

LOUISIANA STATE UNIVERSITY SYSTEM

A COMPONENT UNIT OF THE
STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Financial Statement Audit for the
Year Ended June 30, 2024
Issued January 24, 2025**

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January 21, 2025

Independent Auditor's Report

**LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Louisiana State University System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the System as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Louisiana State University School of Medicine in New Orleans Faculty Group Practice doing business as LSU Healthcare Network and Subsidiaries; the Health Care Services Foundation and its subsidiary; the Stephenson Technologies Corporation; and the LSU Research Foundation, which are nonprofit corporations included as blended component units in the basic financial statements which represent 2.11%, 1.06%, 4.7%, and 4.73%, respectively, of total assets, total liabilities, total revenues, and total expenses of the System. We also did not audit the financial statements of the LSU Foundation, the Tiger Athletic Foundation, the LSU Health Sciences Foundation in Shreveport, or the LSU Health Foundation, New Orleans, which are discretely presented component units included in the basic financial statements of the System. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts reported for the previously-mentioned component units, are based solely on the reports of the other auditors.

Basis for Opinions

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 18, the Schedule of the Proportionate Share of the Total OPEB Liability on page 94, the Schedule of the Proportionate Share of the Net Pension Liabilities of Cost Sharing Defined Benefit Pension Plans on page 95, the Schedule of Contributions to Cost Sharing Defined Benefit Pension Plans on page 96, and the Notes to Required Supplementary Information on pages 97 through 99 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplementary information combining financial schedules on pages 101 through 112, for the year ended June 30, 2024, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2024, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the supplementary information combining financial schedules for the fiscal year ended June 30, 2024, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2024.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2025, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

ABM:ETM:JPT:BQD:aa
LSU2024

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, 2024. It should be read in conjunction with the financial statements and the notes thereto which follow this section.

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

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

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

BACKGROUND

The Louisiana State University System is the state's flagship university system. It is also one of the most diverse and comprehensive higher education systems in the country. Headcount enrollment during the fall 2023 semester was 64,401 which was an increase from the 58,517 reported in the previous year.

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

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

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

Beginning in the Spring of 2013, following a directive from the State, the LSU System began to transition the management and operations of all but one of its hospitals to private entities, entering into 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 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 entities were negotiated and formalized through cooperative endeavor agreements (CEA). These CEA's were executed by the State, the LSU System and the entity 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 hospital 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

Through enrollment increases, higher levels of grants and contracts and other self-generating revenue activities, LSU was able to continue to report positive financial results as evidenced by its positive change in net position of \$279 million in 2024. 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 \$115 million, while operating expenses increased by only \$36 million. The operating loss for fiscal year 2024 was \$657 million; the operating loss for fiscal year 2023, restated, was \$736 million.

The overall increase in operating revenue of \$115 million was driven by increases in several different revenue sources including student tuition and fees due to enrollment increases, federal grants and contracts due to an increase in overall awards, and non-governmental grants and contracts as a result of increased service fees through partnership with Ochsner Health System, and as result of the Medicaid Managed Care Quality Incentive Program (MCIP) contracts that the LSU Health Sciences Center in New Orleans has on behalf of Louisiana Department of Health and the surrounding hospitals. Auxiliary enterprise revenues also increased due to ticket and television revenues for athletics. These increases in operating revenue were offset by a decrease in sales and services revenue of educational departments and hospital income as a result of medical and laboratory service contract expirations.

The overall increase in operating expenses of \$36 million is largely attributable to an overall increase in appropriations for salaries and benefits and other expenditures, increased research initiatives, a new student information system, and growth in the Medicaid Managed Care Quality Incentive Program (MCIP). However, this overall increase was lessened by a decrease in the instructional expense category largely as a result of a prior year donation of subscription licenses of \$143 million that did not occur in 2024.

If you include non-operating revenues and expenses, the System shows income before other revenues, expenses, gains, and losses of \$200 million for fiscal year 2023-2024. This level of income represents an increase of \$123 million compared to the \$77 million reported in the previous year. Other revenues, expenses, gains and losses which include non-recurring items such as capital appropriations and gifts were \$79 million in 2024, approximately equal to the \$78 million in 2023.

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 \$279 million over 2023 (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 and other liabilities 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 amounts owed vendors, lending institutions, bondholders, lessors, and retirees, and
- The net position and availability of assets for use by the System.

Current assets total \$1.6 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 \$749 million and consist primarily of deferred outflows related to changes in the pension and other post-employment benefits liabilities, and losses on debt refundings which are deferred and amortized over time. Current liabilities total \$584 million and consist mainly of accounts payable and accrued liabilities, unearned revenues, the current portion of debt payable and other borrowings, amounts held in custody for others, the other post-employment benefits liability to be paid within one year, lease and subscription liabilities, and a contingent amount for uncompensated absences.

Noncurrent assets total \$5.8 billion and include net capital assets of \$3.3 billion and other noncurrent assets of \$2.5 billion. The other noncurrent assets primarily include leases receivable of \$1.9 billion along with cash and investments that are externally restricted to certain programs and/or to make debt service payments or to maintain sinking or reserve funds, as well as other restricted assets. Noncurrent liabilities total \$3.9 billion and include (1) principal amounts of revenue bonds payable, notes payable, and lease and subscription liabilities with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; (3) the other postemployment benefits liability that will not be paid within one year; (4) the net pension liability; (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 \$2.5 billion which consist of changes in the net pension liability and the other post-employment benefits liability that will be recognized as inflows in future years, and lessor lease payments deferred and recognized as revenues in future years over the periods under lease.

Restricted nonexpendable net position totals \$181 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 \$363 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, 2024, and June 30, 2023 (restated), follows.

Louisiana State University System Statement of Net Position

	As of		Change	Percentage Change
	June 30, 2024	June 30, 2023 (Restated)*		
Assets:				
Current assets	\$ 1,575,313,939	\$ 1,429,587,039	\$ 145,726,900	10.2%
Capital and intangible assets	3,346,503,605	3,351,845,163	(5,341,558)	(0.2%)
Other assets	2,485,135,100	2,482,362,803	2,772,297	0.1%
Total Assets	7,406,952,644	7,263,795,005	143,157,639	2.0%
Deferred Outflows of Resources:				
Deferred amounts on debt refunding	24,102,525	26,319,186	(2,216,661)	(8.4%)
OPEB-related deferred outflows of resources	274,956,738	322,710,958	(47,754,220)	(14.8%)
Deferred outflows related to pensions	449,546,138	476,430,192	(26,884,054)	(5.6%)
Total Deferred Outflows of Resources	748,605,401	825,460,336	(76,854,935)	(9.3%)
Total Assets and Deferred Outflows of Resources	8,155,558,045	8,089,255,341	66,302,704	0.8%
Liabilities:				
Current liabilities	583,707,201	536,422,189	47,285,012	8.8%
Noncurrent liabilities	3,868,986,281	3,988,571,825	(119,585,544)	(3.0%)
Total Liabilities	4,452,693,482	4,524,994,014	(72,300,532)	(1.6%)
Deferred Inflows of Resources:				
Lease related deferred inflows of resources	1,909,507,276	1,980,977,070	(71,469,794)	(3.6%)
OPEB-related deferred inflows of resources	472,668,057	572,610,900	(99,942,843)	(17.5%)
Deferred inflows related to pensions	69,684,557	38,578,072	31,106,485	80.6%
Total Deferred Inflows of Resources	2,451,859,890	2,592,166,042	(140,306,152)	(5.4%)
Total Liabilities and Deferred Inflows of Resources	\$ 6,904,553,372	\$ 7,117,160,056	\$ (212,606,684)	(3.0%)
Net Position:				
Net investment in capital assets	\$ 2,331,192,052	\$ 2,305,272,123	\$ 25,919,929	1.1%
Restricted - nonexpendable	180,634,324	176,251,451	4,382,873	2.5%
Restricted - expendable	362,992,636	339,127,939	23,864,697	7.0%
Unrestricted	(1,623,814,339)	(1,848,556,228)	224,741,889	12.2%
Total Net Position	\$ 1,251,004,673	\$ 972,095,285	\$ 278,909,388	28.7%

* Restated for a prior period error in applying GASB Statement No. 87 *Leases*. See Note 16.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) displays 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, 2024 for the System indicates a net operating loss of \$657 million determined without including State appropriations, gifts, or investment earnings and before subtracting interest expenses on debt.

