

LOUISIANA STATE UNIVERSITY SYSTEM
A COMPONENT UNIT OF THE
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2021
ISSUED MARCH 23, 2022

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

March 17, 2022

Independent Auditor's Report

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the 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, 2021, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 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 representing approximately 2.31%, 0.82%, 6.31%, and 6.16% of total assets, liabilities, revenues, and expenses, respectively. We also did not audit the financial statements of the LSU Foundation, the Tiger Athletic Foundation, or the LSU Health Sciences Foundation in Shreveport, 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 these component units, are based solely on the reports of the other auditors.

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

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the System as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 18, the Schedule of Proportionate Share of the Total OPEB Liability on page 92, the Schedule of the Proportionate Share of the Net Pension Liabilities of Cost Sharing Defined Benefit Pension Plans on page 93, and the Schedule of Contributions to Cost Sharing Defined Benefit Pension Plans on page 94 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the

basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplementary information schedules including the Combining Schedule of Net Position; the Combining Schedule of Revenues, Expenses, and Changes in Net Position; and the Combining Schedule of Cash Flows on pages 99 through 110 for the year ended June 30, 2021, are presented for the purposes of additional analysis and are not required parts of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the schedules for the fiscal year ended June 30, 2021, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the System as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated March 23, 2021, which contained unmodified opinions on the respective financial statements of the business-type activities. The Combining Schedule of Net Position; the Combining Schedule of Revenues, Expenses, and Changes in Net Position; and the Combining Schedule of Cash Flows on pages 111 through 122 for the year ended June 30, 2020, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2020 financial statements. The combining schedules for the fiscal year ended June 30, 2020, have been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the schedules for the fiscal year ended June 30, 2020, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2022, 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

REW:JPT:BH:EFS:aa

LSU 2021

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, 2021. 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.

The System applies GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This statement 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 three foundations that will be discretely presented in its financial statements. These are the LSU Foundation, the Tiger Athletic Foundation, 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 2020 semester was 55,961 which was an increase from the 51,051 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 13 departments 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 a challenging year 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 \$166.6 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 \$185.3 million, while operating expenses increased by approximately \$209.9 million. The operating loss for fiscal year 2021 was \$634.9 million; the operating loss for fiscal year 2020, restated, was \$610.3 million.

An overall increase in operating revenue of \$185.3 million is a result of a combination of both increases and decreases in several different revenue sources. The increases primarily occurred in the areas of student tuition and fees due to enrollment increases and on-line program expansion, sales and services to educational departments due to medical services provided in response to COVID-19, and non-governmental grants and contracts revenue as a 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. However, these increases were somewhat offset by reductions on auxiliary enterprise revenue attributable in large part to the cancellation and modified attendance requirements at athletic events.

The overall increase in operating expenses is attributable to several factors including increased employee benefit and retirement costs, and increased costs from programs under the CARES Act and other COVID-19 pandemic funding, as well as enrollment increases. These overall factors and others as further described contributed to increased expenses in the following functional activities: (1) instructional expenses due to non-capital software costs, (2) public service costs due to the MCIP contract expenditures of the LSU Health Sciences Center New Orleans and (3) institutional support because of an increase in programs and modifications required during the pandemic for remote work, online learning, and sanitization efforts. The increases within these functional expense areas were somewhat offset by decreases in auxiliary enterprise expenses, again attributable to fewer and scaled-down athletic and other events.

If you include non-operating revenues and expenses, the System shows income before other revenues, expenses, gains, and losses of \$113.8 million for fiscal year 2020-2021. This level of income represents an increase of \$66.8 million compared to the \$47.0 million experienced in the previous year. This increase can be attributed largely to an increase in net non-operating revenues and expenses, wherein the System experienced an increase in non-cash gifts received, and increases in federal non-operating revenues as a result of funding under the CARES Act funding dedicated to higher education. These increases were tempered somewhat by a reduction in State Appropriation revenue due to state budget reductions in response to the pandemic.

Other revenues, expenses, gains and losses which include non-recurring items such as capital appropriations and gifts were \$52.8 million in 2021 compared to \$75.4 million in 2020. The decrease of \$22.6 million was attributable to the donation of several athletic facilities to LSU from the Tiger Athletic Foundation in 2020 that did not recur in 2021.

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 \$166.6 million over 2020 (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 and retirees, and
- The net position and availability of assets for use by the System.

Current assets total \$1.3 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 \$918.8 million and consist primarily of deferred outflows related to changes in the pension liability, deferred outflows related to debt refunding, and deferred outflows related to other post-employment benefits liability. Current liabilities total \$549 million and consist mainly of accounts payable and accrued liabilities, unearned revenues, the current portion of bonds payable and other borrowings, amounts held in custody for others, the other post-employment benefits liability to be paid within one year, and a contingent amount for uncompensated absences.

Noncurrent assets total \$4.9 billion and include net capital assets of \$2.2 billion and other noncurrent assets of \$2.7 billion. The other noncurrent assets primarily include leases receivable of \$2.2 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 \$6 billion and include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; (3) the other postemployment benefits liability that will not be paid within one year; (4) the net pension liability; (5) unearned revenue; and (6) 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 \$280 million and consist primarily of changes in the net pension liability and the other post-employment benefits liability that will be recognized as inflows in future years.

Restricted nonexpendable net position totals \$176.5 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 \$349.5 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, 2021, and June 30, 2020 (restated), follows.

Louisiana State University System Statement of Net Position

	As of		Change	Percentage Change
	June 30, 2021	June 30, 2020 (Restated)		
Assets:				
Current assets	\$ 1,339,828,488	\$ 1,182,039,984	\$ 157,788,504	13.3%
Capital and intangible assets	2,167,842,441	2,134,289,980	33,552,461	1.6%
Other assets	2,732,061,542	2,736,853,319	(4,791,777)	(0.2%)
Total Assets	<u>6,239,732,471</u>	<u>6,053,183,283</u>	<u>186,549,188</u>	3.1%
Deferred Outflows of Resources:				
Deferred amounts on debt refunding	22,353,070	23,726,613	(1,373,543)	(5.8%)
OPEB-related deferred outflows of resources	384,673,267	408,407,431	(23,734,164)	-5.8%
Deferred outflows related to pensions	511,814,805	382,754,012	129,060,793	33.7%
Total Deferred Outflows of Resources	<u>918,841,142</u>	<u>814,888,056</u>	<u>103,953,086</u>	12.8%
Total Assets and Deferred Outflows of Resources	<u>7,158,573,613</u>	<u>6,868,071,339</u>	<u>290,502,274</u>	4.2%
Liabilities:				
Current liabilities	549,071,486	553,744,461	(4,672,975)	(0.8%)
Noncurrent liabilities	5,983,226,859	5,734,217,477	249,009,382	4.3%
Total Liabilities	<u>6,532,298,345</u>	<u>6,287,961,938</u>	<u>244,336,407</u>	3.9%
Deferred Inflows of Resources:				
OPEB-related deferred inflows of resources	214,971,812	273,735,089	(58,763,277)	(21.5%)
Deferred inflows related to pensions	64,586,267	126,228,199	(61,641,932)	(48.8%)
Total Deferred Inflows of Resources	<u>279,558,079</u>	<u>399,963,288</u>	<u>(120,405,209)</u>	(30.1%)
Total Liabilities and Deferred Inflows of Resources	<u>\$ 6,811,856,424</u>	<u>\$ 6,687,925,226</u>	<u>\$ 123,931,198</u>	1.9%
Net Position:				
Net investment in capital assets	\$ 1,490,824,142	\$ 1,435,111,607	\$ 55,712,535	3.9%
Restricted - nonexpendable	176,467,103	188,640,535	(12,173,432)	-6.5%
Restricted - expendable	349,469,644	320,370,772	29,098,872	9.1%
Unrestricted	<u>(1,670,043,700)</u>	<u>(1,763,976,801)</u>	<u>93,933,101</u>	5.3%
Total Net Position	<u>\$ 346,717,189</u>	<u>\$ 180,146,113</u>	<u>\$ 166,571,076</u>	92.5%

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, 2021, for the System indicates a net operating loss of \$634.9 million determined without including State appropriations, gifts, or investment earnings and before subtracting interest expenses on debt.

Operating revenues increased by \$185.3 million and operating expenses increased by \$209.9 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 (\$406 million), gifts (\$131 million), federal non-operating revenues (\$153 million), investment income (\$62 million), and other non-operating revenues (\$25.6 million), and after subtracting interest expense (\$28.8 million), the System had income before other revenues, expenses, gains, and losses of \$113.8 million.

The following table summarizes the System's operating revenues for the year ending June 30, 2021 with comparative totals for the year ended June 30, 2020, as restated.

Louisiana State University System Operating Revenues

	As of			Percentage
	June 30, 2021	June 30, 2020 (Restated)	Change	Change
Tuition and fees, net	\$ 541,578,259	\$ 511,378,385	\$ 30,199,874	5.9%
Federal appropriations	11,286,783	12,147,289	(860,506)	(7.1%)
Grants and contracts	1,048,777,510	909,034,438	139,743,072	15.4%
Sales and services of educational departments	255,656,381	203,731,064	51,925,317	25.5%
Auxiliary enterprises, net	183,088,125	226,157,798	(43,069,673)	(19.0%)
Hospital income	53,176,564	49,479,221	3,697,343	7.5%
Other	32,029,574	28,324,055	3,705,519	13.1%
Total operating revenues	\$ 2,125,593,196	\$ 1,940,252,250	\$ 185,340,946	9.6%

Operating Revenues

Operating revenues for the System totaled \$2.1 billion at June 30, 2021. Major components of operating revenues are grants and contracts, representing 49.3% of the total; net tuition and fees, representing 25.5% of the total; auxiliary revenues, representing 8.6% of the total; sales and services of educational departments, representing 12.0% of the total; and hospital income, representing 2.5%.

For 2021, net tuition and fee revenue increased due to student enrollment increases, expansion of on-line program offerings and other factors. Grants and contracts revenue increased because of the revenue generated from the Medicaid Managed Care Quality Incentive Program at the LSU Health Sciences Center New Orleans. Sales and services of educational departments revenue increased as a result of additional medical services provided in response to COVID-19. Auxiliary enterprise revenue decreased as a result of cancellation and modified attendance requirements at athletic events in response to COVID-19.

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, 2021	June 30, 2020 (restated)		
Operating revenues	\$ 2,125,593,196	\$ 1,940,252,250	\$ 185,340,946	9.6%
Operating expenses	2,760,444,341	2,550,509,273	209,935,068	8.2%
Operating loss	(634,851,145)	(610,257,023)	(24,594,122)	(4.0%)
Nonoperating revenues (expenses)	748,640,739	657,263,889	91,376,850	13.9%
Income before other revenues, expenses, gains, and losses	113,789,594	47,006,866	66,782,728	142.1%
Other revenues, expenses, gains, and losses	52,781,482	75,446,694	(22,665,212)	(30.0%)
Change in net position	166,571,076	122,453,560	44,117,516	36.0%
Net position at beginning of year - restated	180,146,113	57,692,553	122,453,560	(212.3%)
Net position at end of year	<u>\$ 346,717,189</u>	<u>\$ 180,146,113</u>	<u>\$ 166,571,076</u>	<u>92.5%</u>

Operating Expenses

Total operating expenses for the System amounted to approximately \$2.8 billion for the year ended June 30, 2021. Instruction expenses represented 27.0% of all operating expenses and represented the largest functional component. Other major components are research expenses, 12.0%; public service expenses, 25.4%; institutional support, 8.2%; operation and maintenance of plant, 7.6%; auxiliary enterprises, 6.5%; and academic support, 5.3%. Shown below in tabular format is a summary of the System's operating expenses for the fiscal year ended June 30, 2021, with comparative totals for the year ended June 30, 2020, as restated.

Louisiana State University System Operating Expenses

	As of		Change	Percentage Change
	June 30, 2021	June 30, 2020 (restated)		
Instruction	\$ 746,113,871	\$ 682,194,131	\$ 63,919,740	9.4%
Research	332,216,184	319,914,878	12,301,306	3.8%
Public service	702,126,368	596,403,787	105,722,581	17.7%
Academic support	145,119,141	142,138,380	2,980,761	2.1%
Student services	46,298,975	50,538,611	(4,239,636)	-8.4%
Institutional support	227,175,689	201,909,173	25,266,516	12.5%
Operation and maintenance of plant	208,384,901	198,563,458	9,821,443	4.9%
Scholarships and fellowships	87,952,227	78,334,450	9,617,777	12.3%
Auxiliary enterprises	179,138,859	196,337,226	(17,198,367)	(8.8%)
Hospital	85,918,126	84,175,179	1,742,947	2.1%
Total operating expenses	\$ 2,760,444,341	\$ 2,550,509,273	\$ 209,935,068	8.2%

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2021, the System had approximately \$2.2 billion invested in a broad range of capital assets including land, buildings and improvements, equipment, construction in progress, and infrastructure, which is net of accumulated depreciation of \$2.6 billion (see the following table).

Louisiana State University System Capital Asset Summary

	As of		Change	Percentage Change
	June 30, 2021	June 30, 2020 (restated)		
Land and Non-depreciable Easements	\$ 176,161,794	\$ 175,036,811	\$ 1,124,983	0.6%
Other Capital Assets:				
Buildings and Improvements	3,314,752,966	3,294,063,935	20,689,031	0.6%
Machinery and Equipment	1,036,622,582	1,028,272,547	8,350,035	0.8%
Infrastructure	43,905,535	43,905,535	-	0.0%
Intangible Assets	87,473,512	87,761,685	(288,173)	(0.3%)
Construction/Development in Progress	150,192,205	62,427,332	87,764,873	140.6%
Total cost of capital assets	4,809,108,594	4,691,467,845	117,640,749	2.5%
Less accumulated depreciation and amortization	(2,641,266,153)	(2,557,177,865)	(84,088,288)	3.3%
Capital assets, net	\$2,167,842,441	\$2,134,289,980	\$ 33,552,461	1.6%

Land and Non-depreciable Easements total \$176.2 million, while other capital assets net of accumulated depreciation total \$1.99 billion at June 30, 2021. The overall net increase in capital assets of \$33.6 million is largely a result of an increase in buildings and improvements and various projects under construction.

Major capital additions during 2021 included the Interim Louisiana Hospital Repurposing Project and the Clinical Sciences Research Building Mitigation Project both undertaken by LSU Health Sciences Center.

Long-Term Debt

At June 30, 2021, the System had \$365.5 million in bonds outstanding, \$94.7 million in compensated absence liabilities, \$335.9 million in capital lease obligations outstanding, \$2.1 billion in OPEB obligations, \$1.8 billion in pension obligations, and \$1.5 billion in unearned revenue. Bonds outstanding decreased \$20.2 million from June 30, 2020, mainly due to regular principal payments being made according to schedule.

The OPEB liability increased by approximately \$86.3 million from the amount as of June 30, 2020 largely due to changes in the actuarial assumptions used in estimating the cost of future benefits. The net pension liability increased approximately \$167 million, also because of changes in actuarial assumptions.

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, as the revenue forecast for the State is expected to see a continued boost in surplus dollars. An estimated \$670 million in surplus from fiscal year 2020-21 will be available to spend, and State economists have predicted continued improvement of revenue collections in the current fiscal year.

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 2021 Regular Session of the Louisiana Legislature, the Legislature approved milestone investments for State universities and colleges, totaling more than \$80 million. 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 funding enhancements for the merit-based scholarship program, Taylor Opportunity Program for Students ("TOPS"), and need-based program, GO Grants.

