for July 1, 2021 measurement (decreased from 2.66% in 2020) Source: S&P 20-year municipal bond index rate.
Healthcare cost trend rate(s)	Pre 65 medical/Rx benefits: 7.0% select rate, decreasing .25% annually to an ultimate rate of 4.0% Post Medicare benefits 6.0% select rate, decreasing .25% annually to an ultimate rate of 4.0%	Medical and drug pre-65: 7.00% through 2023 and decreasing .25% from 2023 through 2032 to an ultimate rate of 4.5% Medical and drug post-65: 5.50% through 2023 and decreasing .10% from 2023 through 2032 to an ultimate rate of 4.5% The initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth.
Salary increases	Consistent with each pension plan in which the System's employees participate.	Consistent with each pension plan in which the System's employees participate. The LASERS regular member rates were assumed for employers who do not participate in one of four state retirement systems.
Inflation Rate	3.0% based on the consumer price index	2.40% based on the consumer price index
Mortality	Non-Disabled Lives: Pub-2010 mortality table with generational scale MP-2021 Disabled Lives: Pub-2010 disabled mortality rates with generational MP-2021 scaling.	Refer to Mortality tables listed at Note 7 for both LASERS and TRSL.
Termination, Disability, and Retirement	Relied upon the pension plans covering the same participants.	Relied upon the pension plans covering the same participants.

	<u>LSU Health Plan</u>	<u>State OGB Plan</u>																				
Dates of experience studies	<p>Used the experience studies completed by the pension plan actuaries in which the System's employees participate.</p> <p>Expected annual claim costs were developed using two years of historical claim experience through June 2022.</p>	<p>Used the experience studies completed by the pension plan actuaries in which the System's employees participate. The medical plan election percentages were also updated based on the experience study.</p> <p>Baseline per capita costs were updated to reflect 2021 claims and enrollment.</p>																				
Per Capita Health Claim Costs	<p>Expected retiree claim costs were developed using 24 months of historical claim experience through June 2022. An underwriting adjustment to account for the estimated impact of Covid-19 was made to account for the overall decrease in claims during 2020 for Option 1. For Option 3, per capita claim costs are developed by applying age adjustments to the current fully insured premiums. A blend of both active and retiree data was utilized and age adjusted. The annual age 60 and 70 claim costs for retirees and their spouses are provided in the table below.</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: right;">Per Capita</td> <td style="text-align: right;">Age 70</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><u>Cost</u></td> <td style="text-align: right;"><u>Age 60</u></td> <td style="text-align: right;"><u>Age 70 (no medicare)</u></td> <td></td> </tr> <tr> <td>Option 1</td> <td style="text-align: right;">\$13,026</td> <td style="text-align: right;">\$8,710</td> <td style="text-align: right;">\$17,099</td> </tr> <tr> <td>Option 3</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$2,507</td> <td style="text-align: right;">\$ -</td> </tr> </table>	Per Capita	Age 70			<u>Cost</u>	<u>Age 60</u>	<u>Age 70 (no medicare)</u>		Option 1	\$13,026	\$8,710	\$17,099	Option 3	\$ -	\$2,507	\$ -	<p>Per capita costs for the self-insured plans were based on prescription claims for the period January 1, 2020 through December 31, 2021 and medical claims for the period January 1, 2019 through December 31, 2019, and from January 1, 2021 through December 31, 2021, trended to the valuation date. Per capita costs for fully-insured plans were based on calendar year 2022 premiums adjusted to the valuation date using the trend assumptions above. Per capita costs were adjusted for expected age-related differences in morbidity, where applicable.</p>				
Per Capita	Age 70																					
<u>Cost</u>	<u>Age 60</u>	<u>Age 70 (no medicare)</u>																				
Option 1	\$13,026	\$8,710	\$17,099																			
Option 3	\$ -	\$2,507	\$ -																			
Participation Rates	<p>The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that all employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan. This assumes that a one-time irrevocable election to participate is made at retirement.</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: right;"><u>Years of Service</u></td> <td style="text-align: right;"><u>Participation Rate</u></td> </tr> <tr> <td>Under 10 years</td> <td style="text-align: right;">30%</td> </tr> <tr> <td>10 - 14 years</td> <td style="text-align: right;">45%</td> </tr> <tr> <td>15 - 19 years</td> <td style="text-align: right;">65%</td> </tr> <tr> <td>20 + years</td> <td style="text-align: right;">80%</td> </tr> </table>	<u>Years of Service</u>	<u>Participation Rate</u>	Under 10 years	30%	10 - 14 years	45%	15 - 19 years	65%	20 + years	80%	<p>Active employees who do not have current medical coverage are assumed not to participate in the medical plan as retirees. The percentage of employees and their dependents who are currently covered for medical coverage that are assumed to participate in the retiree medical plan is outlined in the table below. To be eligible for retiree coverage, the participant's coverage must be in effect immediately prior to retirement. Active participants who have been covered continuously under the OGB medical plan since before January 1, 2002 are assumed to participate at a rate of 88%. This rate assumes that a one-time irrevocable election to participate is made at the time of retirement.</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: right;"><u>Years of Service</u></td> <td style="text-align: right;"><u>July 1, 2021 Valuation</u></td> </tr> <tr> <td>Under 10 years</td> <td style="text-align: right;">33%</td> </tr> <tr> <td>10 - 14 years</td> <td style="text-align: right;">60%</td> </tr> <tr> <td>15 - 19 years</td> <td style="text-align: right;">80%</td> </tr> <tr> <td>20 + years</td> <td style="text-align: right;">88%</td> </tr> </table> <p>Future retirees are assumed to participate in the life insurance benefit at a 36% rate and elect a total of \$45,000 in basic and supplemental life insurance coverage, before any age reductions. Spouses are assumed to elect \$2,000 of coverage.</p>	<u>Years of Service</u>	<u>July 1, 2021 Valuation</u>	Under 10 years	33%	10 - 14 years	60%	15 - 19 years	80%	20 + years	88%
<u>Years of Service</u>	<u>Participation Rate</u>																					
Under 10 years	30%																					
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Under 10 years	33%																					
10 - 14 years	60%																					
15 - 19 years	80%																					
20 + years	88%																					

9. CONTINGENT LIABILITIES, RISK MANAGEMENT, AND CLAIMS LIABILITY

Losses arising from judgments, claims, and similar contingencies are paid by either private insurance companies or through the State's self-insurance fund operated by the Office of Risk Management (ORM), the agency responsible for the State's risk management program, or by General Fund appropriation. The System is involved in 52 lawsuits that are handled by contract attorneys at June 30, 2022. The attorneys have estimated a reasonably possible unfavorable outcome to the System of \$2,933,627 relating to the lawsuits. All other lawsuits are handled by either ORM or the Attorney General's Office. Within the passage of LA Grad Act 2.0 and the implementation of the afforded Risk Management's Autonomy at LSU A&M, the Board of Supervisors now has a hybrid insurance program made up of self-insurance, commercial insurance, and insurance provided through the State Office of Risk Management. LSU A&M is autonomous from ORM with the exception of medical malpractice liability insurance. LSU A&M obtains a variety of higher education specific insurances in the commercial marketplace, many with large, self-insured retentions. All other LSU Campuses are insured primarily through ORM with the exception of travel and accident insurance. The LSU A&M Office of Risk Management is now providing support and coordination for all LSU campuses in relation to their risk management and insurance programs through the Risk and Insurance Shared Knowledge committee. LSU Health Science Center Shreveport, LSU Health Science Center New Orleans, LSU of Alexandria, LSU Eunice, LSU Shreveport, and Pennington Biomedical Research Center have joined together to form a large retention risk pool for workers' compensation coverage under ORM, which is managed by LSU A&M Office of Risk Management.

In addition, the System is exposed to various risks of losses related to the self-insured and self-funded LSU System Health Plan, which provides health insurance benefits to active and retired System employees and which began as a pilot program for the fiscal year ended June 30, 2003. Beginning in fiscal year 2011-12, estimated incurred but not reported (IBNR) claim reserve is as of December 31. This is a change in time period due to coordination with a change to LSU's health plan year. Historically, IBNR was calculated as of June 30 each year. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. According to the requirements of GASB Statement No. 10, as amended by Statements 17 and 30, total claims expenditures were \$115,406,678. Changes in the reported liability for the last three periods are summarized as follows:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Recoveries From Settled and Unsettled Claims	Balance at Fiscal Year-End
2019-20	\$11,122,000	\$117,027,506	(\$118,388,600)	\$542,094	\$10,303,000
2020-21	\$10,303,000	\$120,231,126	(\$120,245,387)	\$368,261	\$10,657,000
2021-22	\$10,657,000	\$115,384,521	(\$115,406,678)	\$487,157	\$11,122,000

10. COMPENSATED ABSENCES

At June 30, 2022, employees of the System have accumulated and vested annual, sick, and compensatory leave benefits of \$60,927,577, \$32,183,689, and \$330,246, respectively, which were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

11. LESSEE LEASES

The System leases various facilities and equipment used for a variety of purposes and uses including office, meeting and gathering space, residential facilities, medical equipment, vehicles and other. These leases range in terms from 1.5 to 99 years, with various renewal options available, and payment terms vary in both frequency and amounts. In accordance with GASB Statement No. 87, *Leases*, a liability has been recorded for the present value of lease payments over the lease term for each agreement. As of June 30, 2022, the combined value of the lease liabilities was \$332,357,969. In determining the present values, discount rates of .13% to 1.49% were applied, depending on the duration of the lease agreement, and future payments which are variable are not included. The variable lease payments not included in the liability totaled \$4,736,118 during the year ended June 30, 2022. The recorded value of the right-to-use asset as of the end of the current fiscal year was \$351,781,989 which was offset by accumulated amortization of \$20,949,082. The future principal and interest lease payments as of June 30, 2022, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 16,178,808	\$ 4,683,277	\$ 20,862,085
2024	15,955,401	4,490,909	20,446,310
2025	15,788,224	4,283,994	20,072,218
2026	15,335,345	4,082,275	19,417,620
2027	19,133,088	3,869,865	23,002,953
2028-2032	65,965,083	16,239,385	82,204,468
2033-2037	59,440,652	11,791,044	71,231,696
2038-2042	38,782,225	7,723,094	46,505,319
2043-2047	29,459,420	5,327,816	34,787,236
2048-2052	31,737,045	3,050,190	34,787,235
2053-2057	9,575,153	1,260,923	10,836,076
2058-2062	1,799,373	1,052,983	2,852,356
2063-2067	1,439,873	927,085	2,366,958
2068-2072	1,363,009	827,441	2,190,450
2073-2077	1,468,364	722,086	2,190,450
2078-2082	1,581,862	608,588	2,190,450
2083-2087	1,704,133	486,317	2,190,450
2088-2092	1,835,855	354,596	2,190,451
2093-2097	1,977,758	212,692	2,190,450
2098-2102	1,837,298	61,093	1,898,391
Total	<u>\$ 332,357,969</u>	<u>\$ 72,055,653</u>	<u>\$ 404,413,622</u>

The lease agreements may have non-appropriation exculpatory clauses that allow lease cancellation if the legislature does not make an appropriation for its continuation during any future fiscal period. However, such clauses were disregarded in determining the term of the lease for the purpose of measuring the lease assets and liabilities.

The following is a schedule of the recorded amounts and accumulated amortization of leased assets by underlying asset class:

	Recorded amount	Accumulated amortization	Net right-to-use asset	2022 Amortization
<u>Right to use assets:</u>				
Land	\$ 4,743,535	\$ 200,195	\$ 4,543,340	\$ 200,195
Building	173,610,207	12,093,405	161,516,802	12,093,405
Office space	172,503,923	8,391,780	164,112,143	7,096,348
Equipment	734,480	165,648	568,832	165,648
Other	189,844	98,054	91,790	98,054
	<u>\$ 351,781,989</u>	<u>\$ 20,949,082</u>	<u>\$330,832,907</u>	<u>\$ 19,653,650</u>

Lessee Leases with Discrete Component Units

The System has entered into lease agreements with its discretely presented component units for use of various facilities including sections of Tiger Stadium financed with revenue bonds issued by the Tiger Athletic Foundation (TAF) and land owned by the Health Science Services-Shreveport Foundation and occupied by the Health Science Center – Shreveport. The three lease agreements with TAF call for annual payments ranging from \$2,000,000-\$4,000,000 and are set in an amount to be sufficient for debt service of the outstanding bonds throughout their terms (see Note 13). The lease with Health Science Center Shreveport Foundation requires annual payments of approximately \$2,700. The total lease liability to TAF and the Health Science Center Shreveport was \$109,243,600, and \$332,699, respectively, at June 30, 2022.

The above lease transactions between the System and its discretely presented component units are accounted for in the System financial statements (Statements A, C, and E) in accordance with GASB Statement No. 87, *Leases* and accordingly, include a lease payable to the component units. As non-profit organizations, the discrete component units presented in Statements B and D follow accounting standards promulgated by the Financial Accounting Standards Board (FASB) and, accordingly, will apply ASC 842 in accounting for leases for the year ended June 30, 2023. However, neither current accounting nor ASC 842 require the recording of a reciprocating lease receivable by the component unit. See note 28 for new accounting pronouncements not yet effective that will impact the component units' accounting for leases in future years.

12. LESSOR LEASES

The System's lessor leases consist of leasing property for the purposes of providing food services to students; bookstore operations; land for fraternity and sorority houses and parking spaces to foundations; office space for postal services, banking services, and university affiliated organizations; space on rooftops for communication towers and a variety of other uses. Additionally, the System has entered into public/private partnerships for the management of its hospitals, and some cases those partnerships included leasing of the associated assets. The terms of these leases are for periods ranging from 1 to 97 years at various payment frequencies and amounts. In accordance with GASB Statement No. 87, *Leases*, a receivable has been recorded for the present value of lease payments to be received over the lease term for each agreement. As of June 30, 2022, the combined value of the lease receivables was \$2,110,607,853. Also, deferred inflows associated with these leases have been recorded that will be recognized as revenue over the term. The balance of the deferred inflows at June 30, 2022 is \$2,114,992,097. Inflows recognized for the year ended June 30, 2022 consisted of lease revenue of \$95,343,588 and interest income of \$31,717,564.

The Healthcare Services Division of the System leases the North Foster Clinic Building from its Health Care Services Foundation and subleases it to Our Lady of the Lake. HCSD also leases the Bogalusa Community Medical Center from the Bogalusa Community Foundation and subleases it to Our Lady of Angels. Both the HCS and BCMC Foundations are blended component units of HCSD and therefore the leases between these entities are eliminated in the financial statements.

Lessor Leases with Discrete Component Units

The System has entered into lease agreements with its discretely presented component units for land and buildings owned by the System including that used as the LSU Foundation's office space and use of the Butterworth-Hutchinson and Stanislaus buildings by the LSU Health Foundation, New Orleans. The lease agreement with LSU Foundation calls for annual payments of \$5,000 and the agreements with the LSU Health Foundation, New Orleans call for annual payments of \$112,000-\$400,000. The total lease receivable from the LSU Foundation and LSU Health Foundation, New Orleans was \$306,027, and \$3,144,870, respectively, at June 30, 2022.

In connection with the lease agreements for stadium improvements under which payments are made by the System to the Tiger Athletic Foundation, the System leases the ground occupied by the stadium improvements to the Tiger Athletic Foundation. The agreements call for annual payments totaling \$6,116. The lease receivable from TAF was \$706,844 at June 30, 2022.

The above lease transactions between the System and its discretely presented component units are accounted for in the System financial statements (Statements A, C, and E) in accordance with GASB Statement No. 87, *Leases* and accordingly, include a lease receivable from the component units. As non-profit organizations, the discrete component units presented in Statements B and D follow accounting standards promulgated by the Financial Accounting Standards Board (FASB) and, accordingly, will apply ASC 842 in accounting for leases for the year ended June 30, 2023 and accordingly, will record a lease payable in a like amount to the receivable recorded by the System. However, current accounting standards do not require the recording a lease payable by the component unit. See note 28 for new accounting pronouncements not yet effective that will impact the component units' accounting for leases in future years.