Operating revenues increased by \$115 million and operating expenses increased by \$36 million. Changes in operating revenues and operating expenses are described in the financial highlights section above.

After including non-operating revenues such as State appropriations (\$573 million), gifts (\$79 million), federal non-operating revenues (\$83 million), net investment income (\$113 million), other income (\$40 million) and subtracting interest expense (\$31 million), the System had income before other revenues, expenses, gains, and losses of \$200 million.

The following table summarizes the System's operating revenues for the year ending June 30, 2024 with comparative totals for the year ended June 30, 2023.

Louisiana State University System Operating Revenues

	As of			Percentage Change
	June 30, 2024	June 30, 2023	Change	
Tuition and fees, net	\$ 646,299,531	\$ 593,457,830	\$ 52,841,701	8.9%
Federal appropriations	12,427,125	11,004,861	1,422,264	12.9%
Grants and contracts	1,306,344,701	1,228,855,632	77,489,069	6.3%
Sales and services of educational departments	207,511,189	230,790,745	(23,279,556)	(10.1%)
Auxiliary enterprises, net	274,595,069	266,311,033	8,284,036	3.1%
Hospital income	46,359,990	52,860,358	(6,500,368)	(12.3%)
Other	27,738,127	23,421,223	4,316,904	18.4%
Total operating revenues	\$ 2,521,275,732	\$ 2,406,701,682	\$ 114,574,050	4.8%

Operating Revenues

Operating revenues for the System totaled \$2.5 billion for the year ended June 30, 2024. Major components of operating revenues are grants and contracts, representing 52% of the total; net tuition and fees, representing 26% of the total; auxiliary revenues, representing 11% of the total; and sales and services of educational departments, representing 8% of the total.

For 2024, net tuition and fee revenue increased primarily because of student enrollment increases. Grants and contracts revenue increased as a result an increase in the number and level of federal and non-governmental awards as well as increased service fees through partnership with Ochsner Health System, and as result of the Medicaid Managed Care Quality Incentive Program (MCIP) contracts that the LSU Health Sciences Center in New Orleans has on behalf of Louisiana Department of Health and the surrounding hospitals. Auxiliary enterprise revenues increased due to ticket and television revenues as well as the increases in enrollment previously noted. These increases were offset by a decrease to revenues generated through Sales and services of educational departments due to the discontinuance of several medical and laboratory contracts, including contracts to collect Physician Upper Payment Limits with Lake Charles Medical Centers, COVID-19 laboratory testing, and pathology.

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, 2024	June 30, 2023 (Restated) *		
Operating revenues	\$ 2,521,275,732	\$ 2,406,701,682	\$ 114,574,050	4.8%
Operating expenses	3,178,702,373	3,142,417,331	36,285,042	1.2%
Operating loss	(657,426,641)	(735,715,649)	78,289,008	10.6%
Nonoperating revenues (expenses)	857,201,413	812,564,975	44,636,438	5.5%
Income before other revenues, expenses, gains, and losses	199,774,772	76,849,326	122,925,446	160.0%
Other revenues, expenses, gains, and losses	79,134,616	78,273,408	861,208	1.1%
Change in net position	278,909,388	155,122,734	123,786,654	79.8%
Net position at beginning of year - restated	972,095,285	816,972,551	155,122,734	19.0%
Net position at end of year	<u>\$ 1,251,004,673</u>	<u>\$ 972,095,285</u>	<u>\$ 278,909,388</u>	28.7%

* Restated for a prior period error in applying GASB Statement No. 87 *Leases* . See Note 16.

Operating Expenses

Total operating expenses for the System amounted to approximately \$3.2 billion for the year ended June 30, 2024. Instruction expenses represented 26% of all operating expenses and represented the largest functional component. Other major components are research expenses, 12%; public service expenses, 23%; institutional support, 9%; operation and maintenance of plant, 8%; and auxiliary enterprises, 8%. Shown below in tabular format is a summary of the System's operating expenses for the fiscal year ended June 30, 2024, with comparative totals for the year ended June 30, 2023.

Louisiana State University System Operating Expenses

	As of			Percentage Change
	June 30, 2024	June 30, 2023	Change	
Instruction	\$ 821,550,501	\$ 947,770,106	\$ (126,219,605)	(13.3%)
Research	395,634,793	360,083,072	35,551,721	9.9%
Public service	740,540,502	693,756,570	46,783,932	6.7%
Academic support	188,992,272	155,877,803	33,114,469	21.2%
Student services	69,470,232	53,318,341	16,151,891	30.3%
Institutional support	279,777,648	248,547,496	31,230,152	12.6%
Operation and maintenance of plant	240,249,895	266,074,698	(25,824,803)	(9.7%)
Scholarships and fellowships	96,514,443	90,189,128	6,325,315	7.0%
Auxiliary enterprises	255,523,496	239,916,969	15,606,527	6.5%
Hospital	90,448,591	86,883,148	3,565,443	4.1%
Total operating expenses	\$ 3,178,702,373	\$ 3,142,417,331	\$ 36,285,042	1.2%

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2024, the System had approximately \$3.3 billion invested in a broad range of capital assets including land, buildings and improvements, equipment, right-use lease assets, construction in progress, and infrastructure, which is net of accumulated depreciation and amortization of \$3.0 billion (see the following table).

Louisiana State University System Capital Asset Summary

	As of			Percentage Change
	June 30, 2024	June 30, 2023	Change	
Land	\$ 179,968,211	\$ 179,472,196	\$ 496,015	0.3%
Other Capital Assets:				
Buildings and Improvements	4,389,987,477	4,286,539,127	103,448,350	2.4%
Equipment (includes capitalized collections)	1,011,871,969	988,426,042	23,445,927	2.4%
Infrastructure	58,718,711	43,905,535	14,813,176	33.7%
Intangible Assets	87,634,689	87,545,650	89,039	0.1%
Right-to-use lease and SBITA assets	394,624,765	382,765,364	11,859,401	3.1%
Construction in Progress	198,909,302	213,612,829	(14,703,527)	(6.9%)
Total cost of capital assets	6,321,715,124	6,182,266,743	139,448,381	2.3%
Less accumulated depreciation and amortization	(2,975,211,519)	(2,830,421,580)	(144,789,939)	5.1%
Capital assets, net	\$3,346,503,605	\$3,351,845,163	\$ (5,341,558)	(0.2%)

Land totals \$180 million, while other capital assets net of accumulated depreciation total \$3.2 billion at June 30, 2024. The overall net decrease in capital assets of \$5 million from prior year is a result of \$139 million in capitalization of buildings, improvements, and infrastructure, including HSC-NO's School of Dentistry and Lion's Eye Center buildings and the new Science buildings on the Baton Rouge campus; largely offset by increased accumulated depreciation of \$145 million as a result of the capital additions placed in service.

Long-Term Debt

At June 30, 2024, the System had \$303 million in bonds outstanding, \$103 million in compensated absence liabilities, \$326 million in lease and subscription IT liabilities, \$1.4 billion in OPEB liabilities, \$1.4 billion in pension liabilities, and \$411 million in financed purchase obligations. Bonds outstanding decreased \$21 million from June 30, 2023, mainly due to regular principal payments made according to schedule. No bonds were issued during 2024.