In October 2020, the Legislature reconvened for a Second Extraordinary Session, in which members voted to renew the operational autonomies granted to certain postsecondary education institutions, which 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 and Chief Financial 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, 2021

ASSETS

Current Assets:

Cash and cash equivalents (note 2)	\$226,081,475
Investments (note 3)	589,288,710
Receivables, net (note 4)	371,381,591
Due from State Treasury (note 14)	1,101,909
Due from Federal Government (note 4)	61,484,911
Inventories	6,738,418
Prepaid expenses and advances	28,670,994
Notes receivable	2,866,941
Leases receivable (note 12)	51,767,344
Other current assets	446,195
Total current assets	<u>1,339,828,488</u>

Noncurrent Assets:

Restricted Assets:

Cash and cash equivalents (note 2)	150,160,723
Investments (note 3)	289,479,608
Receivables, net (note 4)	2,134,504
Notes receivable	14,605,476
Other restricted assets	6,798,149
Investments (note 3)	78,528,350
Leases receivable (note 12)	2,190,133,542
Other noncurrent assets	221,190
Capital assets, net (note 5)	2,167,842,441
Total noncurrent assets	<u>4,899,903,983</u>

Total assets	<u>6,239,732,471</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on debt refunding	22,353,070
OPEB-related deferred outflows of resources (note 8)	384,673,267
Pension-related deferred outflows of resources (note 7)	511,814,805

Total deferred outflows of resources	<u>918,841,142</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$7,158,573,613</u></u>
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(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Statement of Net Position, June 30, 2021

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities (note 6)	\$167,682,018
Due to Federal Government	5,002,995
Unearned revenues	250,862,123
Amounts held in custody for others	9,508,804
Other liabilities (note 26)	19,171,127
Compensated absences (note 10 and 13)	7,517,579
Capital lease obligations (note 13)	3,534,494
Notes payable (note 13)	348,673
Bonds payable (note 13)	20,617,892
Total OPEB liability (note 8)	64,825,781
Total current liabilities	549,071,486

Noncurrent Liabilities:

Compensated absences payable (note 10 and 13)	87,213,494
Capital lease obligations (note 13)	332,388,892
Notes payable (note 13)	3,458,202
Bonds payable (note 13)	344,892,551
Total OPEB liability (note 8)	2,010,787,399
Net pension liability (note 7)	1,777,851,025
Unearned revenues (notes 12 and 13)	1,396,218,941
Other noncurrent liabilities (note 13)	30,416,355
Total noncurrent liabilities	5,983,226,859

Total liabilities

6,532,298,345

DEFERRED INFLOWS OF RESOURCES

OPEB-related deferred inflows of resources (note 8)	214,971,812
Pension-related deferred inflows of resources (note 7)	64,586,267
Total deferred inflows of resources	279,558,079

NET POSITION

Net investment in capital assets	1,490,824,142
Restricted	
Nonexpendable (note 15)	176,467,103
Expendable (note 15)	349,469,644
Unrestricted	(1,670,043,700)
Total net position	346,717,189

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND NET POSITION**

\$7,158,573,613

(Concluded)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

COMPONENT UNITS

Statement of Financial Position, June 30, 2021

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Sciences Foundation in Shreveport	Total Foundations
ASSETS				
Current Assets:				
Cash and cash equivalents (note 2)	\$30,954,229	\$13,534,428	\$2,367,115	\$46,855,772
Restricted cash and cash equivalents (note 2)	85,496,438	34,627,312		120,123,750
Investments (note 3)		21,889,925	10,816,736	32,706,661
Restricted investments (note 3)		3,912,706		3,912,706
Accrued interest receivable	100,160			100,160
Accounts receivable, net	1,016,042	3,364,160	190,274	4,570,476
Unconditional promises to give, net (note 23)	9,632,290	6,034,981	7,624,444	23,291,715
Deferred charges and prepaid expenses		195,917	23,920	219,837
Other current assets	75,324	6,819,873		6,895,197
Total current assets	127,274,483	90,379,302	21,022,489	238,676,274
Noncurrent Assets:				
Restricted assets:				
Cash and cash equivalents (note 2)		16,088,416	654,513	16,742,929
Investments (note 3)	644,875,226	114,735,177	262,198,090	1,021,808,493
Other	6,710,809			6,710,809
Investments (note 3)	12,953,862			12,953,862
Other receivables, net		2,313,797		2,313,797
Unconditional promises to give, net (note 23)	20,537,360	4,794,884	22,310,088	47,642,332
Property and equipment, net (note 5)	33,560,668	209,055,655	3,927,194	246,543,517
Other noncurrent assets	1,073,058	43,356,376		44,429,434
Total noncurrent assets	719,710,983	390,344,305	289,089,885	1,399,145,173
Total assets	\$846,985,466	\$480,723,607	\$310,112,374	\$1,637,821,447
Current Liabilities:				
Accounts payable and accrued liabilities	\$2,865,470	\$1,858,764	\$1,987,316	\$6,711,550
Amounts held in custody for others	30,147,600	2,552,482	91,652,825	124,352,907
Deferred revenues	16,360	27,858,349		27,874,709
Compensated absences payable	562,292			562,292
Other current liabilities		36,121		36,121
Current portion of notes payable	503,315	3,056,068		3,559,383
Current portion of bonds payable (note 13)		7,647,000		7,647,000
Total current liabilities	34,095,037	43,008,784	93,640,141	170,743,962
Noncurrent Liabilities:				
Amounts held in custody for others	118,840,418	613,258		119,453,676
Notes payable	13,990,503	13,636,436		27,626,939
Bonds payable (note 13)		126,194,244		126,194,244
Deferred revenues		30,017,905		30,017,905
Other noncurrent liabilities	1,833,393			1,833,393
Total noncurrent liabilities	134,664,314	170,461,843		305,126,157
Total liabilities	168,759,351	213,470,627	93,640,141	475,870,119
NET ASSETS				
Without donor restrictions	59,962,010	208,237,621	25,124,474	293,324,105
With donor restrictions	618,264,105	59,015,359	191,347,759	868,627,223
Total net assets	678,226,115	267,252,980	216,472,233	1,161,951,328
Total liabilities and net assets	\$846,985,466	\$480,723,607	\$310,112,374	\$1,637,821,447

*As of December 31, 2020

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, 2021

OPERATING REVENUES

Student tuition and fees	\$678,670,835
Less scholarship allowances	(137,092,576)
Net student tuition and fees	<u>541,578,259</u>
Federal appropriations	11,286,783
Federal grants and contracts	168,929,842
State and local grants and contracts	71,451,877
Nongovernmental grants and contracts	808,395,791
Sales and services of educational departments	255,656,381
Hospital income	53,176,564
Auxiliary enterprise revenues (including revenues pledged to secure debt per note 22)	209,711,371
Less scholarship allowances	(26,623,246)
Net auxiliary revenues	<u>183,088,125</u>
Other operating revenues	<u>32,029,574</u>
Total operating revenues	<u><u>2,125,593,196</u></u>

OPERATING EXPENSES

Educational and general:	
Instruction	746,113,871
Research	332,216,184
Public service	702,126,368
Academic support	145,119,141
Student services	46,298,975
Institutional support	227,175,689
Operation and maintenance of plant	208,384,901
Scholarships and fellowships	87,952,227
Auxiliary enterprises	179,138,859
Hospital	85,918,126
Total operating expenses (note 18)	<u><u>2,760,444,341</u></u>

Operating Loss (634,851,145)

(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, 2021

NONOPERATING REVENUES (EXPENSES)

State appropriations	\$405,950,471
Gifts	130,864,780
Federal nonoperating revenues	152,968,179
Net investment income	62,050,072
Interest expense	(28,755,858)
Other nonoperating revenues	25,563,095
	<u>748,640,739</u>
Income Before Other Revenues, Expenses, Gains, and Losses	113,789,594
Capital appropriations	30,810,583
Capital gifts and grants	17,574,580
Additions to permanent endowments	4,063,648
Other additions, net	332,671
	<u>166,571,076</u>
Change in Net Position	166,571,076
Net Position at Beginning of Year, Restated (Note 16)	<u>180,146,113</u>
Net Position at End of Year	<u><u>\$346,717,189</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, 2021

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Sciences Foundation in Shreveport	Total Foundations
Changes in net assets without donor restrictions:				
Operating activities				
Revenues:				
Contributions	\$1,087,841	\$1,603,596	\$161,440	\$2,852,877
Contract revenue		6,433,382		6,433,382
Investment earnings (loss), net	838,265	8,040,290	3,220,647	12,099,202
Service fees	1,384,036		800,072	2,184,108
Other revenues	27,831,052	13,836,867	17,600	41,685,519
Total revenues without donor restrictions	31,141,194	29,914,135	4,199,759	65,255,088
Net assets released from donor restrictions				
Satisfaction of purpose restrictions	36,022,243	10,916,391	16,140,430	63,079,064
Total operating revenues and other support	67,163,437	40,830,526	20,340,189	128,334,152
Expenses:				
Amounts paid to benefit Universities for:				
Projects specified by donors	37,071,051		15,308,759	52,379,810
Projects specified by the Board of Directors		17,411,680		17,411,680
Other:				
Property operations				
Other		11,435,870	-	11,435,870
Total program expenses	37,071,051	28,847,550	15,308,759	81,227,360
Supporting services:				
Salaries and benefits	3,550,218	2,919,333	460,158	6,929,709
Occupancy	149,852	217,273	27,183	394,308
Office operations	2,287,435	111,926	49,607	2,448,968
Travel	3,984	72,889	959	77,832
Professional services	788,695	106,893	103,454	999,042
Dues and subscriptions	19,220	28,652	4,128	52,000
Meetings and development	7,962	5,538	3,560	17,060
Depreciation	887,960		57,361	945,321
Other		337,067	86,054	423,121
Total supporting services	7,695,326	3,799,571	792,464	12,287,361
Fund-raising expenses	5,924,985	2,733,648	1,077,761	9,736,394
Total expenses	50,691,362	35,380,769	17,178,984	103,251,115
Excess operating revenues over expenses	16,472,075	5,449,757	3,161,205	25,083,037
Change in net assets without donor restrictions	16,472,075	5,449,757	3,161,205	25,083,037

* For the calendar year ending December 31, 2020

(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, 2021

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Sciences Foundation in Shreveport	Total Foundations
Changes in net assets with donor restrictions				
Contributions	\$44,835,988	\$10,032,864	\$34,340,390	\$89,209,242
Investment earnings (loss)	113,947,774	4,685,468	35,007,290	153,640,532
Changes in value of split interest agreement:	2,173,907			2,173,907
Net assets released from restriction:				
Satisfaction of purpose restrictions	(36,022,243)	(10,916,391)	(16,140,430)	(63,079,064)
Change in net assets with donor restrictions	<u>124,935,426</u>	<u>3,801,941</u>	<u>53,207,250</u>	<u>181,944,617</u>
Change in net assets	141,407,501	9,251,698	56,368,455	207,027,654
Net assets at beginning of year	<u>536,818,614</u>	<u>258,001,282</u>	<u>160,103,778</u>	<u>954,923,674</u>
Net assets at end of year	<u><u>\$678,226,115</u></u>	<u><u>\$267,252,980</u></u>	<u><u>\$216,472,233</u></u>	<u><u>\$1,161,951,328</u></u>

* For the calendar year ending December 31, 2020

(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, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$532,684,475
Federal appropriations	12,597,476
Grants and contracts	981,780,354
Sales and services of educational departments	272,018,798
Hospital income	54,702,886
Auxiliary enterprise receipts	188,473,620
Payments for employee compensation	(1,208,991,718)
Payments for benefits	(386,134,962)
Payments for utilities	(43,349,574)
Payments for supplies and services	(821,443,042)
Payments for scholarships and fellowships	(87,098,806)
Loans to students	(1,308,837)
Collection of loans to students	2,649,850
Other receipts	65,561,138
Net cash used by operating activities	<u>(437,858,342)</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES:**

State appropriations	438,636,095
Gifts and grants for other than capital purposes	167,324,953
Private gifts for endowment purposes	2,443,648
TOPS receipts	124,426,465
TOPS disbursements	(124,409,021)
FEMA receipts	525,855
FEMA disbursements	(2,940,377)
Direct lending receipts	332,199,457
Direct lending disbursements	(332,256,460)
CARES receipts	55,274,590
CARES disbursements	(54,172,934)
Other receipts	102,583,291
Net cash provided by noncapital financing activities	<u>709,635,562</u>

**CASH FLOWS FROM CAPITAL
FINANCING ACTIVITIES:**

Proceeds from issuance of debt	16,343,820
Capital gifts and grants received	8,292,899
Purchase of capital assets	(115,453,755)
Principal paid on capital debt and leases	(20,296,096)
Interest paid on capital debt and leases	(30,649,060)
Other sources	(275,689)
Net cash used by capital financing activities	<u>(142,037,881)</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, 2021**

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	\$204,224,829
Interest received on investments	29,578,041
Purchase of investments	(373,942,641)
Net cash used by investing activities	<u>(140,139,771)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (10,400,432)

CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR 386,642,630

CASH AND CASH EQUIVALENTS AT END OF THE YEAR \$376,242,198

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY
OPERATING ACTIVITIES:**

Operating loss	(\$634,851,145)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	125,121,639
Non-Employer contributing entity revenue	5,313,959
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
(Increase) in accounts receivable, net	(88,857,002)
Decrease in inventories	254,107
Decrease in prepaid expenses and other	3,785,364
Decrease in notes receivable	1,225,550
Decrease in deferred outflows related to OPEB	23,734,164
(Increase) in deferred outflows related to pensions	(129,060,793)
Decrease in other assets	279,099
Increase in accounts payable and accrued liabilities	40,638,716
Increase in unearned revenue	14,859,174
Increase in amounts held in custody for others	369,157
Increase in compensated absences	1,822,227
Increase in total OPEB liability	86,250,593
Increase in net pension liability	166,977,456
(Decrease) in deferred inflows related to OPEB	(58,763,277)
(Decrease) in deferred inflows related to pensions	(61,641,932)
Increase in other liabilities	64,684,602
Net cash used by operating activities	<u><u>(\$437,858,342)</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, 2021**

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

Cash and cash equivalents classified as current assets	\$226,081,475
Cash and cash equivalents classified as noncurrent assets	<u>150,160,723</u>

Cash and cash equivalents at end of the year	<u><u>\$376,242,198</u></u>
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**SCHEDULE OF NONCASH INVESTING, CAPITAL,
AND FINANCING ACTIVITIES:**

Capital appropriations	\$30,810,583
Amortized borrowing expense	(18,975)
Increase in fair market value of assets	28,543,813
Non-Employer contributing entity revenue	5,313,959
Capital gifts and grants	8,648,404
Transfers/disposal of capital assets	<u>(1,348,708)</u>
	<u><u>\$71,949,076</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. As state universities, operations of the universities' 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 as of the fourteenth class day for the System for the 2020 fall semester totaled approximately 55,961. As of December 13, 2020, the System had approximately 4,430 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, 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 (HCSD) and provide services exclusively to HCSD. HCSF is a nonprofit organization, incorporated in the State of Louisiana that provides support and appropriate services to the HCSD, 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 HCSD. 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 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, 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, 2021, the foundation made distributions to or on behalf of the university for both restricted and unrestricted purposes for \$37,071,051. 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, 2020, TAF made distributions to or on behalf of the university for both restricted and unrestricted purposes for \$17,411,680 with an additional \$994,734 from booster clubs and \$199,015 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 Sciences Foundation in Shreveport supports LSU-HSC Shreveport. During the year ended June 30, 2021, the foundation made distributions to or on behalf of the university for either restricted or unrestricted purposes for \$15,308,759. 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 for fiscal 2020-2021. 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 (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. 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 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*.

Discrete Component Units

The foundations follow the provisions of 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	\$ 1,061,703,600
Increases (Decreases)	
State general fund	15,550,000
Self-generated	35,959,940
Interagency transfers	150,847
Statutory dedications	<u>271,774</u>
Final budget	<u>\$ 1,113,636,161</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, and land improvements 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. 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 amounts received from grant and contract sponsors that have not yet been earned, advanced lease payments and capital leases accounted for as unearned revenues.