13. LONG-TERM LIABILITIES

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

System

	Balance June 30, 2021 (Restated)	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Debt payable:					
Bonds payable	\$ 365,510,443	\$ 155,275,000	\$ (166,634,146)	\$ 354,151,297	\$ 21,984,393
Direct borrowings or placements:					
Finance purchase obligations	335,923,386	82,715,000	(3,538,707)	415,099,679	3,713,911
Notes payable	3,806,875	-	(347,796)	3,459,079	361,075
Subtotal	<u>705,240,704</u>	<u>237,990,000</u>	<u>(170,520,649)</u>	<u>772,710,055</u>	<u>26,059,379</u>
Other liabilities:					
Lease liability	349,733,668	752,889	(18,128,588)	332,357,969	16,178,808
Compensated absences payable	94,731,073	4,678,049	(5,967,610)	93,441,512	8,981,530
Other liabilities	30,416,355	34,896,268	(839,164)	64,473,459	-
Subtotal	<u>474,881,096</u>	<u>40,327,206</u>	<u>(24,935,362)</u>	<u>490,272,940</u>	<u>25,160,338</u>
Total long-term liabilities	<u>\$ 1,180,121,800</u>	<u>\$ 278,317,206</u>	<u>\$ (195,456,011)</u>	<u>\$ 1,262,982,995</u>	<u>\$ 51,219,717</u>

Changes in long-term liabilities for Pensions and Other Post-Employment Benefits Plan can be found in notes 7 and 8.

Notes Payable – Direct Borrowings and Placements

	Date of Issue	Original Issue	Outstanding July 1, 2021	Redeemed/ Issued	Outstanding June 30, 2022	Maturities	Interest Rates	Future Interest Payments June 30, 2022
LSU								
CAMPUS Federal Credit Union	April 23, 2020	\$ 4,000,000	\$ 3,806,875	\$ (347,796)	\$ 3,459,079	2030	3.5%	\$ 536,057
Total		<u>\$ 4,000,000</u>	<u>\$ 3,806,875</u>	<u>\$ (347,796)</u>	<u>\$ 3,459,079</u>			<u>\$ 536,057</u>

On April 23, 2020, the LSU Research Foundation entered into a promissory note with a local credit union to borrow \$4,000,000. The loan is due in full upon the Lender's demand, or if no demand is made, 120 payments of \$39,682 will be due beginning June 1, 2020 with a maturity date of May 1, 2030, with an interest rate of 3.5%. The loan is secured by the assignment of leases and rents on the building.

Bonds Payable - LSU System

All of the System's outstanding bonds were issued through public sale and are secured by revenue pledges that are further described in Note 22. Detailed summaries, by issues, of all bond and reimbursement contract debt outstanding at June 30, 2022, including future interest payments, follow:

Issue	Date of Issue	Original Issue	Outstanding July 1, 2021	Redeemed/ Issued	Outstanding June 30, 2022	Maturities	Issued Interest Rates	Future Interest Payments June 30, 2022
LSU								
2012 Auxiliary Revenue Bonds	August 7, 2012	\$ 41,615,000	\$ 29,410,000	\$ (29,410,000)	\$ -	2022	2% to 5%	\$ -
2013 Auxiliary Revenue Bonds	April 25, 2013	101,180,000	46,535,000	(44,060,000)	2,475,000	2023	3% to 5%	123,750
2014 Auxiliary Revenue Bonds	October 16, 2014	81,880,000	67,915,000	(61,470,000)	6,445,000	2024	3% to 5%	487,250
2016A Auxiliary Revenue Bonds	November 15, 2016	137,000,000	109,690,000	(21,545,000)	88,145,000	2036	3.5% to 5%	27,644,700
2016B Auxiliary Revenue Bonds	November 15, 2016	16,320,000	9,625,000	(1,370,000)	8,255,000	2030	1.15% to 3.45%	1,018,124
2019 Auxiliary Revenue Refunding Bonds	December 18, 2019	72,355,000	69,955,000	(1,445,000)	68,510,000	2040	1.904% to 3.28%	21,191,644
2022 Auxiliary Revenue Refunding Bonds	January 6, 2022	155,275,000	-	154,125,000	154,125,000	2043	.607% to 2.967%	42,924,136
LSU Health Sciences Center in New Orleans								
2013 Building Revenue Bonds	September 4, 2013	12,830,000	9,270,000	(770,000)	8,500,000	2031	2% to 4.75%	2,033,305
Health Care Services Division								
2017 Bogalusa Community Medical Center Project	April 26, 2017	13,275,000	10,955,000	(500,000)	10,455,000	2038	2% to 4%	3,473,556
LSU of Alexandria								
2008 Auxiliary Revenue Bonds	March 18, 2008	4,200,000	2,830,000	(155,000)	2,675,000	2034	4% to 5.5%	975,841
Total		<u>635,930,000</u>	<u>356,185,000</u>	<u>(6,600,000)</u>	<u>349,585,000</u>			<u>\$ 99,872,306</u>
Premium/discounts, net		38,279,266	9,571,828	(4,773,640)	4,798,188			
Bonds issuance cost		(318,327)	(246,385)	14,494	(231,891)			
Total Bonds Payable		<u>\$ 673,890,939</u>	<u>\$ 365,510,443</u>	<u>\$ (11,359,146)</u>	<u>\$ 354,151,297</u>			

The System's bonds payable contain provisions for events of default that are included in the bond resolutions approved by the System's Board. These events of default could require the acceleration of payment of the amounts outstanding. Following is a summary of the events of default that are generally contained in the resolutions:

- 1 Failure to timely pay the required principal or interest when due.
- 2 Failure to perform or comply with debt covenant requirements outlined in debt agreement or remedy the failure within 30 days. Following is a listing of some of these covenants:
 - a. Failure to continue the pledge of revenue associated with each debt issue.
 - b. Failure of the Board to maintain its existence.
 - c. Granting of a security or lien that is superior to the lien on the outstanding bonds.
 - d. New debt is issued secured by the revenue pledged that is not in parity with or not subordinated by the outstanding debt.
- 3 A material false or misleading statement, warranty or representation made by the Board that is contained in the resolution.
- 4 A petition filed against the board under any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction that is not dismissed within 60 days of filing.
- 5 The Board files a petition in voluntary bankruptcy or admits insolvency or bankruptcy or its inability to pay its debts.
- 6 The State of Louisiana alters the rights or duties of the Board.
- 7 Findings or covenants in any No-Arbitrage Certificate are false or not adhered to and causes the interest on the bonds to become taxable.

Bonds Payable - Component Units

Issue	Date of Issue	Original Issue	Outstanding July 1, 2021	Issued (Redeemed)	Outstanding June 30, 2022	Maturities	Interest Rates
Tiger Athletic Foundation*							
Series 2012 Bonds	October 23, 2012	\$ 70,000,000	\$ 61,512,000	\$(2,967,000)	\$ 58,545,000	2037	Variable
Series 2015 Bonds	July 1, 2015	52,000,000	35,460,000	(3,770,000)	31,690,000	2028	2.49%
Series 2015A Bonds	November 1, 2015	53,045,000	37,560,000	(910,000)	36,650,000	2039	2.25%
Deferred financing costs		(1,008,426)	(690,756)	56,136	(634,620)		
Total Bonds Payable		\$ 174,036,574	\$133,841,244	\$(7,590,864)	\$126,250,380		

*As of December 31, 2021

Defeased Bonds

In January, 2022, the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College issued \$155,275,000 of taxable Bonds – Series 2022. The purpose of the issues was to provide monies to advance refund all of Series 2012 and portions of 2013, 2014, and 2016A bonds. In order to refund the bonds, portions of the proceeds of the new issue of \$153,839,450 were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated January 6, 2022, between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by \$14,307,370 and gave the University an economic gain of \$11,136,687. Of the debt considered defeased in substance, \$143,135,000 is outstanding as of June 30, 2022.

In December, 2019, the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College issued \$72,355,000 of taxable Bonds – Series 2019. The purpose of the issues was to provide monies to refund all of Series 2010B and portions of 2013 bonds. In order to refund the bonds, portions of the proceeds of the new issue \$72,355,000, plus an additional \$2,199,710 of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated December 18, 2019, between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$12,846,624 and gave the University an economic gain of \$6,635,024. Of the debt considered defeased in substance, \$41,925,000 is outstanding as of June 30, 2022.

Debt Service Requirements

The annual requirements to amortize all System bonds outstanding at June 30, 2022, are presented in the following schedule. The schedule uses rates as of June 30, 2022, for debt service requirements of the variable-rate bonds, assuming current interest rates remain the same for their term. As rates vary, variable-rate bond interest payments will vary.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 20,380,000	\$ 11,112,956	\$ 31,492,956
2024	20,875,000	10,368,858	31,243,858
2025	20,955,000	9,679,660	30,634,660
2026	21,490,000	9,072,858	30,562,858
2027	20,495,000	8,412,377	28,907,377
2028-2032	108,065,000	31,730,075	139,795,075
2033-2037	89,560,000	15,136,222	104,696,222
2038-2042	41,995,000	4,188,104	46,183,104
2043-2047	5,770,000	171,196	5,941,196
Subtotal	349,585,000	99,872,306	449,457,306
Unamortized premium/discount	4,798,188	-	4,798,188
Bond issuance cost	(231,891)	-	(231,891)
Total	<u>\$ 354,151,297</u>	<u>\$ 99,872,306</u>	<u>\$ 454,023,603</u>

The annual principal and interest requirements for notes payable outstanding at June 30, 2022, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 361,075	\$ 115,116	\$ 476,191
2024	373,917	102,274	476,191
2025	387,216	88,975	476,191
2026	400,988	75,203	476,191
2027	415,250	60,941	476,191
2028-2032	1,520,633	93,548	1,614,181
	<u>\$ 3,459,079</u>	<u>\$ 536,057</u>	<u>\$ 3,995,136</u>

The annual principal requirements for all component unit bonds outstanding at June 30, 2022, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>
2023	\$ 7,459,000
2024	7,483,000
2025	7,753,000
2026	8,025,000
2027	10,320,000
2028-2032	49,570,000
2033-2037	29,675,000
2038-2042	6,600,000
2043-2047	-
	<u>126,885,000</u>
Deferred financing costs	(634,620)
Total	<u>\$ 126,250,380</u>

The following is a summary of the System debt service reserve requirements of the various bond issues at June 30, 2022:

<u>Bond Issue</u>	<u>Cash/ Investment Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
Auxiliary Plant:			
LSU of Alexandria	\$ 313,267	\$ 313,050	\$ 217
LSU Health Sciences Center - New Orleans	<u>1,175,100</u>	<u>1,174,025</u>	<u>1,075</u>
Total	<u>\$ 1,488,367</u>	<u>\$ 1,487,075</u>	<u>\$ 1,292</u>
Educational Plant:			
Health Care Services Division	<u>\$ 888,332</u>	<u>\$ 888,332</u>	<u>\$ -</u>
Total	<u>\$ 888,332</u>	<u>\$ 888,332</u>	<u>\$ -</u>

As permitted by the Bond Resolutions for the auxiliary revenue Bonds, Series 2022, Series 2019, Series 2016 A&B, Series 2014, and Series 2013, LSU established no debt service reserve accounts. Neither surety bonds from an insurance company or an irrevocable letter of credit were required as a substitute for the reserve accounts.

As permitted by the Bond Resolution for the Revenue Bonds, Series 2013, the LSU Health Sciences Center New Orleans obtained a surety bond issued by an insurance company as a substitute for the reserve requirement for the bonds. The Surety Bond meets the definition as a “Reserve Fund Investment” and guarantees payment of principal and interest on the bonds when they are due in the event of nonpayment.

Financed Purchase Obligations

The System records capital assets and financed purchase obligations for certain contracts having similar features of a lease, except that title to the assets transfers at the end of the lease term. In accordance with GASB Statement No. 87, *Leases*, such contracts are accounted for as financed purchases. The System’s financed purchase obligations at June 30, 2022 are summarized as follows:

<u>Nature of Contract</u>	<u>Date of Contract</u>	<u>Last Payment Date</u>	<u>Remaining Interest to End of Contract</u>	<u>Remaining Principal to End of Contract</u>
Buildings	varies	June 30, 2059	\$559,321,760	\$ 411,519,679
Equipment	varies	June 30, 2023	70,884	3,580,000
Total assets under finance purchase			<u>\$559,392,644</u>	<u>\$ 415,099,679</u>

The capital assets referred to above consist primarily of the buildings comprising the residential and retail facilities developed as part of the Nicholson Gateway Project and the Greenhouse District Project, two Public Private Partnerships (PPP) with Provident Group Flagship Properties and the LSU Foundation. Payments due under the contracts are equal to the semi-annual debt service payments on the Louisiana Public Facilities Authority Series 2016A and B, Series 2017, and Series 2019A and B, Finance revenue bonds issued for \$241,500,000, \$87,705,000, and \$80,635,000, respectively as conduit debt. The bond payments of principal and interest are payable over a term of 40 years, ending 2056, 2057, and 2059, respectively.

The building finance purchase obligations are considered a direct borrowing and contain provisions for events of default that include failure to make timely payment of the agreed upon rental amounts. Failure to make these timely payments could result in System's inability to continue using the building facilities. The lessor does not have the ability to accelerate the base rental amounts due under the finance agreement in the event of default. The assets acquired under finance purchase obligations are included as capital assets in note 5. The following is a schedule of future minimum contractual payments throughout the contract terms, with amounts imputed to be principal and interest.

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,713,911	\$ 19,245,561	\$ 22,959,472
2024	140,186	19,168,402	19,308,588
2025	146,754	19,161,834	19,308,588
2026	153,631	19,154,957	19,308,588
2027	160,828	19,147,760	19,308,588
2028-2032	924,490	95,618,450	96,542,940
2033-2037	1,282,597	95,379,180	96,661,777
2038-2042	24,384,408	93,535,136	117,919,544
2043-2047	78,993,264	82,135,624	161,128,888
2048-2052	107,103,293	60,418,157	167,521,450
2053-2057	134,837,248	32,678,277	167,515,525
2058-2062	63,259,069	3,749,306	67,008,375
Total minimum contractual payments	<u>415,099,679</u>	<u>559,392,644</u>	<u>974,492,323</u>

14. AMOUNTS DUE FROM STATE TREASURY

As shown on Statement A, the System has a total of \$834,238 due from the Primary Government at June 30, 2022. This amount consists of the following:

Account Type	Intercompany (Fund)	Amount
Amounts due from Primary Government		
	E32 - Tobacco Tax Health Care Fund	\$ 834,238
	Total	<u>\$ 834,238</u>

15. RESTRICTED NET POSITION

The System's restricted nonexpendable net position of \$167,859,073 as of June 30, 2022, is comprised of endowment funds.

The System had the following restricted expendable net position as of June 30, 2022:

<u>Account Title</u>	<u>Amount</u>
Student fees	\$ 24,947,753
Grants and contracts	14,193,421
Gifts	104,058,454
Endowment earnings	41,747,086
Auxiliary enterprises	2,539,995
Student loan funds	22,193,975
Capital construction	69,779,034
Debt service	313,268
Sponsored projects	2,847,951
LSU System Health Plan	40,154,708
Foundation Restricted Funds	<u>4,840,293</u>
Total	<u>\$ 327,615,938</u>

Of the total restricted net position reported on Statement A for the year ended June 30, 2022, a total of \$11,594,005 is restricted by enabling legislation.

LSU Health Sciences Center in Shreveport has donor-restricted endowments. If a donor has not provided specific instructions, State law permits the Board of Regents to authorize for expenditure the net appreciation, realized and unrealized, of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established. At fiscal year end, net appreciation of \$1,878,700 for LSU Health Sciences Center in Shreveport is available to be spent and is restricted to specific purposes.

LSU A&M has donor-restricted endowments. The university's policy for managing the endowment fund provides, for allocation for expenditure, the actual amount earned on the endowment fund investments. Although investments are marked to market as per the requirements of the GASB codification Section 150, there is no "total-return" policy. Unrealized gains are not made available for expenditure by the beneficiary departments.

However, in March 2010, the university obtained a \$1 million endowment from the Bernard Osher Foundation. Subsequently in April 2013, the university obtained a second installment from the Osher Foundation of \$950,000. As per the terms of the agreement, earnings are to be calculated on a total return basis. The distribution for expenditure in each year, commencing with the university's fiscal year beginning July 1, 2010, shall not be less than the defined minimum amount. This endowment is not part of the university's endowment pool and is invested separately. At fiscal year end, the net appreciation was of \$91,044 is available to be spent and is restricted to specific purposes.