The OPEB liability increased by approximately \$30 million from the amount as of June 30, 2023 largely due to the cost of benefits earned and accrued exceeding the amount by which those benefits are funded. The net pension liability decreased approximately \$121 million, primarily because of appreciation in the value of investments held in pensions trusts in 2023 (the valuation date of the pension plans) and certain changes in actuarial assumptions.

ECONOMIC OUTLOOK

Over the past decade, Louisiana's fiscal condition has fluctuated due to various changes in state tax and exemption laws. Consequently, institutions of higher education have experienced substantial cuts in state-appropriated funds during this period. Tuition, fees, and other self-generated revenues have mitigated most of the reductions and now comprise a significant portion of the total operating budget revenue. More recently, Louisiana has prioritized reinvestments in higher education, bringing LSU campuses closer to the funding level of their Southern Regional Education Board (SREB) peers. However, sustaining these reinvestments will hinge on the state's approach to addressing the anticipated revenue shortfall in FY2025-26.

The FY2024-25 operating budget for higher education remains at the prior year's level, reflecting legislative caution given the anticipated revenue reduction next year. While the state faces fiscal uncertainty in the near term, the LSU Board of Supervisors remains optimistic about the state's commitment to higher education and its focus on fiscal stability to maintain competitiveness in attracting talent. Despite a standstill operating budget for the current year, the 2024 Legislative Session yielded two measures that will support Louisiana's colleges and universities in maintaining instructional quality in high-cost programs and addressing the \$2 billion backlog of deferred maintenance:

- *Act 790 of the 2024 Regular Session* allows Louisiana higher education institutions to raise tuition and fees for graduate and professional programs and for undergraduate programs that are more costly to operate due to factors like small class sizes, expensive laboratory equipment, faculty salaries, or accreditation requirements.
- *Act 751 of the 2024 Regular Session* established the "College and University Deferred Maintenance and Capital Improvement Program," authorizing bonds to cover the cost of deferred maintenance at colleges and universities across the state.

Other 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 healthcare arrangements
- Changes in enterprise resource systems
- Changes in bond ratings
- Changes in organizational structure

CONTACTING THE LOUISIANA STATE UNIVERSITY'S MANAGEMENT

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

Statement of Net Position, June 30, 2024

ASSETS

Current Assets:

Cash and cash equivalents (note 2)	\$246,142,681
Investments (note 3)	698,321,914
Receivables, net (note 4)	478,611,679
Due from State Treasury (note 14)	11,698,287
Due from Federal Government (note 4)	53,791,954
Inventories	7,112,263
Prepaid expenses and advances	16,546,423
Notes receivable	2,217,746
Leases receivable (note 12)	53,805,475
Leases receivable - discrete component units (note 12)	41,106
Other current assets	7,024,411
Total current assets	<u>1,575,313,939</u>

Noncurrent Assets:

Restricted Assets:

Cash and cash equivalents (note 2)	198,717,732
Investments (note 3)	281,158,585
Receivables, net (note 4)	1,799,139
Notes receivable	9,994,706
Other restricted assets	7,529,425
Investments (note 3)	84,269,856
Leases receivable (note 12)	1,900,553,112
Leases receivable - discrete component units (note 12)	891,354
Other noncurrent assets	221,191
Capital assets, net (note 5)	3,346,503,605
Total noncurrent assets	<u>5,831,638,705</u>

Total assets7,406,952,644**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amounts on debt refunding	24,102,525
OPEB-related deferred outflows of resources (note 8)	274,956,738
Pension-related deferred outflows of resources (note 7)	449,546,138

Total deferred outflows of resources748,605,401**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**\$8,155,558,045

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position, June 30, 2024

LIABILITIES

Current Liabilities:

Accounts payable and accruals (note 6)	\$218,944,502
Due to Federal Government	217,515
Unearned revenues	182,569,456
Amounts held in custody for others	7,130,954
Other liabilities (note 26)	62,115,792
Compensated absences payable (note 10 and 13)	9,359,798
Lease liability (note 12 and 13)	6,923,009
Lease liability - discrete component units (note 12 and 13)	7,843,301
SBITA liability (note 11 and 13)	10,990,810
Finance purchase obligations (note 13)	146,754
Notes payable (note 13)	717,645
Bonds payable (note 13)	21,174,228
Total OPEB liability (note 8)	55,573,437
Total current liabilities	<u>583,707,201</u>

Noncurrent Liabilities:

Compensated absences payable (note 10 and 13)	93,182,897
Lease liability (note 12 and 13)	186,280,300
Lease liability - discrete component units (note 12 and 13)	98,358,475
SBITA liability (note 11 and 13)	15,517,446
Finance purchase obligations (note 13)	411,098,828
Notes payable (note 13)	2,362,609
Bonds payable (note 13)	281,997,300
Total OPEB liability (note 8)	1,329,608,984
Net pension liability (note 7)	1,434,159,741
Unearned revenues (advanced lease payments)	15,790,500
Other noncurrent liabilities (note 13)	629,201
Total noncurrent liabilities	<u>3,868,986,281</u>

Total liabilities4,452,693,482**DEFERRED INFLOWS OF RESOURCES**

Lease-related deferred inflows of resources (note 12)	1,909,507,276
OPEB-related deferred inflows of resources (note 8)	472,668,057
Pension-related deferred inflows of resources (note 7)	69,684,557
Total deferred inflows of resources	<u>2,451,859,890</u>

NET POSITION

Net investment in capital assets	2,331,192,052
Restricted	
Nonexpendable (note 15)	180,634,324
Expendable (note 15)	362,992,636
Unrestricted	<u>(1,623,814,339)</u>
Total net position	<u>1,251,004,673</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION\$8,155,558,045

(Concluded)

The accompanying notes are an integral part of this statement.

COMPONENT UNITS

Statement of Financial Position, June 30, 2024

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Foundation, New Orleans	LSU Health Sciences Foundation in Shreveport	Total Foundations
ASSETS					
Current Assets:					
Cash and cash equivalents (note 2)	\$39,217,997	\$22,324,608	\$1,898,990	\$4,445,446	\$67,887,041
Restricted cash and cash equivalents (note 2)	27,014,009	38,203,944			65,217,953
Investments (note 3)		20,815,275	5,704,631	10,846,740	37,366,646
Restricted investments (note 3)		8,032,247			8,032,247
Accrued interest receivable	1,945,989				1,945,989
Accounts receivable, net	2,080,880	1,189,290	359,084	200,316	3,829,570
Unconditional promises to give, net (note 23)	30,445,451	4,251,669	2,068,245	4,216,805	40,982,170
Deferred charges and prepaid expenses		533,215	172,661	41,324	747,200
Other current assets	353,955	26,212,014			26,565,969
Total current assets	101,058,281	121,562,262	10,203,611	19,750,631	252,574,785
Noncurrent Assets:					
Restricted assets:					
Cash and cash equivalents (note 2)		13,982,581		711,084	14,693,665
Investments (note 3)	767,851,863	96,453,934		273,207,592	1,137,513,389
Other	5,197,632				5,197,632
Investments (note 3)	11,309,353		172,341,536		183,650,889
Other receivables, net		780,000			780,000
Unconditional promises to give, net (note 23)	42,738,629	19,082,144	353,813	9,126,199	71,300,785
Property and equipment, net (note 5)	55,688,641	202,802,277	25,259,714	7,246,612	290,997,244
Right-of-use assets for operating leases□	149,575	2,006,424	328,852		2,484,851
Other noncurrent assets	1,231,958	43,775,112			45,007,070
Total noncurrent assets	884,167,651	378,882,472	198,283,915	290,291,487	1,751,625,525
Total assets	\$985,225,932	\$500,444,734	\$208,487,526	\$310,042,118	\$2,004,200,310
Current Liabilities:					
Accounts payable and accrued liabilities	\$14,763,746	\$4,160,475	\$939,373	\$1,917,640	\$21,781,234
Amounts held in custody for others	18,009,794	1,228,974		93,199,905	112,438,673
Deferred revenues		31,028,232			31,028,232
Compensated absences payable	601,168				601,168
Lease liability	23,667	18,492	125,999		168,158
Other current liabilities		37,987	2,947,375		2,985,362
Current portion of notes payable	529,452	3,668,518	126,996		4,324,966
Current portion of bonds payable (note 13)		7,753,000			7,753,000
Total current liabilities	33,927,827	47,895,678	4,139,743	95,117,545	181,080,793
Noncurrent Liabilities:					
Amounts held in custody for others	122,443,962		35,089,069		157,533,031
Lease liability	119,352	10,995,932	202,853		11,318,137
Notes payable	12,470,733	3,326,734	4,242,052		20,039,519
Bonds payable (note 13)		103,667,652			103,667,652
Deferred revenues		23,830,238			23,830,238
Other noncurrent liabilities	1,825,894		129,588		1,955,482
Total noncurrent liabilities	136,859,941	141,820,556	39,663,562		318,344,059
Total liabilities	170,787,768	189,716,234	43,803,305	95,117,545	499,424,852
NET ASSETS					
Without donor restrictions	81,644,337	234,941,078	20,380,097	27,600,497	364,566,009
With donor restrictions	732,793,827	75,787,422	144,304,124	187,324,076	1,140,209,449
Total net assets	814,438,164	310,728,500	164,684,221	214,924,573	1,504,775,458
Total liabilities and net assets	\$985,225,932	\$500,444,734	\$208,487,526	\$310,042,118	\$2,004,200,310