J. NONCURRENT LIABILITIES

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences, 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 difference between those 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, 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 position 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 position 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. ACCOUNTING CHANGES AND STANDARDS IMPLEMENTED

The System applied the provisions of GASB Technical Bulletin 2020-1 *Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Diseases*, which established accounting for certain aspects of CARES Act assistance, including recognition of revenue for Payroll Protection Program loan forgiveness, effects of subsequent amendments to the CARES Act, extraordinary and special items, and classification of revenues.

The LSU Foundation, one of the System's discretely presented component units, implemented Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principals of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized.

The LSU Foundation also adopted ASU 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, for the year ended June 30, 2021. This guidance modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement.

In August 2018, the FASB issued ASU 2018-03, *Fair Value Measurement (Topic 820), Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modify the disclosure requirements on fair value measurements. The Tiger Athletic Foundation adopted ASU 2018-03 during the year ended December 31, 2020. The adoption of this guidance did not have a material impact on the financial statements of the Tiger Athletic Foundation.

The System implemented GASB Statement No. 84, *Fiduciary Activities*, which established and updated standards for reporting for fiduciary activities. The System also adopted parts of Statement No. 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*, which included amendments to GASB 84. These standards had no significant effect to the system.

2. CASH AND CASH EQUIVALENTS

At June 30, 2021, the System has cash and cash equivalents (book balances) of \$376,242,198 as follows:

Petty Cash	\$ 293,030
Demand deposits	363,582,383
Certificates of deposit	18,600
Money market funds	11,147,045
Open-end mutual fund	313,064
Cash held in foundation bond funds	<u>888,076</u>
 Total	 <u>\$ 376,242,198</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, 2021, \$15,269,212 of the System's bank balance of \$415,385,467 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 totaling \$183,722,451, 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.

3. INVESTMENTS

At June 30, 2021, the System has investments totaling \$957,296,668.

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, 2021. 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:

Type of Investment	Total Value	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)
Negotiable CDs	\$ 100,494	\$ 100,494	\$ -	\$ -
Repurchase Agreements	1,174,383	1,174,383	-	-
U.S. Treasury Securities	58,548,740	48,578,428	9,970,312	-
Bonds and Notes:				
Federal National Mortgage Association	15,538,320	-	15,538,320	-
Federal Home Loan Bank	17,486,984	5,547,065	11,939,919	-
Federal Home Loan Mortgage Corporation	2,698,073	2,698,073	-	-
Federal Farm Credit Bank	51,572,024	3,117,204	48,454,820	-
Small Business Administration	1,887,582	-	1,887,582	-
World Bank Group	20,831,099	-	20,831,099	-
Collateralized Mortgage Obligations:				
Federal National Mortgage Association	11,112,331	-	11,112,331	-
Mortgage Backed Securities:				
Federal National Mortgage Association	9,308,221	12,119	9,296,102	-
Small Business Administration	2,569,722	-	2,569,722	-
Corporate debt obligations	203,524,494	47,348,613	156,175,881	-
Municipal obligations	190,177,228	19,843,418	170,333,810	-
Fixed income mutual funds	8,399,070	8,399,070	-	-
Equity:				
Equity mutual funds	20,835,365	20,102,206	733,159	-
Common and preferred stock	56,656,408	56,656,408	-	-
Other	3,831,774	3,831,774	-	-
Investments held through Foundation (commingled)	63,604,810	63,604,810	-	-
Investments held through Foundation (held separately):				
Mortgage Backed Securities:				
Money market mutual funds	60,739,503	60,739,503	-	-
Equity mutual funds	49,641,977	49,641,977	-	-
Fixed Income mutual funds	50,010,455	50,010,455	-	-
Other commingled funds - fixed income	4,128,758	-	4,128,758	-
JP Morgan Savings Account	4,328,028	4,328,028	-	-
Realty Investments	9,029,356	-	-	9,029,356
Total Investments by Fair Value Level	917,735,199	445,734,028	462,971,815	9,029,356
Investments Measured at Net Asset Value (NAV)				
Comingled funds held through foundation (net asset value)	36,601,412			
Investments Reported at Amounts Other than Fair Value				
Other:				
Interest Receivable	2,708,098			
BCMC Foundation Nonnegotiable Certificates of Deposit	251,959			
Total Investments	\$ 957,296,668			

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, 2021 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	\$ 36,601,412	\$ -	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, 2021.

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%	\$ 100,494	\$ 100,494	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	0.12%	1,174,383	1,174,383	-	-	-	-
U.S. Treasury Securities	6.12%	58,548,740	9,332,020	25,197,989	24,018,731	-	-
Bonds and Notes:							
Federal National Mortgage Association	1.62%	15,538,320	-	-	10,727,757	4,810,563	-
Federal Home Loan Bank	1.83%	17,486,984	-	3,946,085	13,540,899	-	-
Federal Home Loan Mortgage Corporation	0.28%	2,698,073	-	-	2,698,073	-	-
Federal Farm Credit Bank	5.39%	51,572,024	-	-	12,126,457	39,445,567	-
Small Business Administration	0.20%	1,887,582	-	-	1,887,582	-	-
World Bank Group	2.18%	20,831,099	-	-	9,726,623	11,104,476	-
Collateralized Mortgage Obligations:							
Federal National Mortgage Association	1.16%	11,112,331	-	-	-	11,112,331	-
Mortgage Backed Securities:							
Federal National Mortgage Association	0.97%	9,308,221	-	972,772	3,277,549	12,119	5,045,781
Small Business Administration	0.27%	2,569,722	-	2,180,616	389,106	-	-
Corporate debt obligations	21.26%	203,524,494	6,798,639	59,630,212	117,579,618	12,662,573	6,853,452
Municipal obligations	19.87%	190,177,228	2,015,504	15,303,496	101,908,122	50,155,101	20,795,005
Fixed income mutual funds	0.88%	8,399,070	114,111	4,321,251	3,963,708	-	-
Equity:							
Equity mutual funds	2.18%	20,835,365	-	-	-	-	-
Common and preferred stock	5.92%	56,656,408	-	-	-	-	-
Other	0.40%	3,831,774	-	-	-	-	-
Investments held through Foundation (commingled)	6.64%	63,604,810	-	-	-	-	-
Investments held through Foundation (held separately):							
Money market mutual funds	6.34%	60,739,503	-	-	-	-	-
Equity mutual funds	5.19%	49,641,977	-	-	-	-	-
Fixed income mutual funds	5.22%	50,010,455	1,099,696	6,149,195	42,761,564	-	-
Other commingled funds - fixed income	0.43%	4,128,758	795,899	3,001,024	244,192	87,643	-
JP Morgan Savings Account	0.45%	4,328,028	-	-	-	-	-
Realty Investments	0.94%	9,029,356	-	-	-	-	-
<u>Investments Measured at Net Asset Value (NAV)</u>							
Comingled funds held through foundation (net asset value)	3.82%	36,601,412	-	22,036,011	14,565,401	-	-
<u>Investments Reported at Amounts Other than Fair Value</u>							
Other:							
Interest Receivable	0.28%	2,708,098	-	-	-	-	-
BCMC Foundation Nonnegotiable Certificates of Deposit	0.03%	251,959	-	-	-	-	-
		<u>\$ 957,296,668</u>	<u>\$ 21,430,746</u>	<u>\$ 142,738,651</u>	<u>\$ 359,415,382</u>	<u>\$ 129,390,373</u>	<u>\$ 32,694,238</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	\$ 136,463,531
Fitch	A-	162,191
Fitch	A+	17,940,243
Fitch	AA	1,084,260
Fitch	AA-	3,798,820
Fitch	BBB	707,318
Moody's	A1	111,148
Moody's	A2	3,626,270
Moody's	A3	6,991,818
Moody's	Aa1	13,165,284
Moody's	Aa2	29,021,939
Moody's	Aa3	26,605,470
Moody's	AAA	24,745,059
S&P	A	16,420,015
S&P	A-	29,068,589
S&P	A+	13,346,486
S&P	A+f	1,762,012
S&P	AA	27,915,032
S&P	AA-	69,381,889
S&P	AA+	154,693,583
S&P	AAA	41,224,350
S&P	AAAm	11,430
S&P	BB	414,695
S&P	BBB	11,844,519
S&P	BBB+	17,653,023
Total		<u>\$ 648,158,974</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.

The System's concentration is as follows:

<u>Issuer</u>	<u>Amount</u>	<u>Percent of Total</u>
Federal Farm Credit Bank	\$ 51,572,024	5.39%

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 \$72.0 million invested in highly sensitive investments. Of this total, \$60.1 million is invested in variable and floating rate notes.

The variable and floating rate securities consist of \$47.1 million in corporate debt obligations and \$13.0 million in U.S. Government agency (Federal National Mortgage Association and Small Business Administration) bonds and notes. Variable and Floating 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 and floating 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 and floating rate notes may include a call feature. These variable and floating rate notes had coupons ranging from 0.43% to 4.58%. The maturity dates range from October 2023 to October 2038.

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, 2021, follows:

Type of Investment	LSU Foundation	Tiger Athletic Foundation*	LSU Health Sciences Foundation in Shreveport	Total Investments
Money markets/certificates of deposit	\$ -	\$ 4,665,031	\$ 180,227	\$ 4,845,258
Debt obligations	24,146,741	100,626,754	-	124,773,495
Corporate stocks, common stocks, and indexed mutual funds	5,905,710	31,413,319	-	37,319,029
Shaw Center for the Arts, LLC	12,953,862	-	-	12,953,862
Royalty interest	154,084	-	-	154,084
Mutual funds	210,995,747	-	193,619,037	404,614,784
Private equity	94,068,532	-	637,491	94,706,023
Hedged funds	237,672,926	-	-	237,672,926
Real estate	-	1,152,322	-	1,152,322
Real assets	-	991,845	-	991,845
Alternative investments	-	1,688,537	-	1,688,537
Municipal bonds	4,473,833	-	-	4,473,833
Separately managed accounts	67,457,653	-	-	67,457,653
Agency investments for LSUHSC Shreveport	-	-	78,578,071	78,578,071
Total Investments	<u>\$ 657,829,088</u>	<u>\$ 140,537,808</u>	<u>\$ 273,014,826</u>	<u>\$ 1,071,381,722</u>

*As of December 31, 2020

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 \$12,953,862 at June 30, 2021, 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	\$ 66,372,599	\$ (26,818)	\$ 66,399,417
Auxiliary enterprises	17,536,830	1,384	17,535,446
Contributions and gifts	2,853,577	-	2,853,577
Federal grants and contracts	61,696,126	211,215	61,484,911
State and private grants and contracts	227,496,264	2,593,667	224,902,597
Sales and services/other	42,055,002	511,340	41,543,662
Clinics	21,316,097	11,324,887	9,991,210
Hospital	24,660,231	19,871,596	4,788,635
Other - uncompensated care	5,501,551	-	5,501,551
Total	<u>\$ 469,488,277</u>	<u>\$ 34,487,271</u>	<u>\$ 435,001,006</u>

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance June 30, 2020	Prior Period Adjustment	Restated Balance June 30, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Capital assets not being depreciated							
Land	\$ 83,029,017	\$ 92,007,794	\$ 175,036,811	\$ 1,352,705	\$ -	\$ (227,722)	\$ 176,161,794
Capitalized collections	8,252,728	-	8,252,728	4,676,162	-	-	12,928,890
Construction-in-progress	62,427,332	-	62,427,332	99,524,530	(11,759,657)	-	150,192,205
Total capital assets not being depreciated	\$ 153,709,077	\$ 92,007,794	\$ 245,716,871	\$ 105,553,397	\$ (11,759,657)	\$ (227,722)	\$ 339,282,889
Capital assets being depreciated:							
Infrastructure	\$ 43,905,535	\$ -	\$ 43,905,535	\$ -	\$ -	\$ -	\$ 43,905,535
Less accumulated depreciation	(24,642,703)	-	(24,642,703)	(1,132,182)	-	-	(25,774,885)
Total infrastructure	19,262,832	-	19,262,832	(1,132,182)	-	-	18,130,650
Land improvements	143,346,684	-	143,346,684	204,886	872,678	(81,832)	144,342,416
Less accumulated depreciation	(88,823,883)	-	(88,823,883)	(4,890,828)	-	30,325	(93,684,386)
Total land improvements	54,522,801	-	54,522,801	(4,685,942)	872,678	(51,507)	50,658,030
Buildings	3,150,682,150	35,101	3,150,717,251	12,038,014	9,242,220	(1,586,935)	3,170,410,550
Less accumulated depreciation	(1,468,958,731)	-	(1,468,958,731)	(78,440,441)	-	1,218,094	(1,546,181,078)
Total buildings	1,681,723,419	35,101	1,681,758,520	(66,402,427)	9,242,220	(368,841)	1,624,229,472
Equipment (including library books)	1,018,756,917	1,262,902	1,020,019,819	42,005,215	1,644,759	(39,976,101)	1,023,693,692
Less accumulated depreciation	(887,175,172)	(178,373)	(887,353,545)	(40,463,199)	-	39,299,840	(888,516,904)
Total equipment	131,581,745	1,084,529	132,666,274	1,542,016	1,644,759	(676,261)	135,176,788
Software (internally generated and purchased)	84,419,337	-	84,419,337	195,093	-	(476,328)	84,138,102
Other intangibles	3,342,348	-	3,342,348	14,439	-	(21,377)	3,335,410
Less accumulated amortization - software	(84,281,823)	-	(84,281,823)	(194,989)	-	485,092	(83,991,720)
Less accumulated amortization - other intangibles	(3,117,180)	-	(3,117,180)	-	-	-	(3,117,180)
Total intangible assets	362,682	-	362,682	14,543	-	(12,613)	364,612
Total capital assets being depreciated	\$ 1,887,453,479	\$ 1,119,630	\$ 1,888,573,109	\$ (70,663,992)	\$ 11,759,657	\$ (1,109,222)	\$ 1,828,559,552
Capital asset summary:							
Capital assets not being depreciated	\$ 153,709,077	\$ 92,007,794	\$ 245,716,871	\$ 105,553,397	\$ (11,759,657)	\$ (227,722)	\$ 339,282,889
Other capital assets, at cost	4,444,452,971	1,298,003	4,445,750,974	54,457,647	11,759,657	(42,142,573)	4,469,825,705
Total cost of capital assets	4,598,162,048	93,305,797	4,691,467,845	160,011,044	-	(42,370,295)	4,809,108,594
Less accumulated depreciation and amortization	(2,556,999,492)	(178,373)	(2,557,177,865)	(125,121,639)	-	41,033,351	(2,641,266,153)
Capital assets, net	\$ 2,041,162,556	\$ 93,127,424	\$ 2,134,289,980	\$ 34,889,405	\$ -	\$ (1,336,944)	\$ 2,167,842,441

COMPONENT UNITS

	Balance June 30, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Capital assets not being depreciated					
Land	\$ 8,014,433	\$ 518,634	\$ -	\$ (270,000)	\$ 8,263,067
Capitalized collections	4,218,976	-	-	-	4,218,976
Construction-in-progress	11,079,670	10,336,035	(12,042,054)	(353,668)	9,019,983
Total Capital assets not being depreciated	\$ 23,313,079	\$ 10,854,669	\$ (12,042,054)	\$ (623,668)	\$ 21,502,026
Other capital assets:					
Land improvements	\$ 9,341,755	\$ -	\$ 143,094	\$ -	\$ 9,484,849
Less accumulated depreciation	(1,643,203)	(246,845)	-	-	(1,890,048)
Total land improvements	7,698,552	(246,845)	143,094	-	7,594,801
Buildings	284,346,580	1,767,847	3,749,021	(1,880,346)	287,983,102
Less accumulated depreciation	(63,807,869)	(8,846,022)	-	1,880,346	(70,773,545)
Total buildings	220,538,711	(7,078,175)	3,749,021	-	217,209,557
Equipment	2,985,269	78,016	-	(73,950)	2,989,335
Less accumulated depreciation	(2,546,761)	(279,390)	-	73,949	(2,752,202)
Total equipment	438,508	(201,374)	-	(1)	237,133
Total other capital assets	\$ 228,675,771	\$ (7,526,394)	\$ 3,892,115	\$ (1)	\$ 225,041,491
Capital asset summary:					
Capital assets not being depreciated	\$ 23,313,079	\$ 10,854,669	\$ (12,042,054)	\$ (623,668)	\$21,502,026
Other capital assets, at cost	296,673,604	1,845,863	3,892,115	(1,954,296)	300,457,286
Total cost of capital assets	319,986,683	12,700,532	(8,149,939)	(2,577,964)	321,959,312
Less accumulated depreciation	(67,997,833)	(9,372,257)	-	1,954,295	(75,415,795)
Capital assets, net	\$ 251,988,850	\$ 3,328,275	\$ (8,149,939)	\$ (623,669)	\$ 246,543,517

6. DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2021, were as follows:

<u>Activity</u>	<u>Amount</u>
Vendors	\$ 71,809,168
Salaries and benefits	63,787,408
Accrued interest	85,805
Other payables	31,999,637
Total	\$ 167,682,018

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	30 years any age
	25 years age 55	25 years age 55
	20 years any age ²	20 years any age ²
	5 years age 60	5-10 years age 60 ⁶
	5 years age 62 ⁷	5 years age 62 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, 2021, for the System and covered employees were as follows:

	<u>System</u>	<u>Employees</u>
Teachers' Retirement System:		
Higher Ed Regular Plan	25.00%	8.00%
K-12 Regular Plan	25.80%	8.00%
State Employees' Retirement System	40.10%	7.50% - 8.00%

The LSU System's contributions made to the Retirement Systems for 2021, which equaled the required contributions, were as follows:

Teachers' Retirement System:	
Regular Plan	\$ 157,899,096
State Employees' Retirement System	\$ 41,183,847

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 2021 is \$5,313,959.