16. RESTATEMENT OF BEGINNING NET POSITION

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

Net position at June 30, 2021	\$ 346,717,189
Capital asset adjustments	\$ 1,403,291
LA Healthcare Network - Adoption of GASB 87	123,273
PBRC endowment of partnership 2016	<u>\$ 1,676,723</u>
Net position at June 30, 2021, as restated	<u>\$ 349,920,476</u>

The restatements increased the System's beginning net position by \$3,203,287. Of this amount, \$1,403,291 was attributable to capital asset adjustments for erroneously omitted assets and \$123,273 attributable to LA Healthcare Network adopting GASB 87, *Leases*. Additionally, a net increase of \$1,676,723 to net position was attributable to the Pennington Biomedical Research Center partnership endowment which was previously unrecorded in error. The corrections of errors, if retroactively applied, would have increased the change in net position for the year ended June 30, 2021, by \$1,322,615.

The beginning net assets as reflected in Statement D have been restated to reflect a change in accounting entity for the inclusion of the LSU Health Foundation, New Orleans in accordance with LSU's accounting policy for presentation of discrete component units as stated in note 1B.

Net assets at June 30, 2021	\$ 1,161,951,328
Net assets of LSU Health Foundation, New Orleans	<u>163,263,972</u>
Net assets at June 30, 2021, as restated	<u>\$ 1,325,215,300</u>

17. BLENDED COMPONENT UNITS

GASB Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, requires governments engaging only in business-type activities that use a single column for fiscal statement presentation to present condensed combining information for its blended component units in the notes to the financial statements.

Condensed financial information for each of the institutions' blended component units, with amounts receivable and payable to LSU identified on the statement of net position, follows:

Condensed Statement of Net Position

	LSU Research Foundation*	Stephenson Technologies Corporation	LSU Healthcare Network	Health Care Services Foundation	Bogalusa Community Medical Center
Assets:					
Current assets	\$ 2,629,479	\$ 5,422,039	\$ 24,191,560	\$ 529,066	\$ 2,998,553
Capital assets	13,312,854	728,430	1,676,266	2,100,680	310,700
Other assets	-	-	74,100,384	-	11,081,664
Total Assets	<u>15,942,333</u>	<u>6,150,469</u>	<u>99,968,210</u>	<u>2,629,746</u>	<u>14,390,917</u>
Liabilities:					
Current liabilities	371,855	1,557,515	26,804,315	14,186	533,266
Long-term liabilities	3,098,004	-	2,197,678	-	9,667,224
Liabilities due to primary government	872,644	-	9,828,505	-	43
Total liabilities	<u>4,342,503</u>	<u>1,557,515</u>	<u>38,830,498</u>	<u>14,186</u>	<u>10,200,533</u>
Net Position:					
Net investment in capital assets	13,312,854	728,430	1,676,266	2,100,680	310,700
Unrestricted net position	<u>(1,713,024)</u>	<u>3,864,524</u>	<u>59,461,446</u>	<u>514,880</u>	<u>3,879,684</u>
Total Net Position	<u>\$ 11,599,830</u>	<u>\$ 4,592,954</u>	<u>\$ 61,137,712</u>	<u>\$ 2,615,560</u>	<u>\$ 4,190,384</u>

* As of December 31, 2021

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

	LSU Research Foundation*	Stephenson Technologies Corporation	LSU Healthcare Network	Health Care Services Foundation	Bogalusa Community Medical Center
Operating revenues	\$ 2,365,979	\$ 13,311,133	\$ 152,585,465	\$ 273,543	\$ 370,529
Operating expenses	(1,830,056)	(13,267,954)	(149,190,710)	(273,545)	(328,164)
Depreciation expense	-	-	(519,736)	(93,167)	-
Net operating income (loss)	535,923	43,179	2,875,019	(93,169)	42,365
Nonoperating revenues (expenses):					
Investment income (expense)	-	-	(9,419,027)	2,338	384,384
Interest expense	-	-	-	-	(389,436)
Other nonoperating revenues (expenses)	46,500	(501,499)	(241,254)		
Changes in net position	582,423	(458,320)	(6,785,262)	(90,831)	37,313
Net Position, beginning of the year	11,017,407	5,051,274	67,922,974	2,706,391	4,153,071
Net Position, end of the year	\$ 11,599,830	\$ 4,592,954	\$ 61,137,712	\$ 2,615,560	\$ 4,190,384

* As of December 31, 2021

Condensed Statement of Cash Flows

	LSU Research Foundation*	Stephenson Technologies Corporation	LSU Healthcare Network	Health Care Services Foundation	Bogalusa Community Medical Center
Net cash flows provided (used) by:					
Operating activities	\$ 1,579,962	\$ 2,603,552	\$ 5,132,952	\$ 5,562	\$ 551,072
Capital and related financing	(347,796)	(890,023)	(4,584,073)	-	(500,000)
Noncapital financing	-	-	-	-	-
Investing activities	-	-	(1,237,824)	-	(1,373)
Net increase (decrease) in cash	1,232,166	1,713,529	(688,945)	5,562	49,699
Cash, beginning of the year	606,636	1,120,030	13,817,377	514,641	3,289,692
Cash, end of the year	\$ 1,838,802	\$ 2,833,559	\$ 13,128,432	\$ 520,203	\$ 3,339,391

* As of December 31, 2021

18. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation and Amortization	Compensated Absences	Total
Instruction	\$ 480,588,759	\$ 11,540,837	\$ 225,172	\$ 133,231,334	\$ 432,159	\$ 13,857,615	\$ 1,657,867	\$ 641,533,743
Research	163,545,538	(2,873,596)	1,925,324	96,914,033	208,908	19,121,289	(65,188)	278,776,308
Public service	302,068,424	(4,911,617)	1,328,134	346,309,156	359,335	8,384,151	(1,843,614)	651,693,969
Academic support	81,643,711	(476,964)	442,287	33,930,331	-	2,693,448	381,237	118,614,050
Student services	24,809,569	91,484	873,930	14,698,125	20,600	276,179	(134,641)	40,635,246
Institutional support	85,926,955	(442,439)	210,223	124,521,446	-	3,032,696	(140,856)	213,108,025
O & M of plant	41,025,594	(643,836)	38,334,488	51,719,692	-	71,246,174	(110,357)	201,571,755
Scholarships and fellowships	731,078	31,866	-	238,125	117,071,283	-	-	118,072,352
Auxiliary enterprises	87,088,256	(1,940,987)	11,932,026	86,256,243	-	10,873,415	(586,345)	193,622,608
Hospital	25,396,625	(41,858,394)	743,984	24,099,459	-	24,669,358	315,642	33,366,674
Total operating expenses	\$ 1,292,824,509	\$ (41,483,646)	\$ 56,015,568	\$ 911,917,944	\$ 118,092,285	\$ 154,154,325	\$ (526,255)	\$ 2,490,994,730

19. FOUNDATIONS AND ASSOCIATIONS

The accompanying financial statements do not include the accounts of the following foundations, which do not meet the criteria for discretely presented component units as described in note 1-B:

- LSU Alumni Association
- Pennington Biomedical Research Foundation
- Pennington Medical Foundation
- LSU Medical Alumni Association
- LSU in Shreveport Foundation
- LSU in Shreveport Alumni Association
- Louisiana State University of Alexandria Foundation
- Louisiana State University at Eunice Foundation
- Louisiana 4-H Foundation
- LSU Oral & Maxillofacial Surgery Alumni Association
- LSU Orthodontic Alumni Association
- LAK Foundation
- Biomedical Research Foundation Shreveport

These foundations and associations are separate corporations whose financial statements are subject to audit by independent certified public accountants.

20. DEFERRED COMPENSATION PLAN

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

21. ON-BEHALF PAYMENTS

On-behalf payments for fringe benefits and salaries are direct payments made by one entity to a third-party recipient for the employees of another, legally separate entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends. There were no on-behalf payments for fringe benefits and salaries for the fiscal year ended June 30, 2022.

22. REVENUE USED AS SECURITY FOR REVENUE BONDS

The revenues of certain auxiliary enterprises at LSU, LSU of Alexandria (LSUA), and the LSU Health Sciences Center are restricted by terms in the covenants of certain debt instruments.

LSU and LSUA have pledged future auxiliary revenues of approximately \$424,995,445 to secure original issued debt of \$424,765,000 in Auxiliary Revenue Bonds. Proceeds from the bonds provided for the financing of construction and renovation of various auxiliary facilities or bond refundings. All auxiliary revenues of LSU have been pledged to secure the debt, which is payable through 2043. Pledged auxiliary revenues recognized during the period were \$306,613,670. All LSUA Union, Bookstore, and athletic revenues, totaling \$1,619,964 for the current period, are pledged to secure the debt of the 2008 bond, which matures in 2034. Required principal and interest payments for the current year on the bonds were \$29,827,253.

LSUHSC - New Orleans has pledged future auxiliary revenues, dedicated student fee revenues, and University Enterprise Revenues of approximately \$10,533,305 to secure original issued debt of \$12,830,000 for its 2013 Series Bond. Proceeds from the bonds were used to refund the 2000 series bonds. Proceeds from the bonds provided for the planning, financing, design, construction, operation, maintenance, equipping, and renewal and replacement for the Wellness Center, Day Care Center, Campus Health Services, and Student Housing in the Old Charity Nursing School Building. The bonds are payable through 2031. Principal and interest paid for the current year were \$1,171,206. Pledged auxiliary revenues recognized during the period were \$6,991,349.

23. UNCONDITIONAL PROMISES TO GIVE - COMPONENT UNITS

The discretely presented component units reported unconditional promises to give as follows:

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Foundation in New Orleans	LSU Health Sciences Foundation in Shreveport	Total
Promises to give expected to be collected in:					
Less than one year	\$ 23,503,483	\$4,956,194	\$3,349,487	\$10,466,332	\$42,275,496
One to five years	46,990,731	6,432,057	3,185,213	14,376,942	70,984,943
More than five years	1,841,424	393,509	374,647	-	2,609,580
Subtotal	<u>72,335,638</u>	<u>11,781,760</u>	<u>6,909,347</u>	<u>24,843,274</u>	<u>115,870,019</u>
Less discount on promises to give	(5,161,010)	(1,067,114)	(603,867)	(647,149)	(7,479,140)
Less allowance for uncollectible accounts	<u>(525,502)</u>	<u>(2,238,500)</u>	<u>(2,418,267)</u>	<u>-</u>	<u>(5,182,269)</u>
Subtotal	<u>(5,686,512)</u>	<u>(3,305,614)</u>	<u>(3,022,134)</u>	<u>(647,149)</u>	<u>(12,661,409)</u>
Net unconditional promises to give	<u>\$ 66,649,126</u>	<u>\$8,476,146</u>	<u>\$3,887,213</u>	<u>\$24,196,125</u>	<u>\$103,208,610</u>

*as of December 31, 2021

Total unconditional promises to give (current and noncurrent) of \$103,208,610 are reported on Statement B.

24. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the state. The system recognizes the cost of providing these benefits as expenditures when paid during the year. For the fiscal year ending June 30, 2022, the cost of providing these benefits for involuntary terminations was \$8,847,363.

Ten LSU employees were involuntarily terminated by the University during fiscal year 2021-2022. Two of the ten employees terminated in FY 2022 received their last payment in 2022. Eight of the ten employee's contracts contained clauses providing for certain payments upon early termination which extended beyond FY 2022. LSU estimates a maximum of \$6,950,333 may be paid to these employees in the future.

25. PRIVATIZATION OF PUBLIC HOSPITALS

The System implemented public/private partnerships for the management and/or the services of nine of the 10 hospitals previously under the management of the Louisiana State University Health Care Services Division and the Louisiana State University Health Sciences Center in Shreveport. In consideration for these partnerships, the System will receive periodic lease payments ranging from a minimum of \$2,503,146 to \$73,170,705.59 (adjusted for inflation) per year over lease terms ranging from five to 40 years associated with the Health Care Services Division hospitals. These lease arrangements are accounted for under GASB Statement No. 87, *Leases*, as applicable to each facility and as described in footnote 12.

On September 18, 2018, and in accordance with R.S. 39:366.11, the Joint Legislative Committee on Budget held a public hearing on the Cooperative Endeavor Agreement (CEA) by and among the State of Louisiana (State), acting by and through the Louisiana Division of Administration (DOA), Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU), and Ochsner LSU Health System of North Louisiana (OLHS-NL), a private Louisiana nonprofit corporation. The CEA and service agreements cover the hospitals and clinic facilities in Shreveport and Monroe. The Joint Venture CEA, effective October 1, 2018 is for an initial term of ten (10) years. The annual base rent for the leased premises is paid directly by Ochsner LSU Hospitals, L.L.C (Lessee), a subsidiary of OLHS-NL, to The State of Louisiana, through the Division of Administration (Lessor).

In addition, effective October 1, 2018, Ochsner LSU Health System of North Louisiana (OLHSNL) became the sole member of LSU Health Sciences Center-Shreveport Faculty Group Practice (FPG) doing business as Ochsner LSU Physician Group (OLPG) which provides physician and non-physician practitioner services and medical administrative services at the hospitals by and through LSUHSC-S faculty.

26. LINE OF CREDIT

On May 1, 2019, LSUHN executed an agreement allowing LSUHN to borrow up to \$20,500,000 collateralized by investments held by LSUHN. Any borrowings under this agreement bear interest at a variable rate unless LSUHN specifically requests a fixed rate. As of June 30, 2022, the outstanding balance was \$16,844,455, and \$3,655,545 remains available and unused. Balances outstanding bear interest based on a variable rate, which was 2.65% at June 30, 2022. This agreement expires April 30, 2023 but may be terminated by either party at any time. During the year, payments were made of \$1,881,872 with no additional draws.

STC entered into a revolving bank line of credit on September 30, 2019 with a total borrowing amount of \$2,000,000. There were no borrowings outstanding on the line of credit at June 30, 2022. Amounts drawn against the line of credit are payable on demand and bear interest at a per annum rate equal to 3.295% plus London Interbank Offered Rate (LIBOR). The line is collateralized by substantially all of the STC's assets.

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
STC revolving line of credit	\$ -	\$ -	\$ -	\$ -
J.P. Morgan Chase line of credit	\$ 18,726,327	\$ -	\$ (1,881,872)	\$ 16,844,455

27. SUBSEQUENT EVENTS

In fiscal year 2023, pursuant to a non-binding letter of intent, the System moved forward with plans for the LSU Student Health Center to enter into a Cooperative Endeavor Agreement with Franciscan Missionaries of Our Lady Health System, Inc. (FMOLHS) and Our Lady of the Lake Hospital, Inc. (LOL) to become the joint exclusive provider of on-campus healthcare services to students at the Baton Rouge campus, including branding privileges for such exclusivity. In exchange for these exclusive rights, FMOLHS and LOL will make a number of investments and/or contributions to LSU, the LSU Foundation, and Tiger Athletic Foundation, dedicated to healthcare purposes and contributing to the expansion of health care related student services and education.

28. NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

Governmental Accounting Standards Board - University

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the Systems financial report:

GASB Statement 91, *Conduit Debt Obligations*. This statement clarifies accounting for certain debt obligations issued by governmental entities and the associated assets. The System will include the requirements of this standard, whose original effective date was postponed by GASB Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, is effective for annual reporting periods beginning after December 15, 2021. The System will include the requirements of this standard in its June 30, 2023 financial statement.

GASB Statement 94, *Public-Private Partnership and Availability Payment Arrangements* establishes the accounting and financial reporting requirements for certain arrangements used by government to construct, improve or operate public assets in exchange or exchange-like transactions. The requirements of this statement will be effective for years beginning after June 15, 2022. The System will include the requirements of this standard, as applicable in its June 30, 2023 financial statements.

GASB Statement 96, *Subscription Based Information Technology Arrangements* provides guidance for accounting for subscription based technology arrangements including recordation of right-to-use assets and subscription liabilities. The requirements of this statement will be effective for years beginning after June 15, 2022. The System will include the requirements of this standard, as applicable in its June 30, 2023 financial statements.

GASB Statement 100, *Accounting Changes and Error Corrections*. This standard will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Standard are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The System will include the requirements of this standard, as applicable in its June 30, 2024 financial statements.

GASB Statement 101, *Compensated Absences*. This Standard will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Standard are effective for accounting changes and error corrections made in fiscal years beginning after December 15, 2023. The System will include the requirements of this standard, as applicable in its June 30, 2025 financial statements.

Following is a summary of accounting standards adopted by the Financial Accounting Standards Board (FASB) that are scheduled to be implemented in the future that may affect the discretely presented component units' financial information included in the System's financial report:

Financial Accounting Standards Board (Component Units)

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the consolidated statement of financial position as well as additional disclosures. This standard, initially effective for periods beginning after December 15, 2020 was delayed by FASB upon issuance of ASU 2020-05 in June 2020. This standard will now be effective for the System's component units for fiscal year ending June 30, 2023.

SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Total OPEB Liability

The Schedule of Proportionate Share of the Total OPEB Liability presents the System's share of the overall plans' Total OPEB Liability along with the associated covered employee payroll and the percentage of the proportionate share of the Total OPEB Liability to the covered employee payroll.

Schedule of the Proportionate Share of the Net Pension Liabilities of Cost Sharing Defined Benefit Pension Plans

The Schedule of the Proportionate Share of the Net Pension Liabilities of Cost Sharing Defined Benefit Pension Plans presents the System's share of the overall net pension liability of each of the cost sharing defined benefit pension plans in which it participates -- the Teachers' Retirement System of Louisiana and the Louisiana State Employees' Retirement System -- along with other information regarding plan funding

Schedule of Contributions to Cost Sharing Defined Benefit Pension Plans

The Schedule of Contributions to the Cost Sharing Defined Benefit Pension Plans presents the contributions to the defined benefit pension plans in which it participates in relation to the required contributions and the covered payroll.

**Louisiana State University System
State of Louisiana**

**Schedule of Proportionate Share of the
Total OPEB Liability**

OPEB Plan	Fiscal Year Ended June 30,	Proportion of total OPEB liability	Proportionate share of total OPEB liability	Covered-employee payroll	Proportionate share of the total OPEB liability as a percentage of its covered employee payroll
LSU Health Plan					
	2022	89.34%	\$729,860,623	\$473,930,987	154.00%
	2021	90.06%	\$1,324,864,827	\$475,836,659	278.43%
	2020	90.16%	\$1,264,221,610	\$468,947,536	269.59%
	2019	89.84%	\$982,122,350	\$461,412,734	212.85%
	2018	89.90%	\$877,157,084	\$447,946,926	195.82%
	2017	89.92%	\$907,554,665	\$428,324,048	211.89%
State OGB Plan ¹					
	2022	8.66%	\$793,247,128	\$186,137,754	426.16%
	2021	9.06%	\$750,748,353	\$174,838,210	429.40%
	2020	9.39%	\$725,140,977	\$163,349,378	443.92%
	2019	9.70%	\$827,765,465	\$149,671,018	553.06%
	2018	9.88%	\$858,539,059	\$145,277,416	590.97%
	2017	9.88%	\$896,294,959	\$160,792,458	557.42%

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

¹ The amounts presented for each fiscal year were determined as of the beginning of the fiscal year (on the measurement date).

There are no assets accumulated in a trust that meet the criteria of paragraph 4 of GASB 75 for these OPEB plans.

**Louisiana State University System
State of Louisiana
Schedule of the Proportionate Share of the Net Pension Liabilities
Cost Sharing Defined Benefit Pension Plans
For the Year Ended June 30, 2022 ²**

Pension Plan	Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Teachers Retirement System of Louisiana						
	2022	12.35%	\$659,332,185	\$656,430,515	100.4420%	83.85%
	2021	12.31%	\$1,369,842,767	\$641,028,624	213.6945%	65.61%
	2020	12.45%	\$1,235,607,201	\$617,923,864	199.9611%	68.57%
	2019	11.78%	\$1,158,178,095	\$591,440,763	195.8232%	68.17%
	2018	11.80%	\$1,210,182,119	\$567,166,958	213.3732%	65.55%
	2017	11.61%	\$1,362,912,524	\$569,301,671	239.4008%	59.90%
	2016	11.89%	\$1,278,748,342	\$574,715,036	222.5013%	62.50%
	2015	11.90%	\$1,215,849,099	\$565,794,440	214.8924%	63.70%
Louisiana State Employees Retirement System						
	2022	4.86%	\$267,220,500	\$102,833,139	259.8584%	72.78%
	2021	4.93%	\$408,008,258	\$102,995,748	396.1409%	58.00%
	2020	5.18%	\$375,266,368	\$104,905,474	357.7186%	62.90%
	2019	5.45%	\$371,417,796	\$104,075,528	356.8733%	64.30%
	2018	5.59%	\$393,236,188	\$107,409,839	366.1082%	62.54%
	2017	5.89%	\$462,433,321	\$114,364,013	404.3521%	57.70%
	2016	6.42%	\$436,447,698	\$124,105,292	351.6753%	62.70%
	2015	6.82%	\$426,523,299	\$168,650,353	252.9039%	65.00%

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

² The amounts presented have a measurement date of the previous fiscal year end.

**Louisiana State University System
State of Louisiana
Schedule of Contributions to
Cost Sharing Defined Benefit Pension Plans
For the Year Ended June 30, 2022**

Pension Plan:	Year	Contractually Required Contribution ³	Contributions in Relation to Contractually Required Contribution ⁴	Contribution Deficiency (Excess)	Employer's Covered Payroll ⁵	Contributions as a % of Covered Payroll
Teachers Retirement System of Louisiana						
	2022	\$163,192,926	\$163,192,926		\$688,534,152	23.7015%
	2021	\$157,899,096	\$157,899,096		\$656,430,515	24.0542%
	2020	\$156,171,853	\$156,171,853		\$641,028,624	24.3627%
	2019	\$148,714,239	\$148,714,239		\$617,923,864	24.0668%
	2018	\$139,754,458	\$139,754,458		\$591,440,763	23.6295%
	2017	\$128,460,068	\$128,460,068		\$567,166,958	22.6494%
	2016	\$133,240,275	\$133,240,275		\$569,301,671	23.4042%
	2015	\$140,955,881	\$140,955,881		\$574,715,036	24.5262%
Louisiana State Employees Retirement System						
	2022	\$39,896,650	\$39,896,650		\$100,651,598	39.6384%
	2021	\$41,183,847	\$41,183,847		\$102,833,139	40.0492%
	2020	\$41,930,308	\$41,930,308		\$102,995,748	40.7107%
	2019	\$39,250,864	\$39,250,864		\$104,905,474	37.4155%
	2018	\$39,427,786	\$39,427,786		\$104,075,528	37.8838%
	2017	\$38,462,302	\$38,462,302		\$107,409,839	35.8089%
	2016	\$42,573,481	\$42,573,481		\$114,364,013	37.2263%
	2015	\$45,776,471	\$45,776,471		\$124,105,292	36.8852%

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

For reference only:

³ *Employer contribution rate multiplied by employer's covered payroll*

⁴ *Actual employer contributions remitted to Retirement Systems*

⁵ *Employer's covered payroll amount for each of the fiscal year ended June 30*

**Notes to Required Supplementary Information
For the Year Ended June 30, 2022**

**A. Changes in Benefit Terms and Assumptions related to Total OPEB Liability
Schedule 1**

Benefit Changes.

LSU Health Plan

June 30, 2018 Measurement

1. Plan design changes were updated as of January 1, 2018
2. Claims cost were updated for the expected retiree health costs

Changes of Assumptions.

State OGB Plan

Measurement Date	Discount Rate	Change	Healthcare Costs Trend Rates	
			Pre-65 Rates	Post 65 Rates
July 01, 2021	2.180%	-0.48%	7.0% to 4.5%	5.5% to 4.5%
July 01, 2020	2.660%	-0.13%	6.75% to 4.5%	5.25% to 4.5%
July 01, 2019	2.790%	-0.19%	7.0% to 4.5%	5.5% to 4.5%
July 01, 2018	2.980%	-0.15%	7.0% to 4.5%	5.5% to 4.5%
July 01, 2017	3.130%	0.42%	7.0% to 4.5%	5.5% to 4.5%
July 01, 2016	2.710%	0.00%		

Mortality Assumption

See changes in mortality reported for TRSL and LASERS in note b below

Other Changes in Assumptions for measurement date July 1, 2018:

- The baseline per capita costs were adjusted to reflect 2018 claims and enrollment, retiree contributions were updated based on 2019 premiums, and the impact of the High Cost Excise Tax was revisited, reflecting updated plan premiums.
- The percentage of future retirees assumed to elect medical coverage was adjusted based on recent plan experience

Other Changes in Assumptions for measurement date July 01, 2019:

- The estimate of future EGWP savings was increased, based on an analysis of recent EGWP experience
- Baseline per capita costs (PCCs) were updated to reflect 2019 claims and enrollment and retiree contributions were updated based on 2020 premiums.
- Life insurance contributions were updated based on updated schedules for 2020 monthly premium rates
- The impact of the High Cost Excise Tax was removed. The High Cost Excise Tax was repealed in December 2019.
- Demographic assumptions were revised for the LASERS Retirement System to reflect the recent experience study

Other Changes in Assumptions for measurement date July 01, 2020:

- Baseline per capita costs (PCCs) were updated to reflect 2020 claims and enrollment and retiree contributions were updated based on 2021 premiums. 2020 medical claims and enrollment experience were reviewed but not included in the projection of expected 2021 plan costs. Due to the Covid-19 pandemic, this experience is not reflective of what we can expect in future years.
- The salary scale assumptions were revised for LASERS and TRSL.
- Medical participation rates, life participation rates, the age differences between future retirees and their spouses, Medical eligibility rates, and medical plan election percentages have been updated based on a review of OPEB experience from July 1, 2017 through June 30, 2020, the percentage of future retirees assumed to be Medicare-eligible upon reaching age 65 was decreased from 100% to 99% and the percentage of current retirees under age 65 at June 30, 2017, assumed to be eligible was changed from 95% to rates ranging from 90% to 99% based on the date the retiree turns 65.

Other Changes in Assumptions for measurement date July 01, 2021:

- Baseline per capita costs (PCCs) were updated to reflect 2021 claims and enrollment
- Medical plan election percentages were updated based on the coverage elections of recent retirees
- The healthcare cost trend rate assumption was revised based on updated National Health Care Trend Survey information

LSU Health Plan

Measurement Date	Discount Rate	Change	Healthcare Costs Trend Rates	
			Pre-65 Rates	Post 65 Rates
June 30, 2022	3.540%	1.38%	7.0% to 4.0%	6.0% to 4.0%
June 30, 2021	2.160%	-0.05%	5.5% to 4.5%	4.5% to 4.5%
June 30, 2020	2.210%	-1.29%	6.0% to 4.5%	5.0% to 4.5%
June 30, 2019	3.500%	-0.40%	6.0% to 4.5%	5.0% to 4.5%
June 30, 2018	3.900%	0.32%	6.5% to 4.5%	5.5% to 4.5%
June 30, 2017	3.580%	0.00%		

**Notes to Required Supplementary Information
For the Year Ended June 30, 2022
(Continued)**

Mortality Assumption

- 2020 • Pub-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study
- 2017 - 2019 • RP-2014 mortality table with generational scale MP-2018
- 2022 • MP-2021 mortality projection scale (updated from MP-2019)
- 2020 - 2021 • The retirement rates were updated to the most recent rates from the LASERS and TRSL Actuarial Valuations

B. Changes in Benefit Terms and Assumptions related to Net Pension Liabilities of Cost Sharing Defined Benefit Pension Plans Schedules 2 and 3

Changes in benefit terms:

TRSL:

- 2015 - A 1.5% COLA, effective July 1, 2014, provided by Act 204 of the 2014 Louisiana Regular Legislative Session
- 2016 - Members employed on or after July 1, 2015 – can retire at age 62 with a 2.5% benefit factor with at least 5 years of service credit or at any age after 20 years or service credit (actuarially reduced)
- 2017 - A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session

LASERS:

- 2015 - A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session
- 2015 - Improved benefits for certain members employed by the Office of Adult and Parole within the Department of Public Safety and Corrections per Act 852 of 2014
- 2017 - A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session
- 2017 - Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015
- 2019 – In the 2018 Louisiana Regular Legislative Session, Act 224 and 595 changed benefits to members killed in active duty in an intentional act of violence and to provide for survivors of these members; and, also changed the benefits of members permanently injured in the line of duty.

Changes in assumptions:

The following discount rate changes were made to the pension plans identified in the following table:

Discount Rate:

Fiscal Year ²	Rate	Change	Fiscal Year ²	Rate	Change
TRSL			LASERS		
2022	7.400%	-0.05%	2022	7.400%	-0.15%
2021	7.450%	-0.10%	2021	7.550%	-0.05%
2020	7.550%	-0.10%	2020	7.600%	-0.05%
2019	7.650%	-0.05%	2019	7.650%	-0.05%
2018	7.700%	-0.05%	2018	7.700%	-0.05%
2015-2017	7.750%	0.000%	2015-2017	7.750%	0.000%

The following inflation rate changes were made to the pension plans identified in the following table:

Inflation Rate:

Fiscal Year ²	Rate	Change	Fiscal Year ²	Rate	Change
TRSL			LASERS		
2021-2022	2.300%	-0.200%	2021-2022	2.300%	-0.200%
2015-2020	2.500%	0.000%	2020	2.500%	-0.250%
			2018-2019	2.750%	-0.250%
			2015-2017	3.000%	0.000%

The following changes to projected salary increases were made to the pension plans identified in the following table

Salary Increases:

Fiscal Year ²	Range	Fiscal Year ²	Range
TRSL		LASERS	
2021-2022	3.1% to 4.6% varies depending on duration of service	2021-2022	2.60% to 13.80% for various member types
2019-2020	3.3% to 4.8% varies depending on duration of service	2020	2.80% to 14.00% for various member types
2015-2018	3.5% to 10% varies depending on duration of service	2018-2019	2.80% to 14.30% for various member types
		2015-2017	3.00% to 14.50% for various member types

**Notes to Required Supplementary Information
For the Year Ended June 30, 2022
(Continued)**

Mortality table:

<u>Fiscal Year²</u>	
TRSL	
2019-2022	Active members – RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-Disabled retiree/inactive members – RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality – RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females. These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.
2015-2018	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.
LASERS	
2020-2022	General active member – RP-2014 Blue Collar Employee tables adjusted by 0.978 for males and 1.144 for females General retiree/inactive members (males) – RP-2014 Blue Collar Healthy Annuitant table, adjusted by 1.280. General retiree/inactive members (females) – RP-2014 White Collar Healthy Annuitant table, adjusted by 1.417 Mortality assumptions for non-disabled members include improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. Disabled Member – RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, with no projection for improvement.
2015-2019	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

Termination
and
Disability
table:

<u>Fiscal Year²</u>	
TRSL	
2019-2022	Termination, disability, and retirement assumptions were projected based on a five year (2013–2017) experience study of the System’s members.
2015-2018	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System’s members.
LASERS	
2020-2022	Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study of the System’s members.
2015-2019	Termination, disability, and retirement assumptions were projected based on a five year (2009-2013) experience study of the System’s members.

² The amounts presented have a measurement date of the previous fiscal year end.

SUPPLEMENTAL INFORMATION SCHEDULES

The material presented in this section is designed to provide the reader with additional information supporting the financial statements.

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

Schedule 4 presents the current and long-term portions of assets and liabilities and net position for each university within the System. Included in Schedule 4 are amounts due to and due from the other campuses. While these due to and due from amounts have been eliminated in the consolidated statements, they are shown when presenting individual campus financial information.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University, for the Fiscal Year Ended June 30, 2022

Schedule 5 presents information showing how the net position of each university changed as a result of current year operations.

Combining Schedule of Cash Flows, by University, for the Fiscal Year Ended June 30, 2022

Schedule 6 presents information showing how each university's cash changed as a result of current year operations.

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

Schedule 7 presents the current and long-term portions of assets and liabilities and net position for each university within the System.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University, for the Fiscal Year Ended June 30, 2021

Schedule 8 presents information showing how the net position of each university changed as a result of current year operations.