*As of December 31, 2023

The accompanying notes are an integral part of this statement.

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

OPERATING REVENUES

Student tuition and fees	\$814,574,099
Less scholarship allowances	(168,274,568)
Net student tuition and fees	<u>646,299,531</u>
Federal appropriations	12,427,125
Federal grants and contracts	223,445,828
State and local grants and contracts	85,855,311
Nongovernmental grants and contracts	997,043,562
Sales and services of educational departments	207,511,189
Hospital income	46,359,990
Auxiliary enterprise revenues (including revenues pledged to secure debt per note 22)	310,940,540
Less scholarship allowances	(36,345,471)
Net auxiliary revenues	<u>274,595,069</u>
Other operating revenues	<u>27,738,127</u>
Total operating revenues	<u><u>2,521,275,732</u></u>

OPERATING EXPENSES

Educational and general:	
Instruction	821,550,501
Research	395,634,793
Public service	740,540,502
Academic support	188,992,272
Student services	69,470,232
Institutional support	279,777,648
Operation and maintenance of plant	240,249,895
Scholarships and fellowships	96,514,443
Auxiliary enterprises	255,523,496
Hospital	<u>90,448,591</u>
Total operating expenses (note 18)	<u><u>3,178,702,373</u></u>

Operating Loss

(657,426,641)

NONOPERATING REVENUES (EXPENSES)

State appropriations	572,949,713
Gifts	78,928,786
Federal nonoperating revenues	82,793,292
Net investment income	113,161,697
Interest expense	(30,674,941)
Other net nonoperating revenues (expenses)	<u>40,042,866</u>
	<u><u>857,201,413</u></u>

Income Before Other Revenues, Expenses, Gains, and Losses

199,774,772

Capital appropriations	30,781,767
Capital gifts and grants	50,120,172
Additions to permanent endowments	4,030,000
Other additions (deductions), net	<u>(5,797,323)</u>

Change in Net Position

278,909,388

Net Position at Beginning of Year, Restated (Note 16)972,095,285**Net Position at End of Year**\$1,251,004,673

The accompanying notes are an integral part of this statement.

COMPONENT UNITS
Statement of Activities
For the Year Ended June 30, 2024

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Foundation, New Orleans	LSU Health Sciences Foundation in Shreveport	Total Foundations
Changes in net assets without donor restrictions:					
Operating activities					
Revenues:					
Contributions	\$1,412,491	\$406,171	\$105,971	\$861,300	\$2,785,933
Contract revenue		35,886,556			35,886,556
Investment earnings (loss), net	2,633,774	11,594,150	1,579,678	3,235,624	19,043,226
Service fees	1,474,322		3,818,001	890,988	6,183,311
Other revenues	26,802,492	13,486,637	938,330	142,160	41,369,619
Total revenues without donor restrictions	32,323,079	61,373,514	6,441,980	5,130,072	105,268,645
Net assets released from donor restrictions:					
Satisfaction of purpose restrictions	91,482,706	35,944,829	14,252,703	6,468,169	148,148,407
Total operating revenues and other support	123,805,785	97,318,343	20,694,683	11,598,241	253,417,052
Expenses:					
Amounts paid to benefit Universities for:					
Projects specified by donors	85,234,000		9,321,075	5,507,315	100,062,390
Projects specified by the Board of Directors		35,986,516			35,986,516
Other:					
Grants and contracts			4,734,755		4,734,755
Property operations			217,338		217,338
Other		14,171,370	430,434		14,601,804
Total program expenses	85,234,000	50,157,886	14,703,602	5,507,315	155,602,803
Supporting services:					
Salaries and benefits	4,519,012	2,521,284	2,202,649	536,425	9,779,370
Occupancy	171,156	244,875	266,747	26,592	709,370
Office operations	2,049,530	158,197	315,192	39,472	2,562,391
Travel	35,135	86,909	75,243	3,746	201,033
Professional services	636,076	151,839	487,918	107,957	1,383,790
Dues and subscriptions	73,981	32,908	214,204	6,331	327,424
Meetings and development	66,052	21,352	1,848		89,252
Depreciation	1,795,772	237,808	251,060	94,974	2,379,614
Other		2,907,890	397,359	107,742	3,412,991
Total supporting services	9,346,714	6,363,062	4,212,220	923,239	20,845,235
Fund-raising expenses	8,236,019	4,027,314		1,929,128	14,192,461
Total expenses	102,816,733	60,548,262	18,915,822	8,359,682	190,640,499
Change in net assets without donor restrictions	20,989,052	36,770,081	1,778,861	3,238,559	62,776,553
Changes in net assets with donor restrictions					
Contributions	\$57,175,710	\$31,662,760	\$11,401,836	\$4,110,991	\$104,351,297
Investment earnings (loss)	65,444,671	3,695,202	10,836,295	18,757,392	98,733,560
Changes in value of split interest agreements	236,868				236,868
Other		932,886	(35,066)		897,820
Satisfaction of purpose restrictions	(91,482,706)	(35,944,829)	(14,252,703)	(6,468,169)	(148,148,407)
Change in net assets with donor restrictions	31,374,543	346,019	7,950,362	16,400,214	56,071,138
Change in net assets	52,363,595	37,116,100	9,729,223	19,638,773	118,847,691
Net assets at beginning of year	762,074,569	273,612,400	154,954,998	195,285,800	1,385,927,767
Net assets at end of year	\$814,438,164	\$310,728,500	\$164,684,221	\$214,924,573	\$1,504,775,458

* For the calendar year ended December 31, 2023

The accompanying notes are an integral part of this statement.