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, 2020, measurement date. The System uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2021, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2020, along with the change compared to the June 30, 2019, 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, 2021 (measured as of June 30, 2020)	Rate at June 30, 2020	Increase (Decrease) to June 30, 2019 Rate
Teachers' Retirement System	\$ 1,369,842,767	12.31%	(0.14%)
State Employees' Retirement System	408,008,258	4.93%	(0.25%)
	<u>\$ 1,777,851,025</u>		

The following schedule lists the System's recognized pension expense for the year ended June 30, 2021, for each of the pension plans:

Teachers' Retirement System	\$ 149,333,057
State Employees' Retirement System	31,338,576
	<u>\$ 180,671,633</u>

At June 30, 2021, 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	\$ -	\$ -	\$ -
Changes of assumptions	81,492,069	1,305,496	82,797,565
Net difference between projected and actual earnings on pension plan investments	105,743,699	59,642,989	165,386,688
Changes in proportion	58,281,156	66,883	58,348,039
Differences between contributions and proportionate share of contributions	5,984,189	215,381	6,199,570
Employer contributions subsequent to the measurement date	157,899,096	41,183,847	199,082,943
Total	<u>\$ 409,400,209</u>	<u>\$ 102,414,596</u>	<u>\$ 511,814,805</u>
Deferred Inflows:			
Differences between expected and actual experience	\$ (21,989,018)	\$ (3,918,362)	\$ (25,907,380)
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion	(25,022,828)	(8,575,850)	(33,598,678)
Differences between contributions and proportionate share of contributions	(4,762,329)	(317,880)	(5,080,209)
Total	<u>\$ (51,774,175)</u>	<u>\$ (12,812,092)</u>	<u>\$ (64,586,267)</u>

The amount reported in the above table totaling \$199,082,943 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2022.

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

Year	TRSL	LASERS	Total
2022	\$32,224,187	(\$1,015,176)	\$31,209,011
2023	62,395,441	17,199,895	79,595,336
2024	65,713,382	18,431,205	84,144,587
2025	39,393,928	13,802,733	53,196,661
	<u>\$199,726,938</u>	<u>\$48,418,657</u>	<u>\$248,145,595</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, 2020, is as follows:

	TRSL	LASERS																		
Valuation Date	June 30, 2020	June 30, 2020																		
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	7.45% net of investment expenses (decreased from 7.55% in 2019)	7.55% net of investment expenses (decreased from 7.60% in 2019)																		
Inflation Rate	2.3% per annum (decreased from 2.5% in 2019)	2.3% per annum (decreased from 2.5% in 2019)																		
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%																		
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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 8.17% for 2020.</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 8.25% for 2020.</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, 2020:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	TRSL	LASERS	TRSL	LASERS
Cash	-	-	-	-0.59%
Domestic equity	27.00%	23.00%	4.60%	4.79%
International equity	19.00%	32.00%	5.54%	5.83%
Domestic fixed income	13.00%	6.00%	0.69%	1.76%
International fixed income	5.50%	10.00%	1.50%	3.98%
Alternative investments		29.00%		6.69%
Risk parity		0.00%		4.20%
Private assets	25.50%		8.62%	
Other private assets	10.00%		4.45%	
Total	<u>100%</u>	<u>100%</u>		

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 7.45% for TRSL and 7.55% for LASERS for the year ended June 30, 2020. In fiscal year 2021, the LASERS Board and TRSL Board adopted additional reductions to the discount rate beyond the original plan and a 7.40% rate was used to determine the projected actuarially required contribution rates for the 2021/2022 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	6.45%	7.45%	8.45%
Share of NPL	\$ 1,788,214,021	\$ 1,369,842,767	\$1,017,655,592
LASERS			
Rates	6.55%	7.55%	8.55%
Share of NPL	\$ 501,378,668	\$ 408,008,258	\$ 328,773,171

Payables to the Pension Plans

The System recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2021, 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, 2021, is as follows:

TRSL	\$ 16,861,800
LASERS	3,645,110
	<u>\$ 20,506,910</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 2021 totaled \$94,183,888. Employee contributions totaled \$27,025,662. The active member and employer contribution rates were 8% and 6.2%, respectively, with an additional employer contribution of 21.8% 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:

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 are 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. 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, 2021, 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
Health Plan	June 30, 2021 / January 1, 2020	\$ 1,324,864,827	90.058%	(0.1040%)	\$ 29,391,952
OGB	July 1, 2020 / July 1, 2020	750,748,353	9.0619%	(0.3283%)	35,433,829
		<u>\$ 2,075,613,180</u>			<u>\$ 64,825,781</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, 2021 for each of the OPEB plans:

LSU Health Plan	\$ 104,684,896
State OGB Plan	<u>(1,546,486)</u>
Total	<u>\$ 103,138,410</u>

At June 30, 2021, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	LSU Health Plan	State OGB Plan	Total
Deferred Outflows:			
Changes of assumptions	\$ 287,075,924	\$ 19,628,086	\$ 306,704,010
Differences between expected and actual experience	-	17,266,138	17,266,138
Difference between actual OPEB payments and proportionate share of OPEB payments	-	17,780,730	17,780,730
Change in proportion	-	7,488,560	7,488,560
OPEB benefit payments made subsequent to the measurement date	-	35,433,829	35,433,829
Total	<u>\$ 287,075,924</u>	<u>\$ 97,597,343</u>	<u>\$ 384,673,267</u>
Deferred Inflows:			
Differences between expected and actual experience	\$ (68,521,711)	\$ (1,444,993)	\$ (69,966,704)
Change in proportion	-	(51,345,518)	(51,345,518)
Changes of assumptions	(21,168,897)	(71,841,008)	(93,009,905)
Difference between actual OPEB payments and proportionate share of OPEB payments	-	(649,685)	(649,685)
Total	<u>\$ (89,690,608)</u>	<u>\$ (125,281,204)</u>	<u>\$ (214,971,812)</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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year	LSU Health Plan	State OGB Plan	Total
2022	\$ 40,853,798	\$ (33,444,166)	\$ 7,409,632
2023	40,853,798	(24,303,297)	16,550,501
2024	43,209,943	(7,644,153)	35,565,790
2025	45,646,221	2,273,926	47,920,147
2026	25,533,031	-	25,533,031
2027	1,288,525	-	1,288,525
	<u>\$ 197,385,316</u>	<u>\$ (63,117,690)</u>	<u>\$ 134,267,626</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:

	1.0% Decrease	Current Discount Rate	1.0% Increase
<u>LSU Health Plan</u>			
Rates	1.16%	2.16%	3.16%
Total OPEB liability	\$1,641,325,790	\$1,324,864,827	\$1,087,506,014
<u>State OGB Plan</u>			
Rates	1.66%	2.66%	3.66%
Total OPEB liability	\$866,485,731	\$750,748,353	\$658,006,103

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	4.5% decreasing to 3.5%	5.5% decreasing to 4.5%	6.5% decreasing to 5.5%
Post-65 Rates	3.5%	4.5%	5.5%
Total OPEB liability	\$1,075,100,598	\$1,324,864,827	\$1,656,414,248
<u>State OGB Plan</u>			
Pre-65 Rates	5.75% decreasing to 3.5%	6.75% decreasing to 4.5%	7.75% decreasing to 5.5%
Post-65 Rates	4.25% decreasing to 3.5%	5.25% decreasing to 4.5%	6.25% decreasing to 5.5%
Total OPEB liability	\$663,898,034	\$750,748,353	\$859,713,059

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, 2021	July 1, 2020
Actuarial valuation date	January 1, 2020	July 1, 2020
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	6.6 years for 2021 and 2020 measurement and 6.7 years for 2019 measurement	4.5 years 2020 through 2018 measurement and 4.48 years for 2017 measurement
Discount rate	2.16% (decreased from 2.21% in 2020) Source: Bond Buyer 20 - Bond Go Index	2.66% for July 1, 2020 measurement (decreased from 2.79% in 2019) Source: S&P 20-year municipal bond index rate.
Healthcare cost trend rate(s)	Pre 65 medical/Rx benefits: 5.5% select rate, decreasing .5% annually to an ultimate rate of 4.5% Post Medicare benefits 4.5% select rate and ultimate rate	Medical and drug pre-65: 6.75% through 2021 and decreasing .25% from 2021 through 2029 to an ultimate rate of 4.5% Medical and drug post-65: 5.25% through 2021 and decreasing .25% from 2021 through 2024 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	2.0 % per annum	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	2.5% based on the consumer price index	2.80% based on the consumer price index
Mortality	Non-Disabled Lives: Pub-2010 mortality table with generational scale MP-2019 Disabled Lives: Pub-2010 disabled mortality rates with generational MP-2019 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 December 31, 2019.</p> <p>The excise tax was eliminated after it was repealed in December 2019.</p>	<p>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 assumptions were also updated based on the experience study, including the medical and life participation rates in the table above, the age difference between future retirees and their spouses, and medical plan election percentages.</p> <p>Baseline per capita costs were updated to reflect 2020 claims and enrollment and retiree contributions were updated based on 2021 premiums. 2020 medical claims and enrollment were reviewed by not included in the projection of expected 2021 plan costs due to the COVID-19 pandemic which resulted in 2020 medical claims experience which is not reflective of what is expected in future years.</p>										
Health Claim Costs	<p>Expected retiree claim costs were developed using 24 months of historical claim experience through December 2019 for Option 1. For Option 3, per capita health claim costs are developed by applying age adjustments to the current fully insured premiums. The annual age 60 and 70 claim costs for retirees and their spouses are provided in the table below.</p> <table border="0" style="width: 100%;"> <tr> <td style="text-align: left;">Per Capita</td> <td style="text-align: right;">Age 70</td> </tr> <tr> <td style="text-align: center;"><u>Cost</u></td> <td style="text-align: center;"><u>Age 60</u> <u>Age 70 (no medicare)</u></td> </tr> <tr> <td>Option 1</td> <td style="text-align: right;">12,130 5,000 16,700</td> </tr> <tr> <td>Option 3</td> <td style="text-align: right;">11,000 4,500 5,200</td> </tr> </table>	Per Capita	Age 70	<u>Cost</u>	<u>Age 60</u> <u>Age 70 (no medicare)</u>	Option 1	12,130 5,000 16,700	Option 3	11,000 4,500 5,200	<p>Per capita costs for the self-insured plans were based on prescription claims for the period January 1, 2019 through December 31, 2020 and medical claims for the period January 1, 2018 through December 31, 2019, trended to the valuation date, and adjusted for incurred but not reported claims using completion factors based on prior year data. Per capita costs for fully-insured plans were based on calendar year 2021 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	12,130 5,000 16,700											
Option 3	11,000 4,500 5,200											
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 86% of 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>	<p>The percentage of employees and their dependents eligible for early retiree benefits that will participate in the retiree medical plan is outlined in the table below. Active participants who have been covered continuously under the 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="width: 100%;"> <tr> <td style="text-align: left;"><u>Years of Service</u></td> <td style="text-align: right;"><u>July 1, 2020 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, 2020 Valuation</u>	Under 10 years	33%	10 - 14 years	60%	15 - 19 years	80%	20 + years	88%
<u>Years of Service</u>	<u>July 1, 2020 Valuation</u>											
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 60 lawsuits that are handled by contract attorneys at June 30, 2021. The attorneys have estimated a reasonably possible unfavorable outcome to the System of \$2,706,821 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 ORM. LSU A&M is now 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 \$120,245,387. 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
2018-19	\$9,532,000	\$119,229,110	(\$118,197,266)	\$558,156	\$11,122,000
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

10. COMPENSATED ABSENCES

At June 30, 2021, employees of the System have accumulated and vested annual, sick, and compensatory leave benefits of \$61,952,415, \$32,509,228, and \$269,430, respectively, which were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

11. OPERATING LEASES

For the year ended June 30, 2021, the total rental expenses for all operating leases, except those with terms of a month or less that were not renewed is \$15,640,656. The following is a schedule by years of future minimum annual rental payments required under operating leases that have initial or non-cancelable lease terms in excess of one year as of June 30, 2021:

Nature of Operating Lease	Fiscal Year						
	2022	2023	2024	2025	2026	2027-2031	2032-3036
Office space	\$ 11,849,176	\$ 11,129,052	\$ 11,002,954	\$ 10,548,378	\$ 9,697,389	\$ 46,491,854	\$ 43,526,880
Equipment	525,538	75,994	51,166	-	-	-	-
Land	142,690	142,690	132,381	132,381	132,381	661,905	661,905
Other	2,625,161	2,604,431	2,591,631	2,551,631	2,322,656	11,592,655	-
Total	\$ 15,142,565	\$ 13,952,167	\$ 13,778,132	\$ 13,232,390	\$ 12,152,426	\$ 58,746,414	\$ 44,188,785

Nature of Operating Lease	Fiscal Year						Total Future
	2037-2041	2042-2046	2047-2051	2052-2056	2057-2061	2062-2066	Minimum Rental Payments
Office space	\$ 43,526,880	\$ 10,881,720	\$ -	\$ -	\$ -	\$ -	\$ 198,654,283
Equipment	-	-	-	-	-	-	652,698
Land	661,905	661,905	661,905	661,905	661,905	308,889	5,624,747
Other	-	-	-	-	-	-	24,288,165
Total	\$ 44,188,785	\$ 11,543,625	\$ 661,905	\$ 661,905	\$ 661,905	\$ 308,889	\$ 229,219,893

The lease agreements 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.

Operating Leases – Component Units

LSU Foundation - The Foundation Office Building, LLC entered into a ground lease agreement with the LSU Board of Supervisors in May 2015 to lease the land occupied by the LSU Foundation Center for Philanthropy. The term of the agreement is 40 years with two successive options to renew the lease for 30 and 25 years for a total of 95 consecutive years. The annual

rent payments are \$5,000 for the first 40 years, \$7,000 for the first renewal term, and \$9,000 for the second renewal term.