Combining Schedule of Cash Flows, by University, for the Fiscal Year Ended June 30, 2021

Schedule 9 presents information showing how each university's cash changed as a result of current-year operations.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

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

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
ASSETS					
Current assets:					
Cash and cash equivalents	\$1,347,152	(\$127,383,294)	\$5,101,422	(\$209,136)	\$26,182,204
Investments		546,877,723	632,840	66,448	399,535
Receivables (net)	3,766,567	75,071,626	14,976,147	9,310,640	7,093,720
Due from other campuses					
Due from State Treasury					183,742
Due from Federal Government	3,891,093	25,835,460	1,475,190	474,161	6,149,848
Inventories	185,490	1,242,730	60	247,705	2,302,141
Prepaid expenses and advances		6,298,107	141,273	80,500	3,600
Notes receivable		1,657,566			
Leases receivable	84,500	3,304,737			520,423
Leases receivable - Discrete component units		39,908			
Other current assets					
Total current assets	9,274,802	532,944,563	22,326,932	9,970,318	42,835,213
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	5,210,920	135,247,552	1,833,036	209,136	14,503,732
Investments	8,020,597	112,382,789	3,611,859	687,943	4,249,146
Receivables (net)		1,397,964		11,704	506,356
Notes receivable		5,686,332		11,041	
Other restricted assets		4,077,506			
Investments					
Leases receivable		7,547,130			16,514,798
Leases receivable - Discrete component units		972,963			
Other noncurrent assets					
Capital assets (net)	83,712,263	1,572,776,365	36,201,592	15,851,187	39,500,568
Total noncurrent assets	96,943,780	1,840,088,601	41,646,487	16,771,011	75,274,600
Total assets	106,218,582	2,373,033,164	63,973,419	26,741,329	118,109,813
DEFERRED OUTFLOW OF RESOURCES					
Deferred amounts on debt refunding		28,535,846			
OPEB-related deferred outflows of resources	8,166,377	151,591,963	5,725,822	6,460,090	43,479,668
Pension-related deferred outflows of resources	10,693,599	146,659,049	7,073,632	3,775,644	20,787,374
Total deferred outflows of resources	18,859,976	326,786,858	12,799,454	10,235,734	64,267,042
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$125,078,558	\$2,699,820,022	\$76,772,873	\$36,977,063	\$182,376,855

(Continued)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Service Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$7,144,548	\$114,517,812	\$86,405,497	\$69,441,468		\$182,547,673
Investments	100,537	1,175,100		112,185,310		661,437,493
Receivables (net)	3,310,397	169,828,963	8,052,712	81,706,954		373,117,726
Due from other campuses	12,190,561	210,378,833	317,228	108,322	(\$222,994,944)	
Due from State Treasury				650,496		834,238
Due from Federal Government	3,843,623	11,394,269	161,283	6,234,910		59,459,837
Inventories	19,361	1,567,335	1,226,485	273,595		7,064,902
Prepaid expenses and advances	2,766,019	11,936,697	46,888	284,945		21,558,029
Notes receivable		1,007,738	-	3,072		2,668,376
Leases receivable		1,346,765	55,871,865			61,128,290
Leases receivable - Discrete component units		613,621				653,529
Other current assets			215,035			215,035
Total current assets	<u>29,375,046</u>	<u>523,767,133</u>	<u>152,296,993</u>	<u>270,889,072</u>	<u>(222,994,944)</u>	<u>1,370,685,128</u>
Noncurrent assets:						
Restricted:						
Cash and cash equivalents	1,106,543		4,662,835	1,070,302		163,844,056
Investments	7,845,712	33,559,680	9,707,462	87,613,850		267,679,038
Receivables (net)						1,916,024
Notes receivable		7,271,616		8,547		12,977,536
Other restricted assets						4,077,506
Investments		70,032,140				70,032,140
Leases receivable		25,749,675	1,995,510,219			2,045,321,822
Leases receivable - Discrete component units		2,531,249				3,504,212
Other noncurrent assets		221,190				221,190
Capital assets (net)	25,867,377	411,259,569	935,190,425	252,523,494		3,372,882,840
Total noncurrent assets	<u>34,819,632</u>	<u>550,625,119</u>	<u>2,945,070,941</u>	<u>341,216,193</u>		<u>5,942,456,364</u>
Total assets	<u>64,194,678</u>	<u>1,074,392,252</u>	<u>3,097,367,934</u>	<u>612,105,265</u>	<u>(222,994,944)</u>	<u>7,313,141,492</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred amounts on debt refunding						28,535,846
OPEB-related deferred outflows of resources	7,892,343	42,787,681	65,709,976	59,010,940		390,824,860
Pension-related deferred outflows of resources	17,847,705	72,598,655	9,441,298	49,396,856		338,273,812
Total deferred outflows of resources	<u>25,740,048</u>	<u>115,386,336</u>	<u>75,151,274</u>	<u>108,407,796</u>		<u>757,634,518</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$89,934,726</u>	<u>\$1,189,778,588</u>	<u>\$3,172,519,208</u>	<u>\$720,513,061</u>	<u>(\$222,994,944)</u>	<u>\$8,070,776,010</u>

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Position, by University
June 30, 2022

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
LIABILITIES					
Current liabilities:					
Accounts payable and accruals	\$1,277,307	\$55,000,932	\$544,393	\$253,108	\$2,073,835
Due to other campuses		220,348,372		929,404	
Unearned revenues	1,484,434	102,479,482	10,126,887	6,068,247	3,666,978
Amounts held in custody for others		5,449,348	822,234	373,785	69,017
Other liabilities					
Compensated absences payable	267,609	4,113,855	95,035	58,564	681,543
Lease liability		427,106	540,498		60,984
Lease liability - discrete component units		6,938,207			
Finance purchase obligations		3,713,911			
Notes payable		361,075			
Bonds payable		20,507,305	165,000		
Total OPEB liability	333,534	16,029,192	584,816	569,422	6,249,024
Total current liabilities	3,362,884	435,368,785	12,878,863	8,252,530	12,801,381
Noncurrent liabilities:					
Compensated absences payable	3,743,320	35,001,684	1,119,014	632,345	7,548,149
Lease liability		21,817,125	8,492,999		201,557
Lease liability - discrete component units		102,305,393			
Finance purchase obligations		411,385,768			
Notes payable		3,098,004			
Bonds payable		312,312,975	2,510,000		
Total OPEB liability	24,054,190	515,281,963	19,884,577	17,163,693	133,582,926
Net pension liability	30,834,405	432,227,500	15,195,877	10,501,567	66,766,842
Other noncurrent liabilities	8,129	187,760			15,472
Total noncurrent liabilities	58,640,044	1,833,618,172	47,202,467	28,297,605	208,114,946
Total liabilities	62,002,928	2,268,986,957	60,081,330	36,550,135	220,916,327
DEFERRED INFLOW OF RESOURCES					
Lease related deferred inflows of resources	98,364	11,772,557			16,765,599
OPEB-related deferred inflows of resources	9,638,977	185,945,602	5,822,753	7,149,363	47,285,597
Pension-related deferred inflows of resources	18,829,723	262,439,246	9,452,276	6,416,730	40,207,096
Total deferred inflows of resources	28,567,064	460,157,405	15,275,029	13,566,093	104,258,292
NET POSITION					
Net investment in capital assets	83,712,263	721,904,421	24,493,095	15,851,187	39,238,027
Restricted:					
Nonexpendable	6,120,000	83,698,388	3,200,000	649,286	3,720,000
Expendable	9,202,316	186,325,587	6,442,485	966,298	15,050,295
Unrestricted	(64,526,013)	(1,021,252,736)	(32,719,066)	(30,605,936)	(200,806,086)
Total net position	34,508,566	(29,324,340)	1,416,514	(13,139,165)	(142,797,764)
Total liabilities, deferred inflows of resources, and net position	\$125,078,558	\$2,699,820,022	\$76,772,873	\$36,977,063	\$182,376,855

(Concluded)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Service Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
LIABILITIES						
Current liabilities:						
Accounts payable and accruals	\$1,560,424	\$56,228,210	\$13,191,869	\$40,478,192		\$170,608,270
Due to other campuses		651,437	328,383	737,348	(\$222,994,944)	
Unearned revenues	9,342,938	40,334,223		1,373,344		174,876,533
Amounts held in custody for others	236,715	236,594	10,277	2,325		7,200,295
Other liabilities		16,844,455	1,743			16,846,198
Compensated absences payable	143,011	2,243,858	250,820	1,127,235		8,981,530
Lease liability	336,246	3,380,977	142,042	4,214,128		9,101,981
Lease liability - discrete component units				138,620		7,076,827
Finance purchase obligations						3,713,911
Notes payable						361,075
Bonds payable		797,088	515,000			21,984,393
Total OPEB liability	1,085,737	6,272,397	17,022,525	12,683,092		60,829,739
Total current liabilities	12,705,071	126,989,239	31,462,659	60,754,284	(222,994,944)	481,580,752
Noncurrent liabilities:						
Compensated absences payable	1,761,190	19,590,372	2,686,149	12,377,759		84,459,982
Lease liability	6,391,179	20,852,350	285,320	155,639,159		213,679,689
Lease liability - discrete component units				194,079		102,499,472
Finance purchase obligations						411,385,768
Notes payable						3,098,004
Bonds payable		7,676,705	9,667,224			332,166,904
Total OPEB liability	26,413,216	209,686,208	269,556,637	246,654,602		1,462,278,012
Net pension liability	28,878,287	185,289,137	41,821,829	115,037,241		926,552,685
Other noncurrent liabilities	106,543	64,155,555				64,473,459
Total noncurrent liabilities	63,550,415	507,250,327	324,017,159	529,902,840		3,600,593,975
Total liabilities	76,255,486	634,239,566	355,479,818	590,657,124	(222,994,944)	4,082,174,727
DEFERRED INFLOW OF RESOURCES						
Lease related deferred inflows of resources		29,744,926	2,056,610,651			2,114,992,097
OPEB-related deferred inflows of resources	11,662,856	60,031,890	99,007,139	84,096,835		510,641,012
Pension-related deferred inflows of resources	17,769,111	118,366,271	14,281,746	66,314,015		554,076,214
Total deferred inflows of resources	29,431,967	208,143,087	2,169,899,536	150,410,850		3,179,709,323
NET POSITION						
Net investment in capital assets	19,139,952	379,727,549	925,469,174	92,337,508		2,301,873,176
Restricted:						
Nonexpendable	5,320,000	32,856,484	13,228,633	19,066,282		167,859,073
Expendable	5,855,349	20,469,227	12,459,481	70,844,900		327,615,938
Unrestricted	(46,068,028)	(85,657,325)	(304,017,434)	(202,803,603)		(1,988,456,227)
Total net position	(15,752,727)	347,395,935	647,139,854	(20,554,913)		808,891,960
Total liabilities, deferred inflows of resources, and net position	\$89,934,726	\$1,189,778,588	\$3,172,519,208	\$720,513,061	(\$222,994,944)	\$8,070,776,010

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
For the Fiscal Year Ended June 30, 2022

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
OPERATING REVENUES					
Student tuition and fees		\$526,178,744	\$22,264,060	\$10,292,503	
Less scholarship allowances		(123,280,406)	(3,715,454)	(3,248,929)	
Net student tuition and fees		402,898,338	18,548,606	7,043,574	
Federal appropriations					\$11,046,281
Federal grants and contracts	\$23,544,680	92,201,030	401,315	207,423	8,372,098
State and local grants and contracts	1,382,282	39,877,332	643,400	372,608	16,538,592
Nongovernmental grants and contracts	9,833,611	17,723,591	303,133	(51,960)	5,694,839
Sales and services of educational departments	612,848	26,116,729	102,529		5,172,853
Hospital income					
Auxiliary enterprise revenues (including revenues pledged to secure debt)	50,652	256,444,386	3,401,749	3,583,745	
Less scholarship allowances		(30,121,090)	(245,922)	(992,048)	
Net auxiliary revenues	50,652	226,323,296	3,155,827	2,591,697	
Other operating revenues	136,132	12,701,609	36,758	51,075	7,159,337
Total operating revenues	35,560,205	817,841,925	23,191,568	10,214,417	53,984,000
OPERATING EXPENSES					
Educational and general:					
Instruction		221,265,761	10,879,402	5,703,703	
Research	32,068,653	120,241,334	70,512	7,411	47,276,060
Public service	2,208,964	33,931,057	372,194		30,708,756
Academic support	4,250,602	75,198,494	2,849,634	535,676	2,852,771
Student services		26,033,606	2,207,864	956,179	
Institutional support	7,090,234	48,311,473	7,362,161	5,064,778	12,068,453
Operations and maintenance of plant	9,677,875	110,604,797	5,454,982	3,033,788	6,232,327
Scholarships and fellowships		91,892,545	9,903,540	7,410,681	106,952
Auxiliary enterprises	53,385	176,181,723	2,427,847	2,434,832	
Hospital					
Total operating expenses	55,349,713	903,660,790	41,528,136	25,147,048	99,245,319
OPERATING INCOME (LOSS)	(19,789,508)	(85,818,865)	(18,336,568)	(14,932,631)	(45,261,319)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	25,526,614	159,215,198	6,369,115	5,192,993	83,594,253
Gifts	1,823,311	50,121,153	746,261	834,877	2,108,210
Federal nonoperating revenues (expenses)		82,426,173	15,807,107	13,896,145	(17,056)
Net investment income (loss)	(691,196)	(78,071,989)	(83,611)	(16,709)	462,668
Interest expense		(32,386,319)	(292,926)		(846)
Other nonoperating revenues (expenses)	194,012	2,201,489	84,852	53,285	586,570
Net nonoperating revenues (expenses)	26,852,741	183,505,705	22,630,798	19,960,591	86,733,799

(Continued)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
OPERATING REVENUES						
Student tuition and fees	\$60,713,384	\$66,012,107		\$24,378,593	\$471,736	\$710,311,127
Less scholarship allowances	(6,150,774)	(4,090,565)		(2,353,721)		(142,839,849)
Net student tuition and fees	54,562,610	61,921,542		22,024,872	471,736	567,471,278
Federal appropriations						11,046,281
Federal grants and contracts	245,937	40,691,100		19,162,067		184,825,650
State and local grants and contracts	921,924	17,946,943		6,219,755	(5,523,027)	78,379,809
Nongovernmental grants and contracts	176,014	607,172,547		259,830,262	(1,651,295)	899,030,742
Sales and services of educational departments	451,659	161,024,561		77,994,149	(1,712,345)	269,762,983
Hospital income			\$53,826,826	(52,413)	(1,388,717)	52,385,696
Auxiliary enterprise revenues (including revenues pledged to secure debt)	4,381,109	6,991,252		1,061,233	(3,200)	275,910,926
Less scholarship allowances	(236,810)					(31,595,870)
Net auxiliary revenues	4,144,299	6,991,252		1,061,233	(3,200.00)	244,315,056
Other operating revenues	1,177,402	1,049,285		474,921	(1,443,112)	21,343,407
Total operating revenues	61,679,845	896,797,230	53,826,826	386,714,846	(11,249,960)	2,328,560,902
OPERATING EXPENSES						
Educational and general:						
Instruction	43,484,784	236,495,450		123,757,843	(53,200)	641,533,743
Research	536,388	35,508,861		46,331,155	(3,264,066)	278,776,308
Public service	924,196	439,441,883		146,563,206	(2,456,287)	651,693,969
Academic support	5,415,035	18,469,136		9,105,976	(63,274)	118,614,050
Student services	3,277,940	5,878,832		2,483,303	(202,478)	40,635,246
Institutional support	9,908,052	89,417,578		35,727,514	(1,842,218)	213,108,025
Operations and maintenance of plant	6,510,731	43,108,979		16,948,276		201,571,755
Scholarships and fellowships	4,720,521	2,298,333		1,739,780		118,072,352
Auxiliary enterprises	5,087,639	6,442,256		994,926		193,622,608
Hospital		-	38,405,147	(1,670,036)	(3,368,437)	33,366,674
Total operating expenses	79,865,286	877,061,308	38,405,147	381,981,943	(11,249,960)	2,490,994,730
OPERATING INCOME (LOSS)	(18,185,441)	19,735,922	15,421,679	4,732,903		(162,433,828)
NONOPERATING REVENUES (EXPENSES)						
State appropriations	11,813,519	86,737,398	24,983,780	73,517,013		476,949,883
Gifts	1,144,825	1,076,135		21,305		57,876,077
Federal nonoperating revenues (expenses)	9,632,423	18,480,940	2,576,955	787,855		143,590,542
Net investment income (loss)	(1,233,956)	(12,444,179)	31,504,711	(18,119,352)		(78,693,613)
Interest expense	(75,842)	(234,602)	(390,861)	(2,400,354)		(35,781,750)
Other nonoperating revenues (expenses)	191,804	17,293	(31,129,979)	(20,604,140)	23,262,912	(25,141,902)
Net nonoperating revenues (expenses)	21,472,773	93,632,985	27,544,606	33,202,327	23,262,912	538,799,237

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
June 30, 2022

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	\$7,063,233	\$97,686,840	\$4,294,230	\$5,027,960	\$41,472,480
Capital appropriations	101,454	26,651,904	4,384,305		
Capital gifts and grants	2,088,144	9,836,184	276,826		32,848
Additions to permanent endowment		1,620,950	40,000	100,000	620,000
Other additions (deductions)	(50,460)	(8,027,434)	(188,629)	(27,466)	(194,728)
Transfer (to)/from other system institution		(1,837,455)			37,455
CHANGE IN NET POSITION	9,202,371	125,930,989	8,806,732	5,100,494	41,968,055
NET POSITION - BEGINNING OF YEAR (Restated)	25,306,195	(155,255,329)	(7,390,218)	(18,239,659)	(184,765,819)
NET POSITION - END OF YEAR	<u>\$34,508,566</u>	<u>(\$29,324,340)</u>	<u>\$1,416,514</u>	<u>(\$13,139,165)</u>	<u>(\$142,797,764)</u>