**Statement of Cash Flows
For the Year Ended June 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$646,576,472
Federal appropriations	16,010,479
Grants and contracts	1,204,002,454
Sales and services of educational departments	211,107,767
Hospital income	45,640,354
Auxiliary enterprise receipts	270,402,930
Payments for employee compensation	(1,437,203,166)
Payments for benefits	(426,549,548)
Payments for utilities	(58,194,654)
Payments for supplies and services	(1,000,713,426)
Payments for scholarships and fellowships	(98,775,589)
Loans to students	(183,706)
Collection of loans to students	2,382,391
Other receipts	30,934,764
Net cash used by operating activities	<u>(594,562,478)</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES:**

State appropriations	580,549,654
Gifts and grants for other than capital purposes	82,615,165
Private gifts for endowment purposes	2,120,000
TOPS receipts	114,839,885
TOPS disbursements	(114,873,299)
FEMA receipts	1,445,633
FEMA disbursements	(220,950)
Direct lending receipts	402,255,274
Direct lending disbursements	(406,293,558)
CARES receipts	437,384
CARES disbursements	(437,384)
Other disbursements	(19,436,047)
Net cash provided by noncapital financing activities	<u>643,001,757</u>

**CASH FLOWS FROM CAPITAL
FINANCING ACTIVITIES:**

Capital gifts and grants received	45,943,682
Purchase of capital assets	(107,280,489)
Principal paid on capital debt	(21,723,182)
Interest paid on capital debt	(25,180,168)
Receipts from lessor leases	107,885,038
Payments for right of use lease and subscription assets	(32,623,420)
Other uses	(202,513)
Net cash used by capital financing activities	<u>(\$33,181,052)</u>

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM

Statement E

**Statement of Cash Flows
For the Year Ended June 30, 2024**

CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	\$217,219,781
Interest received on investments	54,284,536
Purchase of investments	(265,776,637)
Net cash provided by investing activities	<u>5,727,680</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,985,907
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>423,874,506</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>\$444,860,413</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	(\$657,426,641)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	182,967,996
Non-Employer contributing entity revenue	23,335,596
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Increase in accounts receivable, net	(124,168,384)
Increase in inventories	(32,259)
Decrease in prepaid expenses and other	6,195,111
Decrease in notes receivable	1,352,557
Decrease in deferred outflows related to OPEB	47,754,220
Decrease in deferred outflows related to pensions	26,884,054
Decrease in other assets	448,032
Increase in accounts payable and accrued liabilities	29,284,246
Increase in unearned revenue	7,866,531
Decrease in amounts held in custody for others	(957,148)
Increase in compensated absences	5,194,911
Increase in total OPEB liability	29,538,311
Decrease in net pension liability	(120,706,774)
Decrease in deferred inflows related to OPEB	(99,942,843)
Increase in deferred inflows related to pensions	31,106,485
Decrease in other deferred inflows	(4,135,197)
Increase in other liabilities	<u>20,878,718</u>
Net cash used by operating activities	<u><u>(\$594,562,478)</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

**Statement of Cash Flows
For the Year Ended June 30, 2024**

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

Cash and cash equivalents classified as current assets	\$246,142,681
Cash and cash equivalents classified as noncurrent assets	198,717,732

Cash and cash equivalents at end of the year	<u><u>\$444,860,413</u></u>
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**SCHEDULE OF NONCASH INVESTING, CAPITAL,
AND FINANCING ACTIVITIES:**

Capital appropriations	\$30,781,767
Amortized borrowing expense	\$18,591
Increase in fair market value of assets	\$34,117,414
Capital gifts and grants	\$21,634,265
Transfers/disposal of capital assets	(\$612,245)
Subscription-based information technology arrangements acquired in current year	\$13,430,691
Leased assets acquired in current year	\$4,571,062
Lease receivables acquired in current year	\$1,552,207

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

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

The System is comprised of nine campuses in five cities and one state hospital. In addition, the System has established partnership cooperative endeavors for the management of six additional hospitals. The System includes LSU and A&M College (LSU) and the Pennington Biomedical Research Center, both in Baton Rouge; the LSU Agricultural Center (including the Louisiana Agricultural Experiment Stations and the Louisiana Cooperative Extension Service), with headquarters in Baton Rouge; LSU Shreveport; LSU of Alexandria; LSU Eunice, a two-year institution; the LSU Health Sciences Center in New Orleans, which includes schools of Medicine, Dentistry, Nursing, Public Health, and Allied Health Professions, and a Graduate School in New Orleans, and the Louisiana State University School of Medicine in New Orleans Faculty Group Practice (a Louisiana nonprofit corporation doing business as LSU Healthcare Network); the Health Care Services Division; and the LSU Health Sciences Center in Shreveport, which includes schools of Medicine, Allied Professions, and Graduate Studies. Student enrollment for the System for the 2023 fall semester totaled 64,401. As of December 2023, the System had 4,504 full and part-time faculty members with the academic rank of instructor or above, including those positions with equivalent rank.

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

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

B. REPORTING ENTITY

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

Blended Component Units

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

LSUHN's activities include services provided in both hospitals across Southern Louisiana and the clinics operated by LSUHN on behalf of LSUHSC. In August 2011, LSUHN and LSUHSC (through the Board of Supervisors of LSU) entered into a restated and amended agreement pursuant to the Uniform Affiliation Agreement. The agreement establishes support of the Board of Supervisors of LSU and LSUHSC in the attainment of its mission and goals, particularly as they relate to the LSUHSC 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 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 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, 2100 Brickyard Lane, Suite 200, Baton Rouge, Louisiana 70802.

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

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

Discretely Presented Component Units

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

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 and expense recognition criteria, lease accounting, and presentation features are different from GASB revenue and expense recognition criteria, lease accounting, 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, 2024, the foundation made distributions to or on behalf of the university for both restricted and unrestricted purposes for \$85,234,000. 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, 2023, TAF made distributions to or on behalf of the System for both restricted and unrestricted purposes for \$35,986,516 with an additional \$343,407 from affiliated chapters. Complete financial statements for TAF can be obtained from Post Office Box 711, Baton Rouge, Louisiana 70821 or from the foundation's website at www.lsutaf.org.

The LSU Health Foundation, New Orleans, formerly known as the LSU Health Sciences Center Foundation, supports LSU Health Sciences Center. During the year ended June 30, 2024, the foundation made distributions to or on behalf of the System for either restricted or unrestricted purposes for \$14,703,602. Complete financial statements for the foundation can be obtained at 2000 Tulane Ave, New Orleans, Louisiana 70112 or from the foundation's website at www.lsuhealthfoundation.org.

The LSU Health Sciences Foundation in Shreveport supports LSU-HSC Shreveport. During the year ended June 30, 2024, the foundation made distributions to or on behalf of the System for either restricted or unrestricted purposes for \$5,507,315. 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 was 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). An amendment to the master hospital facility lease agreement to remove the consumer price index inflator to the rent payment was approved April 2023. In addition, the equipment leases for Shreveport and Monroe Hospitals were terminated June 2023 after an equipment bill of sale.

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 a specified amount in its Executive Budget for appropriation approved through the legislative process.

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

Discrete Component Units

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

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

D. BUDGET PRACTICES

The appropriations made for the General Fund of the LSU System are annual lapsing appropriations established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive agencies of state government. The Joint Legislative Committee on the Budget grants budget revisions. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation/amortization 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	\$ 1,379,579,177
Increases (Decreases)	
State general fund	8,800,000
Self-generated	16,821,507
Interagency transfers	404,586
Statutory dedications	<u>443,961</u>
Final budget	<u>\$ 1,406,049,231</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 net 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 System 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 System. 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. 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 significantly increase the value or extend the useful life of the structure, and right-to-use lease and Subscription-Based Information Technology Arrangements (SBITAs) assets that total \$100,000 or more are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. Right-to-use lease and SBITA assets are amortized over the term of the respective contracts. Depreciation and amortization expense is charged directly to the various functional categories of operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position. The LSU System uses the group or composite method for library book depreciation if the books are considered to have a useful life of greater than one year.