Louisiana State University (“LSU”) executed a ground lease with Nicholson Gateway Project, LLC (“NGP”, wholly owned subsidiary of the LSU Foundation) to develop student housing and retail space on LSU’s campus. In furtherance of development, NGP subleased the property to Provident Group – Flagship Properties, LLC (“Provident”). The lease commenced in September 2016 and expires on the fortieth anniversary of the commencement date. Annual lease payments of \$2 million shall be paid during year three through seven of the lease. Commencing in year eight through the remainder of the term, the ground rent will be adjusted by actual CPI at the beginning of each year.

LSU Health Sciences Foundation in Shreveport - LSU Health Sciences Foundation in Shreveport (the Foundation) leases office space under an operating lease which expires on January 3, 2022. In addition, the Foundation leases a copier/printer/scanner under an operating lease which expires on November 30, 2024. Included in management and general and fundraising expense is \$73,307 in rent and equipment rental expense for the year ended June 30, 2021.

12. LESSOR LEASES

Operating Leases

The System’s operating leases consist primarily 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 mineral leases. As noted previously, the System has entered into public/private partnerships for the management of its hospitals, and in some cases those partnerships included leasing of the associated assets.

The following schedule provides an analysis of the cost and carrying amount of the System’s investment in property on operating leases and property held for lease as of June 30, 2021:

<u>Nature of Lease</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Office space	\$ 733,005	\$ (528,285)	\$ 204,720
Buildings	288,380,587	(218,196,742)	70,183,845
Equipment	141,222,886	(135,974,455)	5,248,431
Land and Land Improvements	2,930,688	(2,872,873)	57,815
Total	<u>\$ 433,267,166</u>	<u>\$ (357,572,355)</u>	<u>\$ 75,694,811</u>

The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of June 30, 2021:

Fiscal year ending June 30,	Office Space	Buildings	Equipment	Land	Other	Total
2022	\$ 441,827	\$ 36,966,572	\$ 1,282,757	\$ 847,763	\$ 400,920	\$ 39,939,839
2023	227,171	28,590,200	1,127,354	777,399	127,343	30,849,467
2024	197,093	24,661,167	-	777,399	64,003	25,699,662
2025	134,563	19,403,622	-	799,149	57,199	20,394,533
2026	122,093	17,057,736	-	785,559	-	17,965,388
2027-2031	-	7,266,150	-	3,606,122	-	10,872,272
2032-2036	-	7,316,150	-	2,337,311	-	9,653,461
2037-2041	-	7,329,900	-	6,240,457	-	13,570,357
2042-2046	-	7,384,900	-	12,138,857	-	19,523,757
2047-2051	-	7,400,025	-	6,609,356	-	14,009,381
2052-2056	-	5,887,810	-	749,892	-	6,637,702
2057-2061	-	848,513	-	371,050	-	1,219,563
2062-2066	-	915,063	-	37,350	-	952,413
2067-2071	-	933,364	-	36,340	-	969,704
2072-2076	-	1,006,569	-	32,300	-	1,038,869
2077-2081	-	1,026,700	-	32,300	-	1,059,000
2082-2086	-	1,107,226	-	32,300	-	1,139,526
2087-2091	-	1,129,370	-	21,730	-	1,151,100
2092-2096	-	1,217,948	-	150	-	1,218,098
2097-2101	-	1,242,307	-	-	-	1,242,307
Total	<u>\$ 1,122,747</u>	<u>\$178,691,292</u>	<u>\$ 2,410,111</u>	<u>\$ 36,232,784</u>	<u>\$ 649,465</u>	<u>\$ 219,106,399</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume, customer usage of services provided, or the drilling operations on mineral leases. Contingent rentals amounted to \$913,463 for the year ended June 30, 2021.

Direct Financing Type Lease

A lease is classified as a direct financing type lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectability of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of unreimbursable costs yet to be incurred by the lessor under the lease.

The System has entered into a lease agreement with the Academic Medical Center in New Orleans (AMCNO) for its hospital building and its Ambulatory Care Building & Garage. The term of the hospital lease agreement is from April 24, 2015, to April 23, 2055. As direct-financing type leases, the System records the lease payments as receivables and that portion of

capital lease payments attributable to interest income as unearned revenue. Lease payments for the ACMNO Ambulatory Care Building & Garage have been prepaid and, therefore are not recorded as a receivable.

	<u>Date of Lease</u>	<u>Minimum Lease Payments Receivables</u>	<u>Remaining Interest to End of Lease</u>	<u>Remaining Principal to End of Lease</u>
Minimum Lease payments - building	4/24/2015	\$ 2,241,900,886	\$1,452,796,309	\$ 789,104,577
Less - amounts representing executor costs		-		
Minimum lease payments receivables		<u>2,241,900,886</u>		
Less - allowance for uncollectibles		-		
Net Minimum lease payments receivables		<u>2,241,900,886</u>		
Estimated residual value of leased property		-		
Subtotal		<u>2,241,900,886</u>		
Less - unearned revenue		<u>(1,452,796,309)</u>		
Net investment in direct financing-type leases		<u>\$ 789,104,577</u>		

For fiscal year 2021, the increase in the CPI resulted in total contingent rentals related to the UCMCMC Hospital Building capital lease totaling \$6,673,427, all of which is reported in other non-operating revenues.

The following is a schedule by year of minimum lease receivables as of June 30, 2021:

<u>Year</u>	
2022	\$ 51,767,345
2023	62,584,470
2024	62,584,470
2025	62,584,470
2026	62,584,470
2027-2031	312,922,352
2032-2036	321,019,190
2037-2041	347,048,750
2042-2046	347,048,750
2047-2051	347,048,750
2052-2056	<u>264,707,869</u>
Total	<u>\$ 2,241,900,886</u>

Unearned Revenue

In connection with the lease mentioned above, other amounts are also accounted for as unearned revenue in relation to this lease transaction as further described herein. Unearned Revenues included within Statement of Net Position in the current and noncurrent portions of long-term liabilities total \$1,478,441,039 and are related to the public/private partnerships as discussed in the Introduction and note 25 of the Notes to the Financial Statements: (1) \$25,644,730 for advance operating lease payments for the final periods of the leases and (2) \$1,452,796,309 for the Academic Medical Center in New Orleans (AMCNO) Hospital building capital lease. The AMCNO is under the management of Louisiana Children's Medical Center (LCMC). The 40-year Cooperative Endeavor Agreement between LSU and LCMC, effective April 24, 2015, resulted in a capital lease for the new hospital, as well as advance payment on the new ACB and Garage. Per Act 601 of the 2016 Regular Session, the hospital and equipment lease payments are deposited with the State Treasury into the State General Fund.

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, 2021:

System

	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Debt payable:					
Bonds payable	\$ 385,715,576	\$ -	\$ (20,205,133)	\$ 365,510,443	\$ 20,617,892
Direct borrowings or placements:		-	-		-
Capital lease obligations	329,048,762	-	(117,192)	328,931,570	122,678
Notes payable	3,605,439	3,806,875	(3,605,439)	3,806,875	348,673
Subtotal	718,369,777	3,806,875	(23,927,764)	698,248,888	21,089,243
Other liabilities:					
Capital lease obligations	10,228,632	-	(3,236,816)	6,991,816	3,411,816
Compensated absences payable	92,892,721	5,124,400	(3,286,048)	94,731,073	7,517,579
Unearned revenues *	1,562,082,923	-	(83,641,884)	1,478,441,039	82,222,098
Other liabilities	575,263	30,321,817	(480,725)	30,416,355	-
Subtotal	1,665,779,539	35,446,217	(90,645,473)	1,610,580,283	93,151,493
Total long-term liabilities	\$ 2,384,149,316	\$ 39,253,092	\$ (114,573,237)	\$ 2,308,829,171	\$ 114,240,736

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

*Not all current unearned revenues are related to the long-term balances. Only those related are presented in this note.

**Prior period adjustment for HCSD related to unearned revenue.

Notes Payable – Direct Borrowings and Placements

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2020</u>	<u>Redeemed/ Issued</u>	<u>Outstanding June 30, 2021</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Future Interest Payments June 30, 2021</u>
LSU								
TUFF LSU Management	August 1, 2016	\$ 1,669,275	\$ 1,625,642	\$ (1,625,642)	\$ -	2047	6%	\$ -
CAMPUS Federal Credit Union	April 23, 2020	\$ 4,000,000	\$ -	\$ 3,806,875	\$ 3,806,875	2030	3.5%	\$ 663,574
LSU Health Sciences Center in New Orleans								
PPP Note Payable	April 2020	1,979,797	1,979,797	(1,979,797)	-	2022	1%	-
Total		<u>\$ 7,649,072</u>	<u>\$ 3,605,439</u>	<u>\$ 201,436</u>	<u>\$ 3,806,875</u>			<u>\$ 663,574</u>

Subject to the terms of the TUFF LSU Management Credit Agreement, TUFF LSU Management, LLC (TUFF), a related party, established a credit facility in favor of the LSU Research Foundation at any one time outstanding not to exceed in an aggregate principal amount of \$2,500,000. Within the limits of the credit facility, RTF may borrow, repay, and reborrow under the terms of this agreement during the term. TUFF's notes payable contain provisions for events of default that include the following events:

1. RTF shall fail to make any payment of principal or interest payable under the Promissory Note or under this Agreement within five (5) days after the due date thereof; or
2. Any representation or warranty of RTF shall be untrue in any material respect.

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.

In April 2020, LSUHN obtained a loan totaling \$1,979,797 from a financial institution pursuant to the terms of the Payroll Protection Program (PPP) authorized by the CARES Act. Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. LSUHN applied for forgiveness with the lender and received forgiveness of \$1,979,797 in principal and \$18,128 in interest from the Small Business Administration (SBA) in March 2021. The amount of loan forgiveness is reported as a component of non-operating income for the year ended June 30, 2021. The SBA may undertake a review of the loan of any size during the six-year period following forgiveness or repayment of the loan. The review may include the loan forgiveness application, as well as whether LSUHN received the proper loan amount.

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, 2021, including future interest payments, follow:

Issue	Date of Issue	Original Issue	Outstanding July 1, 2020	Redeemed/ Issued	Outstanding June 30, 2021	Maturities	Issued Interest Rates	Future Interest Payments June 30, 2021
LSU								
2012 Auxiliary Revenue Bonds	August 7, 2012	\$ 41,615,000	\$ 31,335,000	\$ (1,925,000)	\$ 29,410,000	2034	2% to 5%	\$ 7,583,150
2013 Auxiliary Revenue Bonds	April 25, 2013	101,180,000	48,840,000	(2,305,000)	46,535,000	2043	3% to 5%	27,980,000
2014 Auxiliary Revenue Bonds	October 16, 2014	81,880,000	70,775,000	(2,860,000)	67,915,000	2036	3% to 5%	26,411,088
2016A Auxiliary Revenue Bonds	November 15, 2016	137,000,000	115,400,000	(5,710,000)	109,690,000	2040	3.5% to 5%	45,518,225
2016B Auxiliary Revenue Bonds	November 15, 2016	16,320,000	10,980,000	(1,355,000)	9,625,000	2030	1.15% to 3.45%	1,308,987
2019 Auxiliary Revenue Refunding Bonds	December 18, 2019	72,355,000	71,370,000	(1,415,000)	69,955,000	2040	1.904% to 3.28%	23,241,699
LSU Health Sciences Center in New Orleans								
2013 Building Revenue Bonds	September 4, 2013	12,830,000	10,010,000	(740,000)	9,270,000	2031	2% to 4.75%	2,434,511
Health Care Services Division								
2017 Bogalusa Community Medical Center Project	April 26, 2017	13,275,000	11,445,000	(490,000)	10,955,000	2038	2% to 4%	3,844,575
LSU of Alexandria								
2008 Auxiliary Revenue Bonds	March 18, 2008	4,200,000	2,975,000	(145,000)	2,830,000	2034	4% to 5.5%	1,126,919
Total		480,655,000	373,130,000	(16,945,000)	356,185,000			\$ 139,449,154
Premium/discounts, net		38,279,266	12,846,454	(3,274,626)	9,571,828			
Bonds issuance cost		(318,327)	(260,878)	14,493	(246,385)			
Total Bonds Payable		\$ 518,615,939	\$ 385,715,576	\$ (20,205,133)	\$ 365,510,443			

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 or 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, 2020	Issued (Redeemed)	Outstanding June 30, 2021	Maturities	Interest Rates
Tiger Athletic Foundation*							
Series 2012 Bonds	October 23, 2012	\$ 70,000,000	\$ 64,409,000	\$(2,897,000)	\$ 61,512,000	2037	Variable
Series 2015 Bonds	July 1, 2015	52,000,000	39,070,000	(3,610,000)	35,460,000	2028	2.49%
Series 2015A Bonds	November 1, 2015	53,045,000	38,860,000	(1,300,000)	37,560,000	2039	2.25%
Deferred financing costs		(1,008,426)	(747,617)	56,861	(690,756)		
Total Bonds Payable		<u>\$ 174,036,574</u>	<u>\$141,591,383</u>	<u>\$(7,750,139)</u>	<u>\$ 133,841,244</u>		

*As of December 31, 2020

Defeased Bonds

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, 2021.

Debt Service Requirements

The annual requirements to amortize all System bonds outstanding at June 30, 2021, are presented in the following schedule. The schedule uses rates as of June 30, 2021, 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>
2022	\$ 17,590,000	\$ 14,479,265	\$ 32,069,265
2023	18,300,000	13,722,449	32,022,449
2024	19,050,000	12,904,782	31,954,782
2025	19,495,000	12,046,146	31,541,146
2026	20,310,000	11,158,217	31,468,217
2027-2031	103,025,000	43,259,774	146,284,774
2032-2036	97,045,000	23,090,302	120,135,302
2037-2041	49,320,000	8,060,419	57,380,419
2042-2046	12,050,000	727,800	12,777,800
Subtotal	356,185,000	139,449,154	495,634,154
Unamortized premium/discount	9,571,828	-	9,571,828
Bond issuance cost	(246,385)	-	(246,385)
Total	<u>\$ 365,510,443</u>	<u>\$ 139,449,154</u>	<u>\$ 504,959,597</u>

The annual principal and interest requirements for notes payable outstanding at June 30, 2021, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 348,673	\$ 127,518	\$ 476,191
2023	361,075	115,117	476,192
2024	373,917	102,274	476,191
2025	387,216	88,975	476,191
2026	400,988	75,203	476,191
2027-2030	1,935,006	154,487	2,089,493
	<u>\$ 3,806,875</u>	<u>\$ 663,574</u>	<u>\$ 4,470,449</u>

The annual principal requirements for all component unit bonds outstanding at June 30, 2021, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>
2022	\$ 7,647,000
2023	7,459,000
2024	7,483,000
2025	7,753,000
2026	8,025,000
2027-2031	53,055,000
2032-2036	31,511,000
2037-2041	11,599,000
2042-2046	-
	<u>134,532,000</u>
Deferred financing costs	<u>(690,756)</u>
Total	<u>\$ 133,841,244</u>

The following is a summary of the System debt service reserve requirements of the various bond issues at June 30, 2021:

<u>Bond Issue</u>	<u>Cash/ Investment Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
Auxiliary Plant:			
LSU of Alexandria	\$ 313,063	\$ 313,050	\$ 13
LSU Health Sciences Center - New Orleans	<u>1,174,383</u>	<u>1,174,025</u>	<u>358</u>
Total	<u>\$ 1,487,446</u>	<u>\$ 1,487,075</u>	<u>\$ 371</u>
Educational Plant:			
Health Care Services Division	<u>\$ 888,176</u>	<u>\$ 888,176</u>	<u>\$ -</u>
Total	<u>\$ 888,176</u>	<u>\$ 888,176</u>	<u>\$ -</u>

As permitted by the Bond Resolutions for the auxiliary revenue Bonds, Series 2019, Series 2016 A&B, Series 2014, Series 2013, and Series 2012, 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.