(Concluded)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	\$3,287,332	\$113,368,907	\$42,966,285	\$37,935,230	\$23,262,912	\$376,365,409
Capital appropriations		14,569,488	488,090	27,369,057		73,564,298
Capital gifts and grants		1,465				12,235,467
Additions to permanent endowment		400,000		2,720,000		5,500,950
Other additions (deductions)		23,262,912		(205,923)	(23,262,912)	(8,694,640)
Transfer (to)/from other system institution	1,800,000					
CHANGE IN NET POSITION	5,087,332	151,602,772	43,454,375	67,818,364		458,971,484
NET POSITION - BEGINNING OF YEAR (Restated)	(20,840,059)	195,793,163	603,685,479	(88,373,277)		349,920,476
NET POSITION- END OF YEAR	<u>(\$15,752,727)</u>	<u>\$347,395,935</u>	<u>\$647,139,854</u>	<u>(\$20,554,913)</u>		<u>\$808,891,960</u>

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

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

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
CASH FLOWS FROM OPERATING ACTIVITIES:					
Tuition and fees		\$401,928,902	\$20,702,065	\$6,304,439	
Federal appropriations					\$7,806,488
Grants and contracts	\$33,105,525	146,542,364	103,369	1,084,195	28,039,653
Sales and services of educational departments	406,179	26,863,560	98,240	3	5,169,912
Hospital income					
Auxiliary enterprise receipts	50,998	217,694,558	3,241,102	2,537,927	
Payments for employee compensation	(30,391,664)	(480,277,151)	(14,846,963)	(9,147,307)	(66,909,596)
Payments for benefits	(11,796,336)	(169,512,586)	(6,367,841)	(4,382,849)	(32,993,837)
Payments for utilities	(2,269,756)	(22,722,816)	(946,204)	(790,189)	(2,644,434)
Payments for supplies and services	(16,010,375)	(239,596,268)	(13,115,186)	(7,087,105)	(28,264,037)
Payments for scholarships and fellowships		(92,656,708)	(9,930,503)	(7,410,681)	(106,952)
Loans to students		47,619	(392,573)	(9,857)	
Collection of loans to students		1,505,191		(28,969)	
Other receipts (payments)	142,814	79,530,564	36,306	39,261	5,651,600
Net cash provided (used) by operating activities	(26,762,615)	(130,652,771)	(21,418,188)	(18,891,132)	(84,251,203)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	25,531,900	159,701,542	6,384,174	5,207,009	83,573,711
Gifts and grants for other than capital purposes	1,649,797	49,020,193	763,837	676,085	1,940,404
Private gifts for endowment purposes		950			
TOPS receipts		112,670,018	2,994,490	1,619,965	
TOPS disbursements		(112,670,018)	(2,994,490)	(1,619,965)	
FEMA disbursements	(55,218)	(814,217)			(17,056)
Direct lending receipts		182,738,932	12,952,523	5,017,714	
Direct lending disbursements		(182,738,932)	(12,952,523)	(5,017,714)	
CARES receipts		43,723,085	7,968,432	9,479,537	
CARES disbursements		(43,723,085)	(7,968,432)	(9,479,537)	
Implicit loan to/from other campuses		11,935,842	-	254,719	
Other receipts (disbursements)		79,548,143	15,807,107	13,896,145	52,455
Net cash provided (used) by noncapital financing activities	27,126,479	299,392,453	22,955,118	20,033,958	85,549,514
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from issuance of debt		155,275,000			
Capital gifts and grants received		8,249,836	96,014	(13)	32,846
Purchase of capital assets	(682,331)	(20,986,604)	(267,889)	(1,178,676)	(2,551,910)
Principal paid on capital debt		(20,831,891)	(155,000)		
Interest paid on capital debt		(30,743,705)	(151,078)		
Refunding of bonds		(153,839,450)			
Bond issuance cost		(1,435,550)			
Receipts from lessor leases	221,626	3,287,166			495,606
Payments for leased assets		(9,231,243)	(678,525)		(61,665)
Other sources (uses)	(50,460)	(6,591,884)	(188,629)	(27,466)	(194,728)
Net cash provided (used) by capital financing activities	(511,165)	(76,848,325)	(1,345,107)	(1,206,155)	(2,279,851)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments		104,760,707			
Interest received on investments	174,242	24,461,966	288,912	63,329	1,025,730
Purchase of investments		(283,304,920)			
Net cash provided (used) by investing activities	174,242	(154,082,247)	288,912	63,329	1,025,730

(Continued)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Tuition and fees	\$52,665,377	\$77,171,154		\$22,379,112	\$471,736	\$581,622,785
Federal appropriations						7,806,488
Grants and contracts	2,115,991	604,259,075		289,385,046	(7,174,322)	1,097,460,896
Sales and services of educational departments	451,659	170,116,654		71,228,189	(1,712,345)	272,622,051
Hospital income			\$52,926,297	(354,429)	(1,388,717)	51,183,151
Auxiliary enterprise receipts	3,416,350	6,807,743		1,061,040	(3,200)	234,806,518
Payments for employee compensation	(30,138,154)	(364,154,462)	(25,862,009)	(270,771,884)		(1,292,499,190)
Payments for benefits	(11,822,752)	(106,130,408)	(27,068,440)	(60,450,167)		(430,525,216)
Payments for utilities	(1,460,571)	(13,565,817)	(743,787)	(9,472,364)		(54,615,938)
Payments for supplies and services	(33,313,132)	(391,863,171)	(29,551,803)	(86,808,698)	11,249,960	(834,359,815)
Payments for scholarships and fellowships	(4,720,521)	(2,318,266)		(1,739,780)		(118,883,411)
Loans to students	(1,477,754)	(1,243,403)				(3,075,968)
Collection of loans to students		696,496		3,072		2,175,790
Other receipts (payments)	2,371,581	1,711,358		337,549	(1,443,112)	88,377,921
Net cash provided (used) by operating activities	(21,911,926)	(18,513,047)	(30,299,742)	(45,203,314)		(397,903,938)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	11,848,962	86,969,206	24,983,780	73,111,066		477,311,350
Gifts and grants for other than capital purposes	1,043,329	19,534,575		21,305		74,649,525
Private gifts for endowment purposes		400,000		2,720,000		3,120,950
TOPS receipts	3,498,266	1,053,739		257,621		122,094,099
TOPS disbursements	(3,498,266)	(1,055,212)		(257,621)		(122,095,572)
FEMA disbursements			(275)			(886,766)
Direct lending receipts	43,621,542	72,111,037		27,237,113		343,678,861
Direct lending disbursements	(43,621,542)	(72,177,327)		(27,237,113)		(343,745,151)
CARES receipts	5,340,182	735	1,777,231	751,969		69,041,171
CARES disbursements	(5,340,182)	(735)		(751,969)		(67,263,940)
Implicit loan to/from other campuses	(12,190,561)					
Other receipts (disbursements)	11,432,422	(3,393,026)	(97,920,638)	(3,540,305)		15,882,303
Net cash provided (used) by noncapital financing activities	12,134,152	103,442,992	(71,159,902)	72,312,066		571,786,830
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:						
Proceeds from issuance of debt						155,275,000
Capital gifts and grants received		22,500				8,401,183
Purchase of capital assets	(1,517,879)	(41,608,470)	(838,198)	(8,414,579)		(78,046,536)
Principal paid on capital debt		(9,856,551)	(500,000)	(21,816)		(31,365,258)
Interest paid on capital debt		(234,664)	(370,674)			(31,500,121)
Refunding of bonds						(153,839,450)
Bond issuance cost						(1,435,550)
Receipts from lessor leases			99,363,037			103,367,435
Payments for right of use leased assets	(411,482)	(1,918,289)	(143,093)	(7,518,592)		(19,962,889)
Other sources (uses)		169,933	1,547	375		(6,881,312)
Net cash provided (used) by capital financing activities	(1,929,361)	(53,425,541)	97,512,619	(15,954,612)		(55,987,498)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments		14,800,827		25,823,833		145,385,367
Interest received on investments	27,937	7,085,171	409,883	5,107,793		38,644,963
Purchase of investments		(17,767,728)	(1,373)	(30,702,172)		(331,776,193)
Net cash provided (used) by investing activities	27,937	4,118,270	408,510	229,454		(147,745,863)

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2022

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$26,941	(\$62,190,890)	\$480,735		\$44,190
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	6,531,131	70,055,148	6,453,723		40,641,746
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$6,558,072	\$7,864,258	\$6,934,458		\$40,685,936
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating income (loss)	(\$19,789,508)	(\$85,818,865)	(\$18,336,568)	(\$14,932,631)	(\$45,261,319)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation and amortization expense	4,374,591	77,504,986	1,836,848	1,142,377	4,375,508
Non-Employer contributing entity revenue	193,626	2,597,421	84,852	53,285	326,034
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
(Increase) decrease in accounts receivable, net	(1,899,631)	(10,723,324)	(499,565)	(15,560)	(4,691,198)
(Increase) decrease in inventories	(20,624)	(224,508)	36	22,613	(198,954)
(Increase) decrease in prepaid expenses and other		8,629,875	(17,851)	(34,991)	2,021
(Increase) decrease in notes receivable		2,370,339			
(Increase) decrease in deferred outflows related to OPEB	423,407	(11,490,347)	(1,999,350)	(1,484,476)	(7,483,548)
(Increase) decrease in deferred outflows related to pensions	5,906,323	89,927,402	1,967,806	2,721,480	14,517,918
(Increase) decrease in other assets		(229,263)			
Increase (decrease) in accounts payable and accrued liabilities	247,446	284,761	(351,289)	(109,990)	(88,378)
Increase (decrease) in unearned revenue	248,095	695,230	974,962	56,086	(1,847,966)
Increase (decrease) in amounts held in custody for others		(1,727,049)	(355,436)	(78,559)	(78,323)
Increase (decrease) in compensated absences	(192,554)	(889,070)	115,956	(21,516)	(366,453)
Increase (decrease) in OPEB liability	(10,650,550)	(227,111,910)	(1,191,985)	(6,994,644)	(39,063,186)
Increase (decrease) in net pension liability	(28,690,657)	(410,299,182)	(12,265,207)	(8,972,371)	(62,040,961)
Increase (decrease) in deferred inflows related to OPEB	6,628,668	136,349,758	932,601	4,854,279	25,009,878
Increase (decrease) in deferred inflows related to pensions	16,665,193	234,067,290	7,686,002	4,903,486	33,365,027
Increase (decrease) in other deferred inflows	(207,385)	(3,326,843)			(704,038)
Increase (decrease) in other liabilities	945	68,760,528			(23,265)
Net cash provided (used) by operating activities	(\$26,762,615)	(\$130,652,771)	(\$21,418,188)	(\$18,891,132)	(\$84,251,203)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:					
Cash and cash equivalents classified as current assets	\$1,347,152	(\$127,383,294)	\$5,101,422	(\$209,136)	\$26,182,204
Cash and cash equivalents classified as noncurrent assets	5,210,920	135,247,552	1,833,036	209,136	14,503,732
Cash and cash equivalents at end of the year	\$6,558,072	\$7,864,258	\$6,934,458		\$40,685,936
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital appropriations	\$101,454	\$26,651,904	\$4,384,305		
Amortized borrowing expense					
Increase (Decrease) in fair market value of assets	(940,301)	(92,803,310)	(302,759)	(\$48,839)	(\$310,549)
Non-Employer contributing entity revenue	193,626	2,597,421	84,852	53,285	326,034
Capital gifts and grants	2,088,144	2,375,049			
Transfers/disposal of capital assets		(2,320)			(2,680)
Leased assets in current year					
Lease receivables in current year					
	\$1,442,923	(\$61,181,256)	\$4,166,398	\$4,446	\$12,805

(Concluded)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(\$11,679,198)	\$35,622,674	(\$3,538,515)	\$11,383,594		(\$29,850,469)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	19,930,289	78,895,138	94,606,847	59,128,176		376,242,198
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$8,251,091	\$114,517,812	\$91,068,332	\$70,511,770		\$346,391,729
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating income (loss)	(\$18,185,441)	\$19,735,922	\$15,421,679	\$4,732,903		(\$162,433,828)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation and amortization expense	2,523,822	27,077,725	19,696,269	15,622,199		154,154,325
Non-Employer contributing entity revenue	191,804	1,153,339	56,906	671,842		5,329,109
Changes in assets, deferred outflows, liabilities, and deferred inflows:						
(Increase) decrease in accounts receivable, net	890,071	(52,880,283)	(880,071)	(10,838,619)		(81,538,180)
(Increase) decrease in inventories	(5,134)	119,735	(21,436)	1,791		(326,481)
(Increase) decrease in prepaid expenses and other	885,298	(2,444,430)	6,547	86,496		7,112,965
(Increase) decrease in notes receivable	-	(546,907)	-	3,073		1,826,505
(Increase) decrease in deferred outflows related to OPEB	159,520	4,326,652	9,253,942	2,142,607		(6,151,593)
(Increase) decrease in deferred outflows related to pensions	5,771,581	36,824,938	8,054,487	7,849,058		173,540,993
(Increase) decrease in other assets	-	(338,016)	3,150	-		(564,129)
Increase (decrease) in accounts payable and accrued liabilities	226,235	(12,589,243)	(1,822,140)	10,738,775		(3,463,823)
Increase (decrease) in unearned revenue	(2,880,852)	10,758,673		211,083		8,215,311
Increase (decrease) in amounts held in custody for others	(151,808)	174,273	(10)	(91,597)		(2,308,509)
Increase (decrease) in compensated absences	30,969	(360,834)	(89,513)	494,847		(1,278,168)
Increase (decrease) in OPEB liability	(10,175,238)	(62,068,538)	(110,988,647)	(84,260,731)		(552,505,429)
Increase (decrease) in net pension liability	(23,031,918)	(190,065,675)	(24,260,119)	(91,672,250)		(851,298,340)
Increase (decrease) in deferred inflows related to OPEB	4,945,976	30,892,952	46,467,996	39,587,092		295,669,200
Increase (decrease) in deferred inflows related to pensions	16,867,370	107,614,244	8,803,218	59,518,117		489,489,947
Increase (decrease) in other deferred inflows		29,744,926				25,506,660
Increase (decrease) in other liabilities	25,819	34,357,500	(2,000)			103,119,527
Net cash provided (used) by operating activities	(\$21,911,926)	(\$18,513,047)	(\$30,299,742)	(\$45,203,314)		(\$397,903,938)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:						
Cash and cash equivalents classified as current assets	\$7,144,548	\$114,517,812	\$86,405,497	\$69,441,468		\$182,547,673
Cash and cash equivalents classified as noncurrent assets	1,106,543		4,662,835	1,070,302		163,844,056
Cash and cash equivalents at end of the year	\$8,251,091	\$114,517,812	\$91,068,332	\$70,511,770		\$346,391,729
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Capital appropriations		\$14,569,488	\$488,090	\$27,369,057		\$73,564,298
Amortized borrowing expense			18,861			18,861
Increase (Decrease) in fair market value of assets	(\$1,261,936)	(19,461,876)	111,898	(23,227,145)		(138,244,817)
Non-Employer contributing entity revenue	191,804	1,153,339	56,906	671,842		5,329,109
Capital gifts and grants		1,465				4,464,658
Transfers/disposal of capital assets		23,249,194	(23,551,882)	(206,298)		(513,986)
Leased right of use assets in current year				752,889		752,889
Lease receivables in current year		2,378,328				2,378,328
	(\$1,070,132)	\$21,889,938	(\$22,876,127)	\$5,360,345		(\$52,250,660)