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

I. UNEARNED REVENUES

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities before the end of the fiscal year that are related to the subsequent accounting period. Unearned revenues also primarily 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 financed asset purchase and lease or SBITA liability obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences, total OPEB liabilities, and the System's proportionate share of net pension liabilities that will not be paid within the next fiscal year; (3) unearned revenues; and (4) other liabilities that will not be paid within the next fiscal year.

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with State law and administrative regulations. Faculty with 12-month appointments who have over 10 years of State service, nonclassified employees with over 10 years of State service, and classified employees regardless of years of State service accumulate leave without limitation. According to the System leave schedule, faculty with 12-month appointments who have less than 10 years of State service and nonclassified employees with less than 10 years of State service can only accumulate 176 hours of annual leave; sick leave is accumulated without limitation. Effective January 1, 1994, academic and unclassified employees were given the opportunity to elect to remain under the System leave schedule or change to the Louisiana State Civil Service annual leave accrual schedule under which there is no limit on the accumulation of annual leave. Nine-month faculty members accrue sick leave but do not accrue annual leave; however, they are granted faculty leave during holiday periods when students are not in classes. Upon separation of employment, both classified and nonclassified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

L. NET POSITION

The System's net position is classified as follows:

(1) Net Investment in Capital Assets

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

(2) Restricted Net Position - Expendable

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

(3) Restricted Net Position - Nonexpendable

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

(4) Unrestricted Net Position

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

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

M. CLASSIFICATION OF REVENUES

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

- (a) Operating Revenue - Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) hospital income; and (4) most federal, state, and local grants and contracts and federal appropriations.
- (b) Nonoperating Revenue - Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, investment income, lease revenue, and grants that do not have the characteristics of exchange transactions.

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the System 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 System are eliminated for purposes of preparing the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

P. USE OF ESTIMATES

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

Q. DEFERRED OUTFLOWS AND DEFERRED INFLOWS

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

R. PENSION PLANS

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

S. LEASES and SBITA

The System enters into noncancellable lease agreements and records them in accordance with GASB Statement No. 87, *Leases*. The System also enters into non-cancellable subscriptions for information technology and records them in accordance with GASB Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITA)*.

Lessee Leases and Subscription-Based Information Technology Arrangements (SBITA)

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

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

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

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

Lessor Leases

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

The System generally follows the State of Louisiana's estimated incremental borrowing rate as the discount rate for measurement of the lease receivables when the note is not specific in the contract.

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

**T. PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS AND AVAILABILITY
PAYMENT ARRANGEMENTS**

The System may, from time to time, enter into contracts with third parties for the provision of public services or for the design, construction, or financing of nonfinancial assets for which GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)* is applied. The accounting impact of GASB Statement No. 94 varies depending on the type of agreement, the role of the government (i.e., transferor or operator), and the nature of the underlying asset, and can result in recording capital assets, deferred inflows, receivables and financed purchase obligations. The System recognizes the accounting required by GASB Statement No 94 to PPPs or APAs with fixed cash flows over the term of the agreement exceeding \$3,000,000.

U. ACCOUNTING CHANGES AND STANDARDS IMPLEMENTED

The System has implemented GASB Statement 100, *Accounting Changes and Error Corrections*. This standard enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

2. CASH AND CASH EQUIVALENTS

At June 30, 2024, the System has cash and cash equivalents (book balances) of \$444,860,413 as follows:

Petty Cash	\$	288,061
Demand deposits		430,892,380
Certificates of deposit		18,600
Money market funds		12,366,412
Open-end mutual fund		337,194
Cash held in foundation bond funds		<u>957,766</u>
Total	<u>\$</u>	<u>444,860,413</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, 2024, \$14,966,594 of the System's bank balance of \$485,853,234 was exposed to custodial credit risk, as these balances were uninsured and uncollateralized.

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

CASH AND CASH EQUIVALENTS - COMPONENT UNITS

Cash and cash equivalents of the component units totaled \$147,798,659, 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 maturities of three months or less at the date of acquisition to be cash equivalents. Occasionally, the LSU Foundation has deposits in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Foundation's management believes the credit risk associated with these deposits is minimal.

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

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

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

3. INVESTMENTS

At June 30, 2024, the System has investments totaling \$1,063,750,355.

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.

The Systems' investments are recorded at fair value as of June 30, 2024. 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	\$ 101,599	\$ 101,599	\$ -	\$ -
Repurchase Agreements	-	-	-	-
U.S. Treasury Securities	96,697,671	-	96,697,671	-
Bonds and Notes:				
Federal National Mortgage Association	16,821,960	-	16,821,960	-
Federal Home Loan Bank	13,203,445	-	13,203,445	-
Federal Home Loan Mortgage Corporation	11,299,238	-	11,299,238	-
Federal Farm Credit Bank	39,323,543	-	39,323,543	-
World Bank Group	21,539,457	-	21,539,457	-
Inter-American Development Bank	4,410,460	-	4,410,460	-
Mortgage Backed Securities:				
Federal National Mortgage Association	19,580,818	-	19,580,818	-
Small Business Administration	443,675	-	443,675	-
Corporate debt obligations	275,437,691	644,239	274,793,452	-
Municipal obligations	201,919,584	-	201,919,584	-
Fixed income mutual funds	7,974,122	7,828,631	145,491	-
Money market mutual funds	162,000	162,000	-	-
Equity:				
Equity mutual funds	25,177,733	25,177,733	-	-
Common and preferred stock	54,973,480	54,973,480	-	-
Other	7,074,569	4,448,130	-	2,626,439
Investments held through Foundation (commingled)	56,764,910	56,764,910	-	-
Investments held through Foundation (held separately):				
Money market mutual funds	3,726,677	3,726,677	-	-
Equity mutual funds	37,576,667	37,576,667	-	-
Fixed Income mutual funds	104,552,073	104,552,073	-	-
Other commingled funds - fixed income	11,204,069	-	11,204,069	-
JP Morgan Savings Account	439,053	439,053	-	-
Realty Investments	9,029,356	-	-	9,029,356
Total Investments by Fair Value Level	1,019,433,850	296,395,192	711,382,863	11,655,795
Investments Measured at Net Asset Value (NAV)				
Comingled funds held through foundation	37,512,958			
Investments Reported at Amounts Other than Fair Value				
Other:				
Endowed partnerships	1,515,750			
Interest Receivable	5,018,389			
BCMC Foundation Nonnegotiable Certificates of Deposit	269,408			
Total Investments	\$ 1,063,750,355			

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.
- The HSC-S securities held at JP Morgan Chase are generally valued based on bid-side quotations or evaluated bids based on the internal models used by the independent pricing service. Pricing services use electronic modeling techniques that incorporate security characteristics, market conditions, and dealer-supplied valuations to determine an evaluated price.

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, 2024, 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	\$ 37,512,958	\$ -	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 displays the System's investments by type, and for fixed-income investments, the maturity ranges at June 30, 2024.