Capital Leases

The System records items under capital leases as assets and obligations in the accompanying financial statements. The System’s capital leases at June 30, 2021 consist of various leases as follows:

<u>Nature of Lease</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Gross amount of leased assets (historical cost)	\$ 329,205,000	\$29,645,447	\$ 358,850,447
Remaining interest to end of lease	442,535,468	208,890	442,744,358
Remaining principal to end of lease	328,931,570	6,991,816	335,923,386

The buildings under lease consist of 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 lease agreement are equal to the semi-annual debt service payments on the Louisiana Public Facilities Authority Series 2016A and B, and Series 2017 lease revenue bonds issued for \$235,295,000 and \$87,705,000, respectively as conduit debt. The bond payments of principal and interest are payable over a term of 40 years, ending 2056 and 2057, respectively.

The building capital leases are considered a financed purchase that meets the criteria of a direct borrowing and contains provisions for events of default that include failure to make timely payment of the agreed upon rental amounts. Failure to make these timely payments could result in 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 lease agreement in the event of default.

Assets under capital lease are included as capital assets in note 5, which includes the depreciation expense. The following is a schedule of future minimum lease payments under capital leases, together with the present value of minimum lease payments at June 30, 2021:

<u>Fiscal Year Ending June 30:</u>	
2022	\$ 18,966,872
2023	19,067,934
2024	15,417,050
2025	15,417,050
2026	15,417,050
2027-2031	77,085,250
2032-2036	77,085,250
2037-2041	88,367,875
2042-2046	132,416,763
2047-2051	145,190,375
2052-2056	145,198,025
2057-2061	<u>29,038,250</u>
Total minimum lease payments	778,667,744
Less - amount representing interest	<u>(442,744,358)</u>
Present value of net minimum lease payments	<u>\$ 335,923,386</u>

14. AMOUNTS DUE FROM STATE TREASURY

As shown on Statement A, the System has a total of \$1,101,909 due from the Primary Government at June 30, 2021. This amount consists of the following:

Account Type	Intercompany (Fund)	Amount
Amounts due from Primary Government		
	G10 - Support Education in Louisiana First Fund	<u>\$ 1,101,909</u>
	Total	<u>\$ 1,101,909</u>

15. RESTRICTED NET POSITION

The System's restricted nonexpendable net position of \$176,467,103 as of June 30, 2021, is comprised of endowment funds and prepaid assets.

The System had the following restricted expendable net position as of June 30, 2021:

<u>Account Title</u>	<u>Amount</u>
Student fees	\$ 20,954,568
Grants and contracts	9,015,796
Gifts	111,047,425
Endowment earnings	71,764,791
Auxiliary enterprises	3,595,625
Student loan funds	25,179,941
Capital construction	65,020,202
Debt service	313,064
Sponsored projects	1,698,365
LSU System Health Plan	<u>40,879,867</u>
Total	<u>\$ 349,469,644</u>

Of the total restricted net position reported on Statement A for the year ended June 30, 2021, a total of \$9,836,109 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 June 30, 2021, net appreciation of \$4,793,243 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 I50, 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 June 30, 2021, the net appreciation of \$108,709 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, 2020	\$ 180,529,052
Capital asset adjustments	93,127,424
Athletics deferred revenue accounting change	(20,951,180)
Unearned revenue	(72,569,106)
Correction of deposits to State Facility Planning	(1)
Agency fund balancing	<u>9,924</u>
Net position at June 30, 2020, as restated	<u><u>\$ 180,146,113</u></u>

The restatements decreased the System's beginning net position by \$382,939. Of this amount, \$93,127,424 was attributable to capital asset adjustments offset by a decrease in unearned revenue of \$72,569,106. Additionally, a net decrease of \$20,951,180 to net position was attributable to LSU deferring Tradition Fund Revenues to align with ticket sales and when services are provided. The corrections of errors, if retroactively applied, would have increased the change in net position for the year ended June 30, 2020, by \$5,811,423.

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	\$ 1,430,352	\$ 6,317,141	\$ 23,764,989	\$ 528,021	\$ 2,940,098
Capital assets	14,529,590	-	1,841,946	2,193,847	310,700
Other assets	-	-	78,749,540	-	11,595,135
Total Assets	<u>15,959,942</u>	<u>6,317,141</u>	<u>104,356,475</u>	<u>2,721,868</u>	<u>14,845,933</u>
Liabilities:					
Current liabilities	611,689	1,265,867	25,971,714	9,241	526,886
Long-term liabilities	3,458,202	-	-	-	10,163,363
Liabilities due to primary government	872,644	-	10,585,060	6,236	2,613
Total liabilities	<u>4,942,535</u>	<u>1,265,867</u>	<u>36,556,774</u>	<u>15,477</u>	<u>10,692,862</u>
Net Position:					
Net investment in capital assets	14,529,590	-	1,841,946	2,193,847	310,700
Unrestricted net position	<u>(3,512,183)</u>	<u>5,051,274</u>	<u>65,957,755</u>	<u>512,544</u>	<u>3,842,371</u>
Total Net Position	<u>\$ 11,017,407</u>	<u>\$ 5,051,274</u>	<u>\$ 67,799,701</u>	<u>\$ 2,706,391</u>	<u>\$ 4,153,071</u>

* As of December 31, 2020

**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	\$ 2,248,112	\$ 14,463,727	\$ 149,778,077	\$ 251,264	\$ 346,027
Operating expenses	(2,029,864)	(11,431,208)	(147,407,266)	(251,264)	(310,226)
Depreciation expense	-	-	(470,807)	(99,438)	-
Net operating income (loss)	218,248	3,032,519	1,900,004	(99,438)	35,801
Nonoperating revenues (expenses):					
Investment income	-	-	19,097,728	1,343	391,129
Interest expense	-	-	-	-	(399,385)
Other nonoperating revenues (expenses)	27,135	442	(9,559,053)	-	-
Changes in net position	245,383	3,032,961	11,438,679	(98,095)	27,545
Net Position, beginning of the year	10,772,024	2,018,313	56,361,022	2,804,486	4,125,526
Net Position, end of the year	\$ 11,017,407	\$ 5,051,274	\$ 67,799,701	\$ 2,706,391	\$ 4,153,071

* As of December 31, 2020

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	\$ 832,268	\$ (778,750)	\$ 2,430,813	\$ 6,903	\$ 537,464
Capital and related financing	(297,773)	-	(1,873,757)	-	(490,000)
Noncapital financing	-	-	299,698	-	-
Investing activities	-	-	(1,984,625)	-	(3,581)
Net increase (decrease) in cash	534,495	(778,750)	(1,127,871)	6,903	43,883
Cash, beginning of the year	72,141	1,898,780	14,945,248	507,738	3,245,809
Cash, end of the year	\$ 606,636	\$ 1,120,030	\$ 13,817,377	\$ 514,641	\$ 3,289,692

* As of December 31, 2020

18. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Compensated Absences	Total
Instruction	\$ 419,901,692	\$ 138,619,531	\$ 231,630	\$ 176,178,928	\$ 89,725	\$ 13,287,887	\$ (2,195,522)	\$ 746,113,871
Research	156,816,990	69,395,242	1,464,452	88,784,479	254,475	15,540,072	(39,526)	332,216,184
Public service	312,612,587	64,899,018	1,239,639	313,014,256	383,681	7,112,628	2,864,559	702,126,368
Academic support	76,621,138	36,977,315	320,139	27,456,031	-	3,342,175	402,343	145,119,141
Student services	23,914,759	10,258,939	563,700	10,943,427	3,100	527,478	87,572	46,298,975
Institutional support	83,037,136	37,566,607	171,389	103,348,122	(317,382)	2,735,095	634,722	227,175,689
O & M of plant	39,600,090	19,711,432	30,912,788	51,978,020	-	66,039,291	143,280	208,384,901
Scholarships and fellowships	591,182	31,320	-	34,530	87,295,195	-	-	87,952,227
Auxiliary enterprises	69,028,982	28,868,867	8,627,708	71,820,783	-	1,058,683	(266,164)	179,138,859
Hospital	26,587,252	22,606,839	581,434	20,361,145	-	15,478,330	303,126	85,918,126
Total operating expenses	<u>\$ 1,208,711,808</u>	<u>\$ 428,935,110</u>	<u>\$ 44,112,879</u>	<u>\$ 863,919,721</u>	<u>\$ 87,708,794</u>	<u>\$ 125,121,639</u>	<u>\$ 1,934,390</u>	<u>\$ 2,760,444,341</u>

19. FOUNDATIONS AND ASSOCIATIONS

The accompanying financial statements do not include the accounts of the following foundations and associations, 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 Health Sciences Center Foundation in New Orleans
- 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 fiscal year ended June 30, 2021.

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 \$469,130,068 to secure original issued debt of \$412,625,000 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 \$209,124,142. All LSUA Union, Bookstore, and athletic revenues, totaling \$1,659,540 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 \$30,061,244.

LSUHSC - New Orleans has pledged future auxiliary revenues, dedicated student fee revenues, and University Enterprise Revenues of approximately \$11,704,511 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 \$1,163,406. Pledged auxiliary revenues recognized during the period were \$6,401,682.

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 Sciences Foundation in Shreveport	Total
Promises to give expected to be collected in:				
Less than one year	\$ 11,266,480	\$6,034,981	\$7,624,444	\$24,925,905
One to five years	18,266,341	6,919,194	23,478,925	48,664,460
More than five years	2,556,075	494,000	-	3,050,075
Subtotal	<u>32,088,896</u>	<u>13,448,175</u>	<u>31,103,369</u>	<u>76,640,440</u>
Less discount on promises to give	(1,813,496)	(1,159,810)	(1,168,837)	(4,142,143)
Less allowance for uncollectible accounts	(105,750)	(1,458,500)	-	(1,564,250)
Subtotal	<u>(1,919,246)</u>	<u>(2,618,310)</u>	<u>(1,168,837)</u>	<u>(5,706,393)</u>
Net unconditional promises to give	<u>\$ 30,169,650</u>	<u>\$10,829,865</u>	<u>\$29,934,532</u>	<u>\$70,934,047</u>

*as of December 31, 2020

Total unconditional promises to give (current and noncurrent) of \$70,934,047 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, 2021, the cost of providing these benefits for three involuntary terminations totaled \$704,708.

Two LSU employees were involuntarily terminated by the University during fiscal year 2020-2021. Both employees' contracts contained clauses providing for certain payments upon early termination which extended beyond the year of termination to future fiscal years through 2022. Also, one employee will be paid from a previous fiscal year termination until 2023. LSU estimates a maximum of \$1,188,000 may be paid to these three 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 \$77,775,990 (adjusted for inflation) per year over lease terms ranging from five to 40 years associated with the Health Care Services Division hospitals.

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 (OLHS-NL) 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, 2021, the outstanding balance was \$18,726,327, and \$1,773,673 remains available and unused. This agreement expired April 30, 2021, but was extended to April 20, 2023. During the year, a payment was made of \$6,165,137 and drawdowns totaling \$16,343,820 were made, bearing variable rate of 1.175%.

STC entered into a revolving bank line of credit on September 30, 2019 with a total borrowing amount of \$2,000,000. Although open and available, there were no borrowings outstanding on the line of credit at June 30, 2021 and no borrowings were received during fiscal 2021. 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). At June 30, 2021, interest was 3.535%. The line is collateralized by substantially all of the STC's assets.

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
STC revolving line of credit	\$ -	\$ -	\$ -	\$ -
J.P. Morgan Chase line of credit	\$ 8,547,644	\$ 16,343,820	\$ (6,165,137)	\$ 18,726,327

27. SUBSEQUENT EVENTS

At the October 2021 Board of Supervisors meeting, the Board approved the issuance of Taxable Revenue Refunding Bonds, Series 2022, to refund all or part of the outstanding 2012, 2013,

2014, and 2016A Auxiliary Revenue Bonds. The \$155,275,000 issuance that will be completed in January 2022 will reduce the future debt service payments by \$14.3 million, resulting in a net present value savings of \$11.1 million.

At the October 2021 Board of Supervisors meeting, the Board also approved LSU to enter into a Cooperative Endeavor Agreement between LSU, CenTrio, Tiger Energy Partners, and Utilities Modernization, LLC for implementation of an infrastructure/utility modernization initiative at the A&M campus. The agreement could result in annual savings of \$2-3 million per year for the term of the contract. Financial closing is expected to occur in January 2022.

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 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The 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 June 15, 2021. The System will include the requirements of this standard, as applicable, in its June 30, 2022 financial statement. All of the System's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the System are unknown at this time.

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. The requirements of this statement will be effective for years beginning after December 15, 2020. The System will include the requirements of this standard, as applicable in its June 30, 2022 financial statements.

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 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. The requirements of this statements will be effective in staggered dates for its varied provisions, including the date of implementation of GASB 84 for defined contribution plans without a governing board, and reporting periods beginning after June 15, 2021 for Section 457 plans. This statement had no significant effect to the System for the provisions associated with the implementation of GASB 84 and defined contribution plans.

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					
	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					
	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 meets the criteria of paragraph 4 of GASB 75 for this OPEB plan.

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, 2021 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						
	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						
	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, 2021**

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						
	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						
	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, 2021**

**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, 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.

LSU Health Plan

Measurement Date	Discount Rate	Change	Healthcare Costs Trend Rates	
			Pre-65 Rates	Post 65 Rates
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%		

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
- 2020 • The retirement rates were updated to the most recent rates from the LASERS and TRSL Actuarial Valuations.

**Notes to Required Supplementary Information
For the Year Ended June 30, 2021
(Continued)**

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		
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	2.300%	-0.200%	2021	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	3.1% to 4.6% varies depending on duration of service	2021	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, 2021
(Continued)**

Mortality table:

<u>Fiscal Year²</u>	
	TRSL
2019-2021	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
2020-2021	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
2019-2021	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
2020-2021	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, 2021

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, 2021

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, 2021

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, 2020

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, 2020

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, 2020

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, 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	\$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 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	2,660,693	345,673,954	12,152,621	7,509,507	15,020,786
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	98,303,629	2,281,110,789	52,175,164	44,232,218	308,924,149
Total liabilities	100,964,322	2,626,784,743	64,327,785	51,741,725	323,944,935
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	5,174,839	77,967,800	6,656,426	3,808,328	29,117,788
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	(75,766,236)	(1,157,504,184)	(37,886,429)	(35,463,454)	(242,388,246)
Total net position	23,629,472	(156,410,283)	(7,603,710)	(18,247,948)	(184,792,375)
Total liabilities, deferred inflows of resources, and net position	\$129,768,633	\$2,548,342,260	\$63,380,501	\$37,302,105	\$168,270,348

(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	<u>(\$20,840,059)</u>	<u>\$195,669,890</u>	<u>\$603,685,479</u>	<u>(\$88,373,277)</u>		<u>\$346,717,189</u>

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 OP!	1,441,599	13,817,846	83,727	700,235	3,246,631
(Increase) decrease in deferred outflows related to pen	(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 OPE	(753,422)	(14,557,176)	(486,845)	(550,574)	(4,359,886)
Increase (decrease) in deferred inflows related to pens	(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						
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

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Net Position, by University
June 30, 2020