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

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

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
ASSETS					
Current assets:					
Cash and cash equivalents	\$1,284,815	(\$54,081,259)	\$4,654,708	\$13,109	\$28,495,482
Investments		465,365,908	944,397	132,783	897,662
Receivables (net)	3,073,629	65,152,681	15,615,376	8,524,500	5,260,711
Due from other campuses		804,210		(674,685)	
Due from State Treasury	5,286	486,344	15,059	14,016	163,200
Due from Federal Government	2,455,659	23,678,452	220,726	868,823	2,776,413
Inventories	164,866	1,018,222	96	270,318	2,103,187
Prepaid expenses and advances		14,927,982	123,422	45,509	5,621
Notes receivable		1,827,008			
Leases receivable					
Other current assets		441,057			
Total current assets	6,984,255	519,620,605	21,573,784	9,194,373	39,702,276
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	5,246,316	124,136,407	1,799,015	(13,109)	12,146,264
Investments	7,209,312	116,264,346	3,632,825	601,646	3,694,081
Receivables (net)		1,236,237		228,817	669,450
Notes receivable		7,887,229		11,041	
Other restricted assets		6,798,149			
Investments					
Leases receivable					
Other noncurrent assets					
Capital assets (net)	85,139,044	1,373,358,150	23,606,967	15,806,599	40,756,865
Total noncurrent assets	97,594,672	1,629,680,518	29,038,807	16,634,994	57,266,660
Total assets	104,578,927	2,149,301,123	50,612,591	25,829,367	96,968,936
DEFERRED OUTFLOW OF RESOURCES					
Deferred amounts on debt refunding		22,353,070			
OPEB-related deferred outflows of resources	8,589,784	140,101,616	3,726,472	4,975,614	35,996,120
Pension-related deferred outflows of resources	16,599,922	236,586,451	9,041,438	6,497,124	35,305,292
Total deferred outflows of resources	25,189,706	399,041,137	12,767,910	11,472,738	71,301,412
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$129,768,633	\$2,548,342,260	\$63,380,501	\$37,302,105	\$168,270,348

(Continued)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Service Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$19,846,756	\$78,895,138	\$89,944,168	\$57,028,558	\$0	\$226,081,475
Investments	100,494	1,174,383		120,673,083		589,288,710
Receivables (net)	3,568,948	177,347,315	7,152,184	85,686,247		371,381,591
Due from other campuses		140,380,711	364,547	124,287	(140,999,070)	
Due from State Treasury	35,443	231,808		150,753		1,101,909
Due from Federal Government	4,373,647	19,209,000	134,422	7,767,769		61,484,911
Inventories	14,227	1,687,070	1,205,046	275,386		6,738,418
Prepaid expenses and advances	3,651,317	9,492,267	53,435	371,441		28,670,994
Notes receivable		1,035,277		4,656		2,866,941
Leases receivable			51,767,344			51,767,344
Other current assets			5,138			446,195
Total current assets	31,590,832	429,452,969	150,626,284	272,082,180	(140,999,070)	1,339,828,488
Noncurrent assets:						
Restricted:						
Cash and cash equivalents	83,533		4,662,679	2,099,618		150,160,723
Investments	9,107,648	41,941,643	9,594,191	97,433,916		289,479,608
Receivables (net)						2,134,504
Notes receivable		6,697,170		10,036		14,605,476
Other restricted assets						6,798,149
Investments		78,528,350				78,528,350
Leases receivable			2,190,133,542			2,190,133,542
Other noncurrent assets		221,190				221,190
Capital assets (net)	19,798,521	353,957,729	187,438,586	67,979,980		2,167,842,441
Total noncurrent assets	28,989,702	481,346,082	2,391,828,998	167,523,550		4,899,903,983
Total assets	60,580,534	910,799,051	2,542,455,282	439,605,730	(140,999,070)	6,239,732,471
DEFERRED OUTFLOW OF RESOURCES						
Deferred amounts on debt refunding						22,353,070
OPEB-related deferred outflows of resources	8,051,863	47,114,333	74,963,918	61,153,547		384,673,267
Pension-related deferred outflows of resources	23,619,286	109,423,593	17,495,785	57,245,914		511,814,805
Total deferred outflows of resources	31,671,149	156,537,926	92,459,703	118,399,461		918,841,142
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$92,251,683</u>	<u>\$1,067,336,977</u>	<u>\$2,634,914,985</u>	<u>\$558,005,191</u>	<u>(\$140,999,070)</u>	<u>\$7,158,573,613</u>

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Position, by University
June 30, 2021

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
LIABILITIES					
Current liabilities:					
Accounts payable and accruals	\$953,980	\$53,214,339	\$900,069	\$363,098	\$1,944,828
Due to other campuses		140,017,155			
Due to Federal Government					
Unearned revenues	1,236,339	101,640,715	9,199,491	6,012,161	5,514,946
Amounts held in custody for others		7,176,397	1,177,670	452,344	147,340
Other liabilities		441,057			
Compensated absences payable	139,976	3,384,626	98,371	52,317	627,689
Capital lease obligations		3,512,678			
Notes payable		348,673			
Bonds payable		19,195,804	155,000		
Total OPEB liability	330,398	16,742,510	622,020	629,587	6,785,983
Total current liabilities	<u>2,660,693</u>	<u>345,673,954</u>	<u>12,152,621</u>	<u>7,509,507</u>	<u>15,020,786</u>
Noncurrent liabilities:					
Compensated absences payable	4,063,507	36,619,983	999,722	660,108	7,968,456
Capital lease obligations		332,388,892			
Notes payable		3,458,202			
Bonds payable		323,580,395	2,675,000		
Total OPEB liability	34,707,876	741,680,555	21,039,358	24,098,172	172,109,153
Net pension liability	59,525,062	842,526,682	27,461,084	19,473,938	128,807,803
Unearned revenues (advance lease payments)					
Other noncurrent liabilities	7,184	856,080			38,737
Total noncurrent liabilities	<u>98,303,629</u>	<u>2,281,110,789</u>	<u>52,175,164</u>	<u>44,232,218</u>	<u>308,924,149</u>
Total liabilities	<u>100,964,322</u>	<u>2,626,784,743</u>	<u>64,327,785</u>	<u>51,741,725</u>	<u>323,944,935</u>
DEFERRED INFLOW OF RESOURCES					
OPEB-related deferred inflows of resources	3,010,309	49,595,844	4,890,152	2,295,084	22,275,719
Pension-related deferred inflows of resources	2,164,530	28,371,956	1,766,274	1,513,244	6,842,069
Total deferred inflows of resources	<u>5,174,839</u>	<u>77,967,800</u>	<u>6,656,426</u>	<u>3,808,328</u>	<u>29,117,788</u>
NET POSITION					
Net investment in capital assets	85,139,044	717,033,451	20,776,967	15,806,599	40,756,865
Restricted:					
Nonexpendable	5,120,000	82,078,388	3,160,000	549,286	3,100,000
Expendable	9,136,664	201,982,062	6,345,752	859,621	13,739,006
Unrestricted	<u>(75,766,236)</u>	<u>(1,157,504,184)</u>	<u>(37,886,429)</u>	<u>(35,463,454)</u>	<u>(242,388,246)</u>
Total net position	<u>23,629,472</u>	<u>(156,410,283)</u>	<u>(7,603,710)</u>	<u>(18,247,948)</u>	<u>(184,792,375)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$129,768,633</u>	<u>\$2,548,342,260</u>	<u>\$63,380,501</u>	<u>\$37,302,105</u>	<u>\$168,270,348</u>

(Concluded)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Service Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
LIABILITIES						
Current liabilities:						
Accounts payable and accruals	\$1,322,456	\$63,547,363	\$15,120,252	\$30,315,633	\$0	\$167,682,018
Due to other campuses		598,643	222,140	161,132	(140,999,070)	-
Due to Federal Government		5,002,995				5,002,995
Unearned revenues	12,223,790	29,575,550	84,296,870	1,162,261		250,862,123
Amounts held in custody for others	388,523	62,321	10,287	93,922		9,508,804
Other liabilities		18,726,327	3,743	-		19,171,127
Compensated absences payable	114,066	1,806,579	214,515	1,079,440		7,517,579
Capital lease obligations				21,816		3,534,494
Notes payable						348,673
Bonds payable		767,088	500,000			20,617,892
Total OPEB liability	1,247,950	6,243,658	18,534,150	13,689,525		64,825,781
Total current liabilities	15,296,785	126,330,524	118,901,957	46,523,729	(140,999,070)	549,071,486
Noncurrent liabilities:						
Compensated absences payable	1,759,166	20,399,878	2,811,967	11,930,707		87,213,494
Capital lease obligations						332,388,892
Notes payable						3,458,202
Bonds payable		8,473,793	10,163,363			344,892,551
Total OPEB liability	36,426,241	271,783,485	379,033,659	329,908,900		2,010,787,399
Net pension liability	51,910,205	375,354,812	66,081,948	206,709,491		1,777,851,025
Unearned revenues (advance lease payments)			1,396,218,941			1,396,218,941
Other noncurrent liabilities	80,724	29,433,630				30,416,355
Total noncurrent liabilities	90,176,336	705,445,598	1,854,309,878	548,549,098		5,983,226,859
Total liabilities	105,473,121	831,776,122	1,973,211,835	595,072,827	(140,999,070)	6,532,298,345
DEFERRED INFLOW OF RESOURCES						
OPEB-related deferred inflows of resources	6,716,880	29,138,938	52,539,143	44,509,743		214,971,812
Pension-related deferred inflows of resources	901,741	10,752,027	5,478,528	6,795,898		64,586,267
Total deferred inflows of resources	7,618,621	39,890,965	58,017,671	51,305,641		279,558,079
NET POSITION						
Net investment in capital assets	19,798,521	345,891,231	177,663,300	67,958,164		1,490,824,142
Restricted:						
Nonexpendable	5,280,000	45,731,117	13,116,735	18,331,577		176,467,103
Expendable	7,297,032	15,984,534	11,199,762	82,925,211		349,469,644
Unrestricted	(53,215,612)	(211,936,992)	401,705,682	(257,588,229)		(1,670,043,700)
Total net position	(20,840,059)	195,669,890	603,685,479	(88,373,277)		346,717,189
Total liabilities, deferred inflows of resources, and net position	\$92,251,683	\$1,067,336,977	\$2,634,914,985	\$558,005,191	(\$140,999,070)	\$7,158,573,613

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
For the Fiscal Year Ended June 30, 2021

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
OPERATING REVENUES					
Student tuition and fees		\$490,802,371	\$21,666,503	\$10,820,148	
Less scholarship allowances		(116,665,021)	(4,183,308)	(3,286,304)	
Net student tuition and fees		374,137,350	17,483,195	7,533,844	
Federal appropriations					\$11,286,783
Federal grants and contracts	\$22,257,849	82,301,666	227,619	203,212	7,350,170
State and local grants and contracts	1,264,857	36,675,196	80,922	409,535	14,630,223
Nongovernmental grants and contracts	8,814,925	16,668,832	(83,512)		4,765,942
Sales and services of educational departments	640,906	25,167,213	8,138		4,479,498
Hospital income					
Auxiliary enterprise revenues (including revenues pledged to secure debt)	38,451	191,763,723	2,556,500	3,838,031	
Less scholarship allowances		(25,012,113)	(297,368)	(1,136,000)	
Net auxiliary revenues	38,451	166,751,610	2,259,132	2,702,031	
Other operating revenues	117,891	11,820,161	26,714	43,687	10,106,912
Total operating revenues	33,134,879	713,522,028	20,002,208	10,892,309	52,619,528
OPERATING EXPENSES					
Educational and general:					
Instruction		366,855,583	11,978,703	8,741,536	
Research	37,292,918	148,849,051	33,563	7,661	61,302,848
Public service	2,171,719	40,704,802	28,562		42,640,339
Academic support	6,956,060	95,347,534	1,686,096	676,501	5,026,117
Student services		29,110,505	2,399,899	1,616,379	
Institutional support	6,952,835	47,340,052	5,181,508	4,298,190	18,384,913
Operations and maintenance of plant	9,325,904	116,045,655	4,853,459	3,221,908	6,403,275
Scholarships and fellowships	659	66,530,058	6,245,531	5,197,235	131,079
Auxiliary enterprises	66,512	162,537,061	1,570,362	2,240,458	
Hospital					
Total operating expenses	62,766,607	1,073,320,301	33,977,683	25,999,868	133,888,571
OPERATING INCOME (LOSS)	(29,631,728)	(359,798,273)	(13,975,475)	(15,107,559)	(81,269,043)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	21,491,205	127,120,588	2,693,020	1,915,114	84,408,269
Gifts	1,772,285	120,701,751	789,325	404,658	3,075,357
Federal nonoperating revenues (expenses)		72,130,706	9,808,797	8,521,151	(12,362)
Net investment income (loss)	511,053	11,065,859	257,318	39,546	557,765
Interest expense		(27,778,040)	(158,727)		
Other nonoperating revenues (expenses)	190,557	2,840,673	77,561	53,890	338,637
Net nonoperating revenues (expenses)	23,965,100	306,081,537	13,467,294	10,934,359	88,367,666

(Continued)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
OPERATING REVENUES						
Student tuition and fees	\$66,622,058	\$65,316,454		\$23,443,301		\$678,670,835
Less scholarship allowances	(6,466,160)	(4,185,077)		(2,306,706)		(137,092,576)
Net student tuition and fees	60,155,898	61,131,377		21,136,595		541,578,259
Federal appropriations						11,286,783
Federal grants and contracts	1,099,875	41,609,712		15,329,845	(\$1,450,106)	168,929,842
State and local grants and contracts	893,970	18,381,074		4,059,884	(4,943,784)	71,451,877
Nongovernmental grants and contracts	314,940	554,364,821		223,552,843	(3,000)	808,395,791
Sales and services of educational departments	223,984	158,243,092		67,004,336	(110,786)	255,656,381
Hospital income			\$54,973,444	48,443	(1,845,323)	53,176,564
Auxiliary enterprise revenues (including revenues pledged to secure debt)	3,848,237	6,401,682		1,264,747		209,711,371
Less scholarship allowances	(177,765)					(26,623,246)
Net auxiliary revenues	3,670,472	6,401,682		1,264,747		183,088,125
Other operating revenues	1,091,911	8,426,268		449,487	(53,457)	32,029,574
Total operating revenues	67,451,050	848,558,026	54,973,444	332,846,180	(8,406,456)	2,125,593,196
OPERATING EXPENSES						
Educational and general:						
Instruction	49,824,322	219,342,521		89,445,466	(74,260)	746,113,871
Research	340,387	41,000,832		45,591,232	(2,202,308)	332,216,184
Public service	902,984	464,028,772		153,072,052	(1,422,862)	702,126,368
Academic support	6,354,761	19,337,694		9,822,514	(88,136)	145,119,141
Student services	3,455,925	6,994,589		2,721,678		46,298,975
Institutional support	12,408,475	91,680,363		43,051,908	(2,122,555)	227,175,689
Operations and maintenance of plant	9,141,268	44,109,243		15,284,189		208,384,901
Scholarships and fellowships	3,409,274	4,815,274		1,623,117		87,952,227
Auxiliary enterprises	4,335,014	6,639,523		1,749,929		179,138,859
Hospital			81,269,067	7,145,394	(2,496,335)	85,918,126
Total operating expenses	90,172,410	897,948,811	81,269,067	369,507,479	(8,406,456)	2,760,444,341
OPERATING INCOME (LOSS)	(22,721,360)	(49,390,785)	(26,295,623)	(36,661,299)		(634,851,145)
NONOPERATING REVENUES (EXPENSES)						
State appropriations	9,102,308	75,839,417	24,766,943	58,613,607		405,950,471
Gifts	1,284,245	2,530,364		306,795		130,864,780
Federal nonoperating revenues (expenses)	8,804,650	48,391,899	4,634,041	689,297		152,968,179
Net investment income (loss)	1,931,939	35,360,431	355,864	11,970,297		62,050,072
Interest expense		(419,706)	(399,385)			(28,755,858)
Other nonoperating revenues (expenses)	170,182	1,293,090	3,711,163	16,887,342		25,563,095
Net nonoperating revenues (expenses)	21,293,324	162,995,495	33,068,626	88,467,338		748,640,739

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
June 30, 2021

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	(\$5,666,628)	(\$53,716,736)	(\$508,181)	(\$4,173,200)	\$7,098,623
Capital appropriations	23,440	4,701,841			
Capital gifts and grants		16,656,731	293,633		276,495
Additions to permanent endowment		1,440,000		140,000	40,000
Other additions (deductions)	293,541	44,158	40,295	5,060	100,227
Transfer (to)/from other system institution	(645,629)	(50,000)		1,296,825	(601,196)
CHANGE IN NET POSITION	(5,995,276)	(30,924,006)	(174,253)	(2,731,315)	6,914,149
NET POSITION - BEGINNING OF YEAR (Restated)	29,624,748	(125,486,277)	(7,429,457)	(15,516,633)	(191,706,524)
NET POSITION - END OF YEAR	<u>\$23,629,472</u>	<u>(\$156,410,283)</u>	<u>(\$7,603,710)</u>	<u>(\$18,247,948)</u>	<u>(\$184,792,375)</u>