Type of Investments:	Investments	Carrying Value	Investment Maturities in Years				
			0-1	>1 - 5	>5 - 10	>10 - 20	>20 ¹
Investments Reported by Fair Value Level							
Negotiable certificates of deposit	0.01%	\$ 101,599	\$ 101,599	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	0.00%	-	-	-	-	-	-
U.S. Treasury Securities	9.09%	96,697,671	27,192,559	68,020,456	1,484,656	-	-
Bonds and Notes:							
Federal National Mortgage Association	1.58%	16,821,960	-	13,275,466	-	3,546,494	-
Federal Home Loan Bank	1.24%	13,203,445	-	12,725,474	477,971	-	-
Federal Home Loan Mortgage Corporation	1.06%	11,299,238	-	4,120,165	7,179,073	-	-
Federal Farm Credit Bank	3.70%	39,323,543	-	1,028,728	8,144,035	30,150,780	-
World Bank Group	2.02%	21,539,457	-	12,294,794	-	9,244,663	-
Inter-American Development Bank	0.41%	4,410,460	-	4,410,460	-	-	-
Mortgage Backed Securities:							
Federal National Mortgage Association	1.84%	19,580,818	-	881,362	16,540,497	10,209	2,148,750
Small Business Administration	0.04%	443,675	292,094	151,581	-	-	-
Corporate debt obligations	25.89%	275,437,691	14,807,171	95,502,500	133,466,209	26,358,041	5,303,770
Municipal obligations	18.98%	201,919,584	249,105	52,867,288	49,555,070	64,359,244	34,888,877
Fixed income mutual funds	0.75%	7,974,122	-	3,395,643	4,578,479	-	-
Money market mutual funds	0.02%	162,000	-	-	-	-	-
Equity:							
Equity mutual funds	2.37%	25,177,733	-	-	-	-	-
Common and preferred stock	5.17%	54,973,480	-	-	-	-	-
Other	0.67%	7,074,569	-	-	-	-	-
Investments held through Foundation (commingled)	5.34%	56,764,910	-	-	-	-	-
Investments held through Foundation (held separately):							
Money market mutual funds	0.35%	3,726,677	-	-	-	-	-
Equity mutual funds	3.53%	37,576,667	-	-	-	-	-
Fixed income mutual funds	9.83%	104,552,073	63,485	11,237,203	72,737,651	-	20,513,734
Other commingled funds - fixed income	1.05%	11,204,069	6,262,611	4,941,458	-	-	-
JP Morgan Savings Account	0.04%	439,053	-	-	-	-	-
Realty Investments	0.85%	9,029,356	-	-	-	-	-
Investments Measured at Net Asset Value (NAV)							
Comingled funds held through foundation	3.53%	37,512,958	475,904	20,756,441	16,280,613	-	-
Investments Reported at Amounts Other than Fair Value							
Other:							
Endowment partnerships	0.14%	1,515,750	-	-	-	-	-
Interest Receivable	0.47%	5,018,389	-	-	-	-	-
BCMC Foundation Nonnegotiable Certificates of Deposit	0.03%	269,408	-	-	-	-	-
		<u>\$ 1,063,750,355</u>	<u>\$ 49,444,528</u>	<u>\$ 305,609,019</u>	<u>\$ 310,444,254</u>	<u>\$ 133,669,431</u>	<u>\$ 62,855,131</u>

¹ Includes an investment of \$4,083,040 with a maturity beyond 30 years. All other investments in this category mature between 20 and 30 years.

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	\$ 181,012,993
Fitch	A+	3,177,412
Fitch	AA-	1,062,487
Fitch	AA+	11,757,826
Fitch	BBB	402,650
Moody's	A1	15,495,844
Moody's	A2	4,657,257
Moody's	A3	7,649,089
Moody's	Aa1	18,041,808
Moody's	Aa2	29,521,636
Moody's	Aa3	32,955,351
Moody's	AAA	27,876,622
Moody's	Baa1	6,688,949
S&P	A	12,841,981
S&P	A-	48,361,344
S&P	A+	16,424,822
S&P	A+f	1,775,799
S&P	AA	31,355,173
S&P	AA-	105,634,946
S&P	AA+	148,203,432
S&P	AAA	46,238,111
S&P	AAAm	10,679
S&P	B	170,244
S&P	BBB	6,167,826
S&P	BBB+	13,516,360
Total		<u>\$ 771,000,641</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 campuses or System with safekeeping receipts, collateral agreements, and custodial agreements.

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

GASB codification section 150 requires disclosure of investments in any one issuer of greater than 5% of total investments. The System had no concentrations greater than 5% in any one issuer as of June 30, 2024.

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 \$59.1 million invested in highly sensitive investments, such as variable notes.

The variable rate securities consist of \$59.1 million in corporate debt obligations. Variable Rate Notes are debt obligations that have variable interest rates. These types of securities have coupon payments that correlate to a benchmark such as SOFR and Treasury Bill rates for example. In many instances, the coupon paid is based on a spread to or as a percentage of a specified benchmark and may include a "floor and cap" rate. The investments in variable rate notes are highly sensitive to changes in interest rates due to the coupons regularly changing in relation to the corresponding benchmark. In addition, variable rate notes may include a call feature. These variable rate notes had coupons ranging from 1.92% to 6.22%. The maturity dates range from January 2025 to November 2034.

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, 2024, follows:

Type of Investment	LSU Foundation	Tiger Athletic Foundation*	LSU Health Foundation, New Orleans	LSU Health Sciences Foundation in Shreveport	Total Investments
Money markets/certificates of deposit	\$ -	\$ 3,844,229	\$ 5,704,631	\$ 305,933	\$ 9,854,793
Debt obligations	149,569,828	67,607,890	-	-	217,177,718
Corporate stocks, common stocks, and indexed mutual funds	7,983,365	41,598,747	10,839,324	-	60,421,436
Shaw Center for the Arts, LLC	11,309,353	-	-	-	11,309,353
Royalty interest	154,083	-	-	-	154,083
Mutual funds	200,846,329	-	58,274,936	199,987,293	459,108,558
Private equity	111,164,781	-	8,241,512	3,654,042	123,060,335
Hedged funds	140,505,730	-	22,223,770	-	162,729,500
Real estate	-	1,122,388	-	-	1,122,388
Real assets	-	4,267,099	4,605,100	-	8,872,199
Alternative investments	-	6,861,103	-	-	6,861,103
Municipal bonds	1,610,998	-	-	-	1,610,998
Commingled Funds	119,697,077	-	60,477,992	-	180,175,069
Separately managed accounts	36,319,672	-	-	-	36,319,672
Agency investments for LSUHSC Shreveport	-	-	-	80,107,064	80,107,064
Convertible debt	-	-	7,678,902	-	7,678,902
Total Investments	\$ 779,161,216	\$ 125,301,456	\$ 178,046,167	\$ 284,054,332	\$ 1,366,563,171

*As of December 31, 2023

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 \$11,309,353 at June 30, 2024, is accounted for by the equity method.

4. RECEIVABLES AND DUE FROM FEDERAL GOVERNMENT

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

	Receivables	Doubtful Accounts	Net Receivables
Student tuition and fees	\$ 80,254,413	\$ 35,448	\$ 80,218,965
Auxiliary enterprises	38,759,758	-	38,759,758
Contributions and gifts	5,897,205	-	5,897,205
Federal grants and contracts	53,791,954	-	53,791,954
State and private grants and contracts	309,073,689	203,654	308,870,035
Sales and services/other	22,512,694	185,048	22,327,646
Clinics	27,047,620	8,944,313	18,103,307
Hospital	34,080,274	29,441,604	4,638,670
Other - uncompensated care	1,595,232	-	1,595,232
Total	<u>\$ 573,012,839</u>	<u>\$ 38,810,067</u>	<u>\$ 534,202,772</u>