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
ASSETS					
Current assets:					
Cash and cash equivalents	(\$2,516,475)	\$18,345,965	\$787,434	(\$111,235)	\$16,648,515
Investments		358,088,079	680,025	89,394	642,134
Receivables (net)	2,730,574	46,706,408	12,382,481	7,275,626	5,306,422
Due from other campuses		1,234,778		(1,073,096)	
Due from State Treasury	2,930,723	6,602,334	2,614,711	1,793,916	4,682,515
Due from Federal Government	2,537,888	14,888,035	1,371,461	382,840	3,943,725
Inventories	181,105	1,191,152	173	339,244	2,139,913
Prepaid expenses and advances		13,049,729	2,700		1,421
Notes receivable		2,016,112			
Leases receivable					
Other current assets		445,202			
Total current assets	5,863,815	462,567,794	17,838,985	8,696,689	33,364,645
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	5,353,216	125,218,990	1,558,426	111,235	4,599,524
Investments	6,856,988	114,029,431	3,714,251	474,677	3,736,972
Receivables (net)		22,861		100,318	93,618
Notes receivable		9,456,732		11,041	
Other restricted assets		10,726,523			
Investments					
Leases receivable					
Other noncurrent assets					
Capital assets (net)	88,595,918	1,395,732,914	24,490,122	16,670,143	41,588,612
Total noncurrent assets	100,806,122	1,655,187,451	29,762,799	17,367,414	50,018,726
Total assets	106,669,937	2,117,755,245	47,601,784	26,064,103	83,383,371
DEFERRED OUTFLOW OF RESOURCES					
Deferred amounts on debt refunding		23,726,613			
Asset retirement obligations					
OPEB-related deferred outflows of resources	10,031,383	153,919,462	3,810,199	5,675,849	39,242,751
Pension-related deferred outflows of resources	13,181,535	180,930,852	7,666,591	5,824,109	27,636,920
Total deferred outflows of resources	23,212,918	358,576,927	11,476,790	11,499,958	66,879,671
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$129,882,855	\$2,476,332,172	\$59,078,574	\$37,564,061	\$150,263,042

(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	\$16,981,832	\$41,017,495	\$87,350,882	\$64,271,857		\$242,776,270
Investments	100,413	1,195,248		77,599,622		438,394,915
Receivables (net)	4,472,175	143,872,441	7,700,278	72,106,004		302,552,409
Due from other campuses		106,926,711	155,522	288,086	(\$107,532,001)	
Due from State Treasury	871,507	5,941,281		8,444,343		33,881,330
Due from Federal Government	3,711,554	14,131,402	132,333	6,121,647		47,220,885
Inventories	4,552	1,780,384	1,058,765	297,237		6,992,525
Prepaid expenses and advances	3,167,007	15,982,268	45,923	207,310		32,456,358
Notes receivable		1,019,460		2,534		3,038,106
Leases receivable			74,272,069			74,272,069
Other current assets			9,915			455,117
Total current assets	29,309,040	331,866,690	170,725,687	229,338,640	(107,532,001)	1,182,039,984
Noncurrent assets:						
Restricted:						
Cash and cash equivalents	912,091		4,662,511	1,450,367		143,866,360
Investments	7,221,999	31,710,027	9,499,545	81,389,511		258,633,401
Receivables (net)						216,797
Notes receivable		6,176,271		15,817		15,659,861
Other restricted assets						10,726,523
Investments		54,266,440				54,266,440
Leases receivable			2,252,718,012			2,252,718,012
Other noncurrent assets		765,926				765,926
Capital assets (net)	18,588,605	290,163,440	100,623,009	64,709,793		2,041,162,556
Total noncurrent assets	26,722,695	383,082,104	2,367,503,077	147,565,488		4,778,015,876
Total assets	56,031,735	714,948,794	2,538,228,764	376,904,128	(107,532,001)	5,960,055,860
DEFERRED OUTFLOW OF RESOURCES						
Deferred amounts on debt refunding						23,726,613
Asset retirement obligations						
OPEB-related deferred outflows of resources	9,237,857	49,824,145	74,947,980	61,717,805		408,407,431
Pension-related deferred outflows of resources	19,836,036	76,588,582	11,616,661	39,472,726		382,754,012
Total deferred outflows of resources	29,073,893	126,412,727	86,564,641	101,190,531		814,888,056
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$85,105,628	\$841,361,521	\$2,624,793,405	\$478,094,659	(\$107,532,001)	\$6,774,943,916

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Position, by University
June 30, 2020

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
LIABILITIES					
Current liabilities:					
Accounts payable and accruals	\$313,983	\$44,971,340	\$399,433	\$120,187	\$510,459
Due to other campuses		106,835,029			
Due to Federal Government					
Unearned revenues	916,510	74,501,676	6,912,874	5,358,559	4,462,070
Amounts held in custody for others		7,654,484	487,676	419,954	149,434
Other liabilities		445,202			
Compensated absences payable	180,048	2,858,218	81,123	45,031	697,845
Capital lease obligations		3,332,192			
Notes payable		26,785			
Bonds payable		18,852,020	145,000		
Total OPEB liability	313,149	16,711,520	606,053	678,920	6,840,713
Total current liabilities	1,723,690	276,188,466	8,632,159	6,622,651	12,660,521
Noncurrent liabilities:					
Compensated absences payable	3,773,007	36,743,132	921,471	627,013	7,998,101
Capital lease obligations		335,901,570			
Notes payable		1,598,857			
Bonds payable		342,776,199	2,830,000		
Total OPEB liability	32,243,379	706,028,452	20,867,815	22,881,510	165,457,044
Net pension liability	53,921,838	764,924,815	26,175,489	18,888,868	121,510,927
Unearned revenues (advance lease payments)					
Other noncurrent liabilities	1,880	509,244			17,426
Total noncurrent liabilities	89,940,104	2,188,482,269	50,794,775	42,397,391	294,983,498
Total liabilities	91,663,794	2,464,670,735	59,426,934	49,020,042	307,644,019
DEFERRED INFLOW OF RESOURCES					
OPEB-related deferred inflows of resources	3,763,731	64,153,020	5,376,997	2,845,658	26,635,605
Pension-related deferred inflows of resources	4,863,862	52,960,036	1,704,100	1,214,994	7,756,991
Total deferred inflows of resources	8,627,593	117,113,056	7,081,097	4,060,652	34,392,596
NET POSITION					
Net investment in capital assets	88,595,918	718,602,274	21,515,122	16,670,143	41,588,612
Restricted for:					
Nonexpendable	5,666,522	104,230,865	3,710,447	504,552	3,889,868
Expendable	9,520,407	212,878,383	5,086,005	312,314	10,394,485
Unrestricted	(74,191,379)	(1,141,163,141)	(37,741,031)	(33,003,642)	(247,646,538)
Total net position	29,591,468	(105,451,619)	(7,429,457)	(15,516,633)	(191,773,573)
Total liabilities, deferred inflows of resources, and net position	\$129,882,855	\$2,476,332,172	\$59,078,574	\$37,564,061	\$150,263,042

(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	\$1,680,386	\$40,238,355	\$15,896,093	\$19,932,787		\$124,063,023
Due to other campuses	73,608	183,169	230,656	209,539	(\$107,532,001)	-
Due to Federal Government	54,155	5,238,506				5,292,661
Unearned revenues	9,162,212	28,650,603	85,000,651	692,132		215,657,287
Amounts held in custody for others	230,118	195,336	10,394	2,175		9,149,571
Other liabilities		8,547,644	1,743			8,994,589
Compensated absences payable	117,613	1,637,810	286,700	1,112,350		7,016,738
Capital lease obligations				21,816		3,354,008
Notes payable		770,582				797,367
Bonds payable		737,088	490,000			20,224,108
Total OPEB liability	1,344,445	6,033,803	18,989,324	14,166,820		65,684,747
Total current liabilities	12,662,537	92,232,896	120,905,561	36,137,619	(107,532,001)	460,234,099
Noncurrent liabilities:						
Compensated absences payable	1,684,629	20,307,243	2,532,694	11,288,693		85,875,983
Capital lease obligations				21,816		335,923,386
Notes payable		1,209,215				2,808,072
Bonds payable		9,240,881	10,644,388			365,491,468
Total OPEB liability	35,006,919	258,108,489	366,278,129	316,806,103		1,923,677,840
Net pension liability	41,841,514	335,212,088	62,097,156	186,300,874		1,610,873,569
Unearned revenues (advance lease payments)			1,408,991,896			1,408,991,896
Other noncurrent liabilities	46,713					575,263
Total noncurrent liabilities	78,579,775	624,077,916	1,850,544,263	514,417,486		5,734,217,477
Total liabilities	91,242,312	716,310,812	1,971,449,824	550,555,105	(107,532,001)	6,194,451,576
DEFERRED INFLOW OF RESOURCES						
OPEB-related deferred inflows of resources	8,048,983	37,219,224	68,542,127	57,149,744		273,735,089
Pension-related deferred inflows of resources	5,378,246	27,583,990	7,610,696	17,155,284		126,228,199
Total deferred inflows of resources	13,427,229	64,803,214	76,152,823	74,305,028		399,963,288
NET POSITION						
Net investment in capital assets	18,588,605	281,380,719	90,376,629	64,666,161		1,341,984,183
Restricted:						
Nonexpendable	6,891,843	32,601,192	13,025,669	18,119,577		188,640,535
Expendable	3,841,802	16,069,120	11,900,527	71,318,909		341,321,952
Unrestricted	(48,886,163)	(269,803,536)	461,887,933	(300,870,121)		(1,691,417,618)
Total net position	(19,563,913)	60,247,495	577,190,758	(146,765,474)		180,529,052
Total liabilities, deferred inflows of resources, and net position	\$85,105,628	\$841,361,521	\$2,624,793,405	\$478,094,659	(\$107,532,001)	\$6,774,943,916

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, 2020

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
OPERATING REVENUES					
Student tuition and fees		\$455,548,633	\$20,468,528	\$9,557,993	
Less scholarship allowances		(101,668,659)	(4,043,821)	(3,370,550)	
Net student tuition and fees		353,879,974	16,424,707	6,187,443	
Federal appropriations					\$12,147,289
Federal grants and contracts	\$20,192,127	80,304,245	194,393	174,120	6,213,116
State and local grants and contracts	2,945,328	34,140,615	(81,764)	291,056	14,944,583
Nongovernmental grants and contracts	7,077,595	19,439,837	49,370	4,000	5,282,029
Sales and services of educational departments	472,714	22,862,956	56,210	38,817	5,013,973
Hospital income					
Auxiliary enterprise revenues (including revenues pledged to secure debt)	60,036	231,273,553	2,427,167	3,422,153	
Less scholarship allowances		(21,994,888)	(306,216)	(1,024,234)	
Net auxiliary revenues	60,036	209,278,665	2,120,951	2,397,919	
Other operating revenues	60,581	11,771,250	36,800	27,775	10,532,522
Total operating revenues	30,808,381	731,677,542	18,800,667	9,121,130	54,133,512
OPERATING EXPENSES					
Educational and general:					
Instruction		321,303,144	12,977,494	9,082,703	
Research	33,951,415	143,239,587	9,792	29,959	65,341,721
Public service	1,859,528	32,125,989	9,352		43,944,992
Academic support	7,627,822	89,973,699	1,632,855	784,540	4,729,055
Student services		29,187,192	2,312,303	1,679,337	
Institutional support	7,276,448	44,363,696	3,556,307	3,262,583	16,782,970
Operations and maintenance of plant	9,333,598	117,140,842	4,234,069	3,175,573	6,557,141
Scholarships and fellowships		61,050,069	5,421,249	4,310,450	65,194
Auxiliary enterprises	161,839	177,984,208	1,426,073	2,288,674	
Hospital					
Total operating expenses	60,210,650	1,016,368,426	31,579,494	24,613,819	137,421,073
OPERATING INCOME (LOSS)	(29,402,269)	(284,690,884)	(12,778,827)	(15,492,689)	(83,287,561)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	20,311,877	140,548,469	7,901,532	6,782,136	79,705,374
Gifts	1,379,846	54,741,613	651,326	625,739	2,675,740
Federal nonoperating revenues (expenses)		43,166,577	7,681,498	6,226,486	539,690
Net investment income (loss)	378,100	33,609,861	526,003	70,319	926,205
Interest expense		(27,728,634)	(165,995)		
Other nonoperating revenues (expenses)	182,482	703,491	79,816	56,779	375,867
Net nonoperating revenues (expenses)	22,252,305	245,041,377	16,674,180	13,761,459	84,222,876

(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	\$60,540,386	\$63,797,336		\$22,684,016	(\$4,990)	\$632,591,902
Less scholarship allowances	(6,038,552)	(4,371,308)		(1,720,627)		(121,213,517)
Net student tuition and fees	54,501,834	59,426,028		20,963,389	(4,990)	511,378,385
Federal appropriations						12,147,289
Federal grants and contracts	261,922	39,752,446		15,370,421	(2,256,698)	160,206,092
State and local grants and contracts	740,889	17,830,764		3,895,565	(5,203,537)	69,503,499
Nongovernmental grants and contracts	32,410	442,066,180		205,422,100	(48,674)	679,324,847
Sales and services of educational departments	195,662	140,071,100		35,101,190	(81,558)	203,731,064
Hospital income			\$50,921,405	(41,176)	(1,401,008)	49,479,221
Auxiliary enterprise revenues (including revenues pledged to secure debt)	3,194,851	8,145,269		1,371,812	(861)	249,893,980
Less scholarship allowances	(205,048)					(23,530,386)
Net auxiliary revenues	2,989,803	8,145,269		1,371,812	(861)	226,363,594
Other operating revenues	877,260	4,223,446		840,105	(45,684)	28,324,055
Total operating revenues	59,599,780	711,515,233	50,921,405	282,923,406	(9,043,010)	1,940,458,046
OPERATING EXPENSES						
Educational and general:						
Instruction	39,434,331	203,549,279		96,133,277	(191,662)	682,288,566
Research	434,420	40,517,678		40,173,289	(3,277,991)	320,419,870
Public service	950,166	399,593,546		119,124,568	(1,204,354)	596,403,787
Academic support	4,901,186	22,798,737		9,717,470	(21,970)	142,143,394
Student services	4,024,154	9,244,848		4,090,777		50,538,611
Institutional support	9,843,511	86,281,529		32,393,048	(1,850,919)	201,909,173
Operations and maintenance of plant	7,415,341	36,838,315		13,917,906		198,612,785
Scholarships and fellowships	2,593,681	3,404,100		1,489,707		78,334,450
Auxiliary enterprises	3,240,442	9,773,318		1,592,439		196,466,993
Hospital			77,468,170	9,203,123	(2,496,114)	84,175,179
Total operating expenses	72,837,232	812,001,350	77,468,170	327,835,604	(9,043,010)	2,551,292,808
OPERATING INCOME (LOSS)	(13,237,452)	(100,486,117)	(26,546,765)	(44,912,198)		(610,834,762)
NONOPERATING REVENUES (EXPENSES)						
State appropriations	10,341,868	87,829,338	23,981,083	72,254,423		449,656,100
Gifts	1,270,172	2,279,782		64,377		63,688,595
Federal nonoperating revenues (expenses)	6,287,518	31,216,716	69,793	336,266		95,524,544
Net investment income (loss)	47,480	5,057,134	1,382,831	10,173,463		52,171,396
Interest expense		(441,406)	(411,107)	(6,795)		(28,753,937)
Other nonoperating revenues (expenses)	143,808	2,244,312	15,418,755	574,197		19,779,507
Net nonoperating revenues (expenses)	18,090,846	128,185,876	40,441,355	83,395,931		652,066,205

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
June 30, 2020**

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	(\$7,149,964)	(\$39,649,507)	\$3,895,353	(\$1,731,230)	\$935,315
Capital appropriations	377,763	4,531,550			
Capital gifts and grants	15,000	46,622,937	71,760		(9,900)
Additions to permanent endowment		1,120,000	40,000	40,000	-
Other additions (deductions)	(251,102)	(1,037,224)	(124,621)	(15,242)	(130,781)
Transfer (to)/from other system institution	400,000	(34,182)			34,182
CHANGE IN NET POSITION	(6,608,303)	11,553,574	3,882,492	(1,706,472)	828,816
NET POSITION - BEGINNING OF YEAR (Restated)	36,199,771	(117,005,193)	(11,311,949)	(13,810,161)	(192,602,389)
NET POSITION - END OF YEAR	<u>\$29,591,468</u>	<u>(\$105,451,619)</u>	<u>(\$7,429,457)</u>	<u>(\$15,516,633)</u>	<u>(\$191,773,573)</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	\$4,853,394	\$27,699,759	\$13,894,590	\$38,483,733		\$41,231,443
Capital appropriations		8,222,162	12,326,229	1,505,457		26,963,161
Capital gifts and grants		1,038,919	31,359	6,414		47,776,489
Additions to permanent endowment		800,000		725,000		2,725,000
Other additions (deductions)				(494,986)		(2,053,956)
Transfer (to)/from other system institution	(400,000)					
CHANGE IN NET POSITION	4,453,394	37,760,840	26,252,178	40,225,618		116,642,137
NET POSITION - BEGINNING OF YEAR (Restated)	(24,017,307)	22,486,655	550,938,580	(186,991,092)		63,886,915
NET POSITION- END OF YEAR	<u>(\$19,563,913)</u>	<u>\$60,247,495</u>	<u>\$577,190,758</u>	<u>(\$146,765,474)</u>		<u>\$180,529,052</u>