(Concluded)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	(\$1,428,036)	\$113,604,710	\$6,773,003	\$51,806,039		\$113,789,594
Capital appropriations		20,804,609	283,030	4,997,663		30,810,583
Capital gifts and grants	49,112	83,152		215,457		17,574,580
Additions to permanent endowment		920,000		1,523,648		4,063,648
Other additions (deductions)				(150,610)		332,671
Transfer (to)/from other system institution						
CHANGE IN NET POSITION	(1,378,924)	135,412,471	7,056,033	58,392,197		166,571,076
NET POSITION - BEGINNING OF YEAR (Restated)	(19,461,135)	60,257,419	596,629,446	(146,765,474)		180,146,113
NET POSITION- END OF YEAR	(\$20,840,059)	\$195,669,890	\$603,685,479	(\$88,373,277)		\$346,717,189

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

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

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
CASH FLOWS FROM OPERATING ACTIVITIES:					
Tuition and fees		\$372,438,869	\$16,232,950	\$7,053,438	
Federal appropriations					\$12,597,476
Grants and contracts	\$32,343,890	125,128,208	1,529,745	270,462	27,826,415
Sales and services of educational departments	640,910	24,700,272	(260,939)		4,483,357
Hospital income					
Auxiliary enterprise receipts	38,433	173,181,414	2,277,975	2,509,583	
Payments for employee compensation	(29,199,640)	(445,732,389)	(13,274,168)	(8,637,190)	(64,786,946)
Payments for benefits	(11,066,732)	(165,446,572)	(6,065,200)	(4,396,774)	(32,597,342)
Payments for utilities	(1,772,231)	(15,458,901)	(763,668)	(484,262)	(2,325,142)
Payments for supplies and services	(12,558,778)	(275,596,069)	(5,478,080)	(4,716,122)	(23,977,228)
Payments for scholarships and fellowships	(659)	(65,921,327)	(6,244,274)	(5,197,235)	(131,079)
Loans to students		97,163	228,323		
Collection of loans to students		1,675,763			
Other receipts (payments)	112,750	44,725,074	69,703	154,633	9,408,357
Net cash provided (used) by operating activities	(21,462,057)	(226,208,495)	(11,747,633)	(13,443,467)	(69,502,132)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	24,416,642	133,236,578	5,292,672	3,695,014	88,927,584
Gifts and grants for other than capital purposes	1,777,389	111,373,429	777,632	390,835	3,032,936
Private gifts for endowment purposes					
TOPS receipts		113,630,883	2,941,313	1,721,556	
TOPS disbursements		(113,630,883)	(2,941,313)	(1,721,556)	
FEMA receipts		69,207			
FEMA disbursements		(2,626,678)			(12,362)
Direct lending receipts		167,375,241	12,046,581	5,731,347	
Direct lending disbursements		(167,375,241)	(12,046,581)	(5,731,347)	
CARES receipts		36,473,675	2,746,379	2,113,720	
CARES disbursements		(36,473,675)	(2,746,379)	(2,113,720)	
Implicit loan to/from other campuses		398,411		(398,411)	
Other receipts (disbursements)	(645,629)	73,493,609	9,808,797	9,817,976	(606,399)
Net cash provided (used) by noncapital financing activities	25,548,402	315,944,556	15,879,101	13,505,414	91,341,759
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from issuance of debt					
Capital gifts and grants received		7,491,192	465,928	13	276,512
Purchase of capital assets	(844,225)	(25,185,624)	(300,473)	(76,208)	(3,207,787)
Principal paid on capital debt and leases		(18,902,192)	(145,000)		
Interest paid on capital debt and leases		(29,686,517)	(158,727)		
Other sources (uses)	293,541	44,158	40,295	5,060	100,227
Net cash provided (used) by capital financing activities	(550,684)	(66,238,983)	(97,977)	(71,135)	(2,831,048)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments		166,215,930			
Interest received on investments	158,729	10,884,201	74,372	9,188	385,128
Purchase of investments		(274,107,016)			
Net cash provided (used) by investing activities	158,729	(97,006,885)	74,372	9,188	385,128

(Continued)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Tuition and fees	\$63,660,686	\$51,763,206		\$21,535,326		\$532,684,475
Federal appropriations						12,597,476
Grants and contracts	2,183,805	553,567,145		245,327,574	(\$6,396,890)	981,780,354
Sales and services of educational departments	223,986	166,962,985		75,379,013	(110,786)	272,018,798
Hospital income			\$55,521,538	1,026,671	(1,845,323)	54,702,886
Auxiliary enterprise receipts	2,574,427	6,625,351		1,266,437		188,473,620
Payments for employee compensation	(28,527,202)	(358,231,013)	(26,664,359)	(233,938,811)		(1,208,991,718)
Payments for benefits	(11,383,972)	(70,543,062)	(28,162,424)	(56,472,884)		(386,134,962)
Payments for utilities	(1,158,850)	(12,420,136)	(580,085)	(8,386,299)		(43,349,574)
Payments for supplies and services	(41,580,353)	(378,238,387)	(25,289,804)	(62,414,677)	8,406,456	(821,443,042)
Payments for scholarships and fellowships	(3,409,274)	(4,571,841)		(1,623,117)		(87,098,806)
Loans to students	(127,179)	(1,507,144)				(1,308,837)
Collection of loans to students		970,428		3,659		2,649,850
Other receipts (payments)	2,322,997	8,303,177		517,904	(53,457)	65,561,138
Net cash provided (used) by operating activities	(15,220,929)	(37,319,291)	(25,175,134)	(17,779,204)		(437,858,342)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	9,938,371	81,548,890	24,766,943	66,813,401		438,636,095
Gifts and grants for other than capital purposes	1,184,621	48,481,316		306,795		167,324,953
Private gifts for endowment purposes		920,000		1,523,648		2,443,648
TOPS receipts	3,661,038	2,235,735		235,940		124,426,465
TOPS disbursements	(3,661,038)	(2,229,300)		(224,931)		(124,409,021)
FEMA receipts			456,648			525,855
FEMA disbursements			(301,337)			(2,940,377)
Direct lending receipts	53,327,013	68,570,271		25,149,004		332,199,457
Direct lending disbursements	(53,381,168)	(68,573,911)		(25,148,212)		(332,256,460)
CARES receipts	2,974,445	9,529,416	800,000	636,955		55,274,590
CARES disbursements	(2,974,445)	(9,229,718)		(634,997)		(54,172,934)
Implicit loan to/from other campuses						
Other receipts (disbursements)	8,804,650	118,845	1,104,103	687,339		102,583,291
Net cash provided (used) by noncapital financing activities	19,873,487	131,371,544	26,826,357	69,344,942		709,635,562
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:						
Proceeds from issuance of debt		16,343,820				16,343,820
Capital gifts and grants received	59,254					8,292,899
Purchase of capital assets	(2,721,655)	(66,726,912)	(3,856,647)	(12,534,224)		(115,453,755)
Principal paid on capital debt and leases		(737,088)	(490,000)	(21,816)		(20,296,096)
Interest paid on capital debt and leases		(423,406)	(380,410)			(30,649,060)
Other sources (uses)		(6,167,138)	5,408,070	98		(275,689)
Net cash provided (used) by capital financing activities	(2,662,401)	(57,710,724)	681,013	(12,555,942)		(142,037,881)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments		17,310,443		20,698,456		204,224,829
Interest received on investments	46,209	11,658,399	264,799	6,097,016		29,578,041
Purchase of investments		(27,432,728)	(3,581)	(72,399,316)		(373,942,641)
Net cash provided (used) by investing activities	46,209	1,536,114	261,218	(45,603,844)		(140,139,771)

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2021

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$3,694,390	(\$73,509,807)	\$4,107,863		\$19,393,707
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,836,741	143,564,955	2,345,860		21,248,039
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$6,531,131	\$70,055,148	\$6,453,723		\$40,641,746
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating income (loss)	(\$29,631,728)	(\$359,798,273)	(\$13,975,475)	(\$15,107,559)	(\$81,269,043)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation expense	4,357,819	65,770,694	1,202,969	939,752	4,114,759
Non-Employer contributing entity revenue	190,557	2,615,335	77,561	53,890	343,840
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
(Increase) decrease in accounts receivable, net	(265,930)	(14,842,844)	(2,055,467)	(1,849,546)	679,597
(Increase) decrease in inventories	16,239	172,930	77	68,926	36,726
(Increase) decrease in prepaid expenses and other		(1,878,253)	(120,722)	(45,509)	(4,200)
(Increase) decrease in notes receivable		1,758,607			
(Increase) decrease in deferred outflows related to OPEB	1,441,599	13,817,846	83,727	700,235	3,246,631
(Increase) decrease in deferred outflows related to pensions	(3,418,387)	(55,655,599)	(1,374,847)	(673,015)	(7,668,372)
(Increase) decrease in other assets		36,302			
Increase (decrease) in accounts payable and accrued liabilities	639,997	7,919,879	490,641	242,911	1,426,193
Increase (decrease) in unearned revenue	319,829	6,285,188	2,089,976	653,602	1,052,874
Increase (decrease) in amounts held in custody for others		(478,087)	689,994	32,390	(2,094)
Increase (decrease) in compensated absences	250,428	403,259	95,499	40,381	(99,801)
Increase (decrease) in OPEB liability	2,481,746	35,683,093	187,510	1,167,329	6,597,379
Increase (decrease) in net pension liability	5,603,224	77,601,867	1,285,595	585,070	7,296,876
Increase (decrease) in deferred inflows related to OPEB	(753,422)	(14,557,176)	(486,845)	(550,574)	(4,359,886)
Increase (decrease) in deferred inflows related to pensions	(2,699,332)	(24,588,080)	62,174	298,250	(914,922)
Increase (decrease) in other liabilities	5,304	33,524,817			21,311
Net cash provided (used) by operating activities	(\$21,462,057)	(\$226,208,495)	(\$11,747,633)	(\$13,443,467)	(\$69,502,132)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:					
Cash and cash equivalents classified as current assets	\$1,284,815	(\$54,081,259)	\$4,654,708	\$13,109	\$28,495,482
Cash and cash equivalents classified as noncurrent assets	5,246,316	124,136,407	1,799,015	(13,109)	12,146,264
Cash and cash equivalents at end of the year	\$6,531,131	\$70,055,148	\$6,453,723		\$40,641,746
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital appropriations	\$23,440	\$4,701,841			
Property acquired through capital lease					
Amortized borrowing expense					
Increase (Decrease) in fair market value of assets	450,734	(7,490,388)	(\$118,760)	(\$17,796)	(\$121,414)
Non-Employer contributing entity revenue	190,557	2,615,335	77,561	53,890	343,840
Capital gifts and grants		8,340,449	9,346		
Transfers/disposal of capital assets		(8,251)	631		(7,583)
	\$664,731	\$8,158,986	(\$31,222)	\$36,094	\$214,843

(Concluded)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$2,036,366	\$37,877,643	\$2,593,454	(\$6,594,048)		(\$10,400,432)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	17,893,923	41,017,495	92,013,393	65,722,224		386,642,630
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$19,930,289	\$78,895,138	\$94,606,847	\$59,128,176		\$376,242,198
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating income (loss)	(\$22,721,360)	(\$49,390,785)	(\$26,295,623)	(\$36,661,299)		(\$634,851,145)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation expense	1,496,317	23,716,776	9,196,106	14,326,447		125,121,639
Non-Employer contributing entity revenue	170,182	1,194,374	56,860	611,360		5,313,959
Changes in assets, deferred outflows, liabilities, and deferred inflows:						
(Increase) decrease in accounts receivable, net	328,774	(72,484,772)	336,981	1,296,205		(88,857,002)
(Increase) decrease in inventories	(9,675)	93,314	(146,281)	21,851		254,107
(Increase) decrease in prepaid expenses and other	(484,310)	6,490,001	(7,512)	(164,131)		3,785,364
(Increase) decrease in notes receivable		(536,716)		3,659		1,225,550
(Increase) decrease in deferred outflows related to OPEB	1,185,994	2,709,812	(15,938)	564,258		23,734,164
(Increase) decrease in deferred outflows related to pensions	(3,783,250)	(32,835,011)	(5,879,124)	(17,773,188)		(129,060,793)
(Increase) decrease in other assets		238,020	4,777			279,099
Increase (decrease) in accounts payable and accrued liabilities	(239,730)	22,152,468	(784,357)	8,790,714		40,638,716
Increase (decrease) in unearned revenue	3,063,421	924,947		469,337		14,859,174
Increase (decrease) in amounts held in custody for others	158,405	(123,091)	(107)	91,747		369,157
Increase (decrease) in compensated absences	70,990	245,279	207,088	609,104		1,822,227
Increase (decrease) in OPEB liability	1,322,827	13,884,851	12,300,356	12,625,502		86,250,593
Increase (decrease) in net pension liability	10,068,691	40,142,724	3,984,792	20,408,617		166,977,456
Increase (decrease) in deferred inflows related to OPEB	(1,332,103)	(8,080,286)	(16,002,984)	(12,640,001)		(58,763,277)
Increase (decrease) in deferred inflows related to pensions	(4,476,505)	(16,831,963)	(2,132,168)	(10,359,386)		(61,641,932)
Increase (decrease) in other liabilities	(39,597)	31,170,767	2,000			64,684,602
Net cash provided (used) by operating activities	(\$15,220,929)	(\$37,319,291)	(\$25,175,134)	(\$17,779,204)		(\$437,858,342)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:						
Cash and cash equivalents classified as current assets	\$19,846,756	\$78,895,138	\$89,944,168	\$57,028,558		\$226,081,475
Cash and cash equivalents classified as noncurrent assets	83,533		4,662,679	2,099,618		150,160,723
Cash and cash equivalents at end of the year	\$19,930,289	\$78,895,138	\$94,606,847	\$59,128,176		\$376,242,198
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Capital appropriations		\$20,804,609	\$283,030	\$4,997,663		\$30,810,583
Property acquired through capital lease						(18,975)
Amortized borrowing expense			(18,975)			(18,975)
Increase (Decrease) in fair market value of assets	\$1,885,649	27,999,695	91,065	5,865,028		28,543,813
Non-Employer contributing entity revenue	170,182	1,194,374	56,860	611,360		5,313,959
Capital gifts and grants		83,152		215,457		8,648,404
Transfers/disposal of capital assets		(5,980)	(1,177,013)	(150,512)		(1,348,708)
	\$2,055,831	\$50,075,850	(\$765,033)	\$11,538,996		\$71,949,076

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Exhibit A

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



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

March 20, 2023

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

Independent Auditor's Report

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate discretely presented component units of the Louisiana State University System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated March 20, 2023. Our report was modified to include an emphasis of matter paragraph regarding the implementation of Government Accounting Standards Board Statement No. 87, *Leases*.

Our report includes a reference to other auditors who audited the financial statements of the Louisiana State University School of Medicine in New Orleans Faculty Group Practice doing business as LSU Healthcare Network and Subsidiaries; the Health Care Services Foundation and its subsidiary; the Stephenson Technologies Corporation; and the LSU Research Foundation, which are nonprofit corporations included as blended component units in the basic financial statements of the System. Other auditors also audited the financial statements of the LSU Foundation, the Tiger Athletic Foundation, the LSU Health Sciences Foundation in Shreveport, or the LSU Health Foundation, New Orleans, which are discretely presented component units in the basic financial statements of the System as described in our report on the System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the LSU Foundation and the Tiger Athletic Foundation, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and

other matters associated with the LSU Foundation and the Tiger Athletic Foundation, or that are reported on separately by those auditors who audited the financial statements of the LSU Foundation and the Tiger Athletic Foundation.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Reports

Other external auditors audited the Louisiana State University School of Medicine in New Orleans Faculty Group Practice doing business as LSU Healthcare Network and Subsidiaries; the Health Care Services Foundation and its subsidiary; the Stephenson

Technologies Corporation; and the LSU Research Foundation, which are blended component units included in the System's basic financial statements for the year ended June 30, 2022. In addition, other external auditors audited the LSU Foundation, the Tiger Athletic Foundation, the LSU Health Sciences Foundation in Shreveport, and the LSU Health Foundation, New Orleans which are discretely presented component units included in the basic financial statements of the System. To obtain copies of those reports, refer to note 1-B of the basic financial statements for mailing addresses.

Purpose of This Report

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

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

RAY:JPT:BH:EFS:ch

LSU 2022