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2020

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
CASH FLOWS FROM OPERATING ACTIVITIES:					
Tuition and fees	\$ -	\$ 361,915,558	\$ 14,947,624	\$ 6,616,783	\$ -
Federal appropriations	-	-	-	-	12,276,779
Grants and contracts	30,329,029	142,710,877	(645,428)	205,469	28,531,496
Sales and services of educational departments	472,711	23,125,579	27,576	38,815	5,150,659
Hospital income	-	-	-	-	-
Auxiliary enterprise receipts	59,558	215,216,445	2,224,971	2,473,580	-
Payments for employee compensation	(28,531,986)	(443,875,016)	(12,813,613)	(8,752,065)	(66,103,140)
Payments for benefits	(10,939,225)	(164,228,917)	(5,727,915)	(4,314,654)	(33,170,846)
Payments for utilities	(1,656,464)	(16,290,170)	(802,196)	(475,591)	(2,558,917)
Payments for supplies and services	(13,267,430)	(258,363,489)	(4,966,574)	(4,005,501)	(26,409,016)
Payments for scholarships and fellowships	-	(61,589,945)	(5,421,249)	(4,310,450)	(65,194)
Loans to students	-	(94,476)	(86,874)	-	-
Collection of loans to students	-	1,791,744	-	-	-
Other receipts (payments)	59,430	21,790,648	(7,026)	(78,352)	10,472,011
Net cash provided (used) by operating activities	(23,474,377)	(177,891,162)	(13,270,704)	(12,601,966)	(71,876,168)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	17,389,573	134,720,746	5,310,806	5,010,544	75,487,761
Gifts and grants for other than capital purposes	1,337,253	54,975,501	745,503	672,535	2,695,045
Private gifts for endowment purposes	251,102	-	-	-	-
TOPS receipts	-	103,808,052	2,798,270	1,757,142	-
TOPS disbursements	-	(103,808,052)	(2,798,270)	(1,757,142)	-
FEMA receipts	-	328,876	-	-	-
FEMA disbursements	-	(1,344,047)	-	-	(169,180)
Direct lending receipts	-	168,678,879	11,483,150	5,881,071	-
Direct lending disbursements	-	(168,678,879)	(11,483,150)	(5,881,071)	-
CARES receipts	-	12,969,016	887,685	902,402	-
CARES disbursements	-	(12,969,016)	(887,685)	(902,402)	-
Implicit loan to/from other campuses	-	(724,778)	-	1,073,096	-
Other receipts (disbursements)	400,000	42,549,345	7,681,498	6,226,486	65,732
Net cash provided (used) by noncapital financing activities	19,377,928	230,505,643	13,737,807	12,982,661	78,079,358
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from issuance of debt	-	71,978,276	-	-	-
Capital appropriations received	-	-	-	-	-
Capital gifts and grants received	-	4,421,697	143,520	-	(62,605)
Proceeds from sale of capital assets	-	-	-	-	-
Purchase of capital assets	(51,491)	(21,145,242)	(27,902)	(412,657)	(3,198,834)
Principal paid on capital debt and leases	-	(17,714,485)	(140,000)	-	-
Interest paid on capital debt and leases	-	(30,216,377)	(165,995)	-	-
Refunding of bonds	-	(74,554,710)	-	-	-
Bond issuance cost	-	(829,542)	-	-	-
Deposit with trustees	-	-	-	-	-
Other sources (uses)	(251,102)	169,043	(124,621)	(15,242)	(130,781)
Net cash provided (used) by capital financing activities	(302,593)	(67,891,340)	(314,998)	(427,899)	(3,392,220)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments	-	527,779,387	-	-	-
Interest received on investments	157,408	18,704,950	244,331	45,799	745,607
Purchase of investments	-	(453,640,170)	-	-	-
Net cash provided (used) by investing activities	157,408	92,844,167	244,331	45,799	745,607

(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	\$54,345,393	\$60,005,960		\$21,506,237	(\$4,990)	\$519,332,565
Federal appropriations						12,276,779
Grants and contracts	1,232,246	477,231,631		204,598,833	(7,508,909)	876,685,244
Sales and services of educational departments	195,856	162,953,831		33,809,869	(81,558)	225,693,338
Hospital income			\$53,877,012	(1,654,213)	(1,401,008)	50,821,791
Auxiliary enterprise receipts	1,561,298	8,284,780		1,372,765	(861)	231,192,536
Payments for employee compensation	(25,525,039)	(344,817,213)	(25,074,192)	(205,490,879)		(1,160,983,143)
Payments for benefits	(10,429,793)	(71,948,168)	(28,503,504)	(52,078,902)		(381,341,924)
Payments for utilities	(911,837)	(11,740,387)	(608,382)	(7,925,187)		(42,969,131)
Payments for supplies and services	(33,123,054)	(379,854,275)	(19,601,577)	(68,271,285)	9,043,010	(798,819,191)
Payments for scholarships and fellowships	(2,593,681)	(3,458,344)		(1,170,606)		(78,609,469)
Loans to students	157,796	(105,951)				(129,505)
Collection of loans to students		(709,947)		4,149		1,085,946
Other receipts (payments)	2,100,470	4,273,392		178,318	(45,684)	38,743,207
Net cash provided (used) by operating activities	(12,990,345)	(99,884,691)	(19,910,643)	(75,120,901)		(507,020,957)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	9,526,813	82,257,263	23,981,083	64,718,631		418,403,220
Gifts and grants for other than capital purposes	1,447,305	33,270,664		64,377		95,208,183
Private gifts for endowment purposes		800,000		725,000		1,776,102
TOPS receipts	3,393,853	2,450,413		136,580		114,344,310
TOPS disbursements	(3,393,853)	(2,295,436)		(147,589)		(114,200,342)
FEMA receipts			869,405			1,198,281
FEMA disbursements			(850,551)			(2,363,778)
Direct lending receipts	49,454,131	67,099,600		24,097,972		326,694,803
Direct lending disbursements	(49,399,976)	(66,856,170)		(24,098,837)		(326,398,083)
CARES receipts	1,182,000	4,540,123	50,940	269,871		20,802,037
CARES disbursements	(1,182,000)	(4,314,289)		(269,871)		(20,525,263)
Implicit loan to/from other campuses	(348,318)					
Other receipts (disbursements)	5,887,518	1,149,970	2,863,109	336,266		67,159,924
Net cash provided (used) by noncapital financing activities	16,567,473	118,102,138	26,913,986	65,832,400		582,099,394
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:						
Proceeds from issuance of debt		10,527,441				82,505,717
Capital appropriations received						
Capital gifts and grants received	(10,142)					4,492,470
Proceeds from sale of capital assets						
Purchase of capital assets	(2,261,715)	(34,752,721)	(2,855,615)	(7,461,235)		(72,167,412)
Principal paid on capital debt and leases		(717,088)	(480,000)	(266,676)		(19,318,249)
Interest paid on capital debt and leases		(445,006)	(392,018)	(6,795)		(31,226,191)
Refunding of bonds						(74,554,710)
Bond issuance cost						(829,542)
Deposit with trustees		(2,300)				(2,300)
Other sources (uses)		(19,630)				(372,333)
Net cash provided (used) by capital financing activities	(2,271,857)	(25,409,304)	(3,727,633)	(7,734,706)		(111,472,550)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments		50,514,689		23,080,332		601,374,408
Interest received on investments	339,390	5,729,285	1,382,831	5,389,540		32,739,141
Purchase of investments		(50,836,226)	(5,931)	(36,829,457)		(541,311,784)
Net cash provided (used) by investing activities	339,390	5,407,748	1,376,900	(8,359,585)		92,801,765

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2020

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (4,241,634)	\$ 77,567,308	\$ 396,436	\$ (1,405)	\$ 3,556,577
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR - RESTATED	7,078,375	65,997,647	1,949,424	1,405	17,691,462
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ 2,836,741	\$ 143,564,955	\$ 2,345,860	\$ -	\$ 21,248,039
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (29,402,269)	\$ (284,690,884)	\$ (12,778,827)	\$ (15,492,689)	\$ (83,287,561)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation expense	4,508,907	65,065,282	1,290,589	1,050,066	4,104,261
Non-Employer contributing entity revenue	182,482	2,534,852	79,816	56,779	344,317
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
(Increase) decrease in accounts receivable, net	(341,234)	12,177,983	(1,822,496)	(603,932)	3,911,897
(Increase) decrease in inventories	(38,961)	(82,815)	376	(59,594)	349,327
(Increase) decrease in prepaid expenses and other	-	(8,146,328)	(2,700)	-	28,250
(Increase) decrease in notes receivable	-	1,924,371	-	-	-
(Increase) decrease in deferred outflows related to OPEB	(8,910,812)	(120,859,214)	(2,671,662)	(4,282,502)	(30,124,434)
(Increase) decrease in deferred outflows related to pensions	(1,580,625)	(40,316,041)	(618,354)	206,829	(2,524,543)
(Increase) decrease in other assets	-	1,833,702	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	(455,695)	(9,404,620)	(9,656)	(21,745)	(670,735)
Increase (decrease) in unearned revenue	476,544	10,749,811	(649,093)	706,783	(1,567,107)
Increase (decrease) in amounts held in custody for others	-	1,618,381	205,330	12,154	96,390
Increase (decrease) in compensated absences	296,130	2,113,484	47,317	1,445	32,785
Increase (decrease) in OPEB liability	9,384,903	121,329,615	(1,261,525)	3,569,218	18,129,715
Increase (decrease) in net pension liability	2,638,098	46,103,715	1,256,773	701,903	5,046,116
Increase (decrease) in deferred inflows related to OPEB	2,175,122	27,364,414	3,883,759	1,958,631	17,612,563
Increase (decrease) in deferred inflows related to pensions	(2,390,052)	(13,963,355)	(220,351)	(400,363)	(3,322,400)
Increase (decrease) in other liabilities	(16,915)	6,756,485	-	(4,949)	(35,009)
Net cash provided (used) by operating activities	\$ (23,474,377)	\$ (177,891,162)	\$ (13,270,704)	\$ (12,601,966)	\$ (71,876,168)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:					
Cash and cash equivalents classified as current assets	\$ (2,516,475)	\$ 18,345,965	\$ 787,434	\$ (111,235)	\$ 16,648,515
Cash and cash equivalents classified as noncurrent assets	5,353,216	125,218,990	1,558,426	111,235	4,599,524
Cash and cash equivalents at end of the year	\$ 2,836,741	\$ 143,564,955	\$ 2,345,860	\$ -	\$ 21,248,039
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital appropriations	\$ 377,763	\$ 4,531,550	\$ -	\$ -	\$ -
Property acquired through capital lease	-	87,705,000	-	-	-
Amortized borrowing expense	-	-	-	-	-
Increase (Decrease) in fair market value of assets	220,692	14,796,559	106,170	14,149	107,249
Non-Employer contributing entity revenue	182,482	2,534,852	79,816	56,779	344,317
Capital gifts and grants	15,000	41,937,155	-	-	-
Transfers/disposal of capital assets	-	(77,335)	-	-	-
	\$ 795,937	\$ 151,427,781	\$ 185,986	\$ 70,928	\$ 451,566

(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	\$1,644,661	(\$1,784,109)	\$4,652,610	(\$25,382,792)		\$56,407,652
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR - RESTATED	16,249,262	42,801,604	87,360,783	91,105,016		330,234,978
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$17,893,923	\$41,017,495	\$92,013,393	\$65,722,224		\$386,642,630
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating income (loss)	(\$13,237,452)	(\$100,486,117)	(\$26,546,765)	(\$44,912,198)		(\$610,834,762)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation expense	1,528,820	24,227,546	9,686,394	13,137,105		124,598,970
Non-Employer contributing entity revenue	143,808	1,113,971	55,564	574,197		5,085,786
Changes in assets, deferred outflows, liabilities, and deferred inflows:						
(Increase) decrease in accounts receivable, net	915,228	(35,878,470)	2,856,012	(19,018,958)		(37,803,970)
(Increase) decrease in inventories	991	(11,157)	46,291	25,231		229,689
(Increase) decrease in prepaid expenses and other	(3,166,448)	(14,235,163)	1,552	(24,308)		(25,545,145)
(Increase) decrease in notes receivable		(815,898)		1,133,853		2,242,326
(Increase) decrease in deferred outflows related to OPEB	(5,724,120)	(36,756,725)	(46,581,947)	(40,547,542)		(296,458,958)
(Increase) decrease in deferred outflows related to pensions	(1,034,566)	(14,980,497)	(1,815,020)	(8,289,609)		(70,952,426)
(Increase) decrease in other assets		(17,593)	(8)			1,816,101
Increase (decrease) in accounts payable and accrued liabilities	580,876	7,494,546	2,599,011	(13,505,361)		(13,393,379)
Increase (decrease) in unearned revenue	(1,002,627)	27,154,298		(660,375)		35,208,234
Increase (decrease) in amounts held in custody for others	23,261	49,946	117	(685,118)		1,320,461
Increase (decrease) in compensated absences	98,468	1,616,907	64,644	558,143		4,829,323
Increase (decrease) in OPEB liability	711,622	20,602,783	2,332,220	4,676,221		179,474,772
Increase (decrease) in net pension liability	4,808,891	8,256,256	3,539,163	8,926,763		81,277,678
Increase (decrease) in deferred inflows related to OPEB	6,192,498	23,690,388	40,877,707	36,087,055		159,842,137
Increase (decrease) in deferred inflows related to pensions	(3,873,928)	(7,788,450)	(7,025,578)	(12,596,000)		(51,580,477)
Increase (decrease) in other liabilities	44,333	(3,121,262)				3,622,683
Net cash provided (used) by operating activities	(\$12,990,345)	(\$99,884,691)	(\$19,910,643)	(\$75,120,901)		(\$507,020,957)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:						
Cash and cash equivalents classified as current assets	\$16,981,832	\$41,017,495	\$87,350,882	\$64,271,857		\$242,776,270
Cash and cash equivalents classified as noncurrent assets	912,091		4,662,511	1,450,367		143,866,360
Cash and cash equivalents at end of the year	\$17,893,923	\$41,017,495	\$92,013,393	\$65,722,224		\$386,642,630
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Capital appropriations		\$8,222,162	\$12,326,229	\$1,505,457		\$26,963,161
Property acquired through capital lease						87,705,000
Amortized borrowing expense			(19,089)			(19,089)
Increase (Decrease) in fair market value of assets	(\$291,959)	662,876	(158,274)	4,781,557		20,239,019
Non-Employer contributing entity revenue	143,808	1,113,971	55,564	574,197		5,085,786
Capital gifts and grants		1,038,919	31,359	6,414		43,028,847
Transfers/disposal of capital assets		78,858	(265,318)	494,987		231,192
	(\$148,151)	\$11,116,786	\$11,970,471	\$7,362,612		\$183,233,916

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.



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

March 17, 2022

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, the financial statements of the business-type activities and 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, 2021, 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 17, 2022.

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, and the LSU Health Sciences Foundation in Shreveport, 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, which were audited by other auditors, were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) 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 may exist that have not been identified.

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, 2021. In addition, other external auditors audited the LSU Foundation, the Tiger Athletic Foundation, and the LSU Health Sciences Foundation in Shreveport, 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 on 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 communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

REW:JPT:BH:EFS:aa

LSU 2021