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance June 30, 2023	Additions	Transfers/ Adjustments	Retirements	Balance June 30, 2024
Capital assets not being depreciated					
Land	\$ 179,472,196	\$ 760,010	\$ -	\$ (263,995)	\$ 179,968,211
Capitalized collections	14,152,716	4,531,507	-	-	18,684,223
Construction-in-progress	213,612,829	75,707,529	(90,411,056)	-	198,909,302
Total capital assets not being depreciated	\$ 407,237,741	\$ 80,999,046	\$ (90,411,056)	\$ (263,995)	\$ 397,561,736
Capital assets being depreciated:					
Infrastructure	\$ 43,905,535	\$ 14,813,176	\$ -	\$ -	\$ 58,718,711
Less accumulated depreciation	(28,039,261)	(1,501,580)	-	-	(29,540,841)
Total infrastructure	15,866,274	13,311,596	-	-	29,177,870
Land improvements	150,732,476	4,253,327	3,206,733	(171,476)	158,021,060
Less accumulated depreciation	(103,270,652)	(5,336,343)	-	171,476	(108,435,519)
Total land improvements	47,461,824	(1,083,016)	3,206,733	-	49,585,541
Buildings	4,135,806,651	10,494,598	87,176,839	(1,511,671)	4,231,966,417
Less accumulated depreciation	(1,730,629,670)	(102,834,663)	-	1,493,296	(1,831,971,037)
Total buildings	2,405,176,981	(92,340,065)	87,176,839	(18,375)	2,399,995,380
Equipment (including library books)	974,273,326	49,395,605	1,215,913	(31,697,098)	993,187,746
Less accumulated depreciation	(831,963,400)	(39,491,082)	(996,008)	31,556,302	(840,894,188)
Total equipment	142,309,926	9,904,523	219,905	(140,796)	152,293,558
Software (internally generated and purchased)	84,181,509	61,555	27,484	-	84,270,548
Other intangibles	3,364,141	-	-	-	3,364,141
Less accumulated amortization - software	(83,969,214)	(100,723)	(282)	-	(84,070,219)
Less accumulated amortization - other intangibles	(3,371,719)	(12,886)	-	-	(3,384,605)
Total non-lease intangible assets	204,717	(52,054)	27,202	-	179,865
Total capital assets being depreciated	\$ 2,611,019,722	\$ (70,259,016)	\$ 90,630,679	\$ (159,171)	\$ 2,631,232,214
Right-to-use leased assets:					
Leased land	\$ 4,743,566	\$ 21,772	\$ -	\$ (180,997)	\$ 4,584,341
Less accumulated amortization	(446,831)	(187,027)	-	180,997	(452,861)
Total leased land	4,296,735	(165,255)	-	-	4,131,480
Leased building & office space	335,544,176	4,352,286	-	(441,803)	339,454,659
Less accumulated amortization	(38,017,188)	(18,466,602)	-	252,724	(56,231,066)
Total leased building & office space	297,526,988	(14,114,316)	-	(189,079)	283,223,593
Leased equipment & other	1,101,100	197,004	-	-	1,298,104
Less accumulated amortization	(589,763)	(376,471)	-	-	(966,234)
Total leased equipment	511,337	(179,467)	-	-	331,870
Subscription-based information technology arrangements (SBITA)	41,376,522	13,430,691	-	(5,519,552)	49,287,661
Less accumulated amortization	(10,123,882)	(14,660,619)	-	5,519,552	(19,264,949)
Total SBITA	31,252,640	(1,229,928)	-	-	30,022,712
Total right-to-use lease and SBITA assets	\$ 333,587,700	\$ (15,688,966)	\$ -	\$ (189,079)	\$ 317,709,655
Capital asset summary:					
Capital assets not being depreciated	\$ 407,237,741	\$ 80,999,046	\$ (90,411,056)	\$ (263,995)	\$ 397,561,736
Other capital assets, at cost	5,392,263,638	79,018,261	91,626,969	(33,380,245)	5,529,528,623
Right-to-use lease and SBITA assets	382,765,364	18,001,753	-	(6,142,352)	394,624,765
Total cost of capital assets	6,182,266,743	178,019,060	1,215,913	(39,786,592)	6,321,715,124
Less accumulated depreciation and amortization	(2,830,421,580)	(182,967,996)	(996,290)	39,174,347	(2,975,211,519)
Capital assets, net	\$ 3,351,845,163	\$ (4,948,936)	\$ 219,623	\$ (612,245)	\$ 3,346,503,605

COMPONENT UNITS

	Balance June 30, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Capital assets not being depreciated					
Land	\$ 24,595,286	\$ 819,790	\$ (381,500)	\$ -	\$ 25,033,576
Capitalized collections	4,218,976	-	(4,177,211)	-	41,765
Construction-in-progress	17,632,006	43,817,157	(10,464,170)	(1,004,091)	49,980,902
Total Capital assets not being depreciated	\$ 46,446,268	\$ 44,636,947	\$ (15,022,881)	\$ (1,004,091)	\$ 75,056,243
Other capital assets:					
Land improvements	\$ 9,758,750	\$ -	\$ 993,645	\$ (2,281)	\$ 10,750,114
Less accumulated depreciation	(2,479,974)	(306,660)	-	2,281	(2,784,353)
Total land improvements	7,278,776	(306,660)	993,645	-	7,965,761
Buildings	300,200,733	4,171,835	1,019,954	(686,857)	304,705,665
Less accumulated depreciation	(90,971,347)	(8,840,678)	-	659,933	(99,152,092)
Total buildings	209,229,386	(4,668,843)	1,019,954	(26,924)	205,553,573
Equipment	3,297,828	3,062,093	73,891	(1,006,081)	5,427,731
Less accumulated depreciation	(3,128,467)	(919,930)	40,822	1,001,511	(3,006,064)
Total equipment	169,361	2,142,163	114,713	(4,570)	2,421,667
Total other capital assets	\$ 216,677,523	\$ (2,833,340)	\$ 2,128,312	\$ (31,494)	\$ 215,941,001
Capital asset summary:					
Capital assets not being depreciated	\$ 46,446,268	\$ 44,636,947	\$ (15,022,881)	\$ (1,004,091)	\$ 75,056,243
Other capital assets, at cost	313,257,311	7,233,928	2,087,490	(1,695,219)	320,883,510
Total cost of capital assets	359,703,579	51,870,875	(12,935,391)	(2,699,310)	395,939,753
Less accumulated depreciation	(96,579,788)	(10,067,268)	40,822	1,663,725	(104,942,509)
Capital assets, net	\$ 263,123,791	\$ 41,803,607	\$ (12,894,569)	\$ (1,035,585)	\$ 290,997,244

6. DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2024, were as follows:

<u>Activity</u>	<u>Amount</u>
Vendors	\$ 94,821,800
Salaries and benefits	69,661,240
Accrued interest	258,492
Other payables	<u>54,202,970</u>
Total	<u>\$ 218,944,502</u>

7. DEFINED BENEFIT PENSION PLANS

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

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

TRSL:

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

LASERS:

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

Plan Descriptions

Teachers' Retirement System of Louisiana (TRSL)

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

Louisiana State Employees' Retirement System (LASERS)

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

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

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

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

² With actuarial reduced benefits

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

⁴ Benefit percent varies depending on when hired

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

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

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

Cost of Living Adjustments

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

Funding Policy

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

Contributions to the plans are required and determined by state statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2024, for the System and covered employees were as follows:

	<u>System</u>	<u>Employees</u>
Teachers' Retirement System:		
Higher Ed Regular Plan	23.30%	8.00%
K-12 Regular Plan	24.10%	8.00%
State Employees' Retirement System	41.30%	7.50% - 8.00%

The LSU System's contributions made to the Retirement Systems for 2024, which equaled the required contributions, were as follows:

Teachers' Retirement System:	
Regular Plan	\$ 176,877,383
State Employees' Retirement System	\$ 44,418,639

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 2024 is \$23,335,596.

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, 2023, measurement date. The System uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2024, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2023, along with the change compared to the June 30, 2022, 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, 2024 (measured as of June 30, 2023)	Rate at June 30, 2023	Increase (Decrease) to June 30, 2022 Rate
Teachers' Retirement System	\$ 1,124,435,125	12.44%	(0.08%)
State Employees' Retirement System	309,724,616	4.63%	(0.12%)
	<u>\$ 1,434,159,741</u>		

The following schedule lists the System's recognized pension expense for the year ended June 30, 2024, for each of the pension plans:

Teachers' Retirement System	\$	143,553,233
State Employees' Retirement System		<u>38,362,150</u>
	\$	<u>181,915,383</u>

At June 30, 2024, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>TRSL</u>	<u>LASERS</u>	<u>Total</u>
Deferred Outflows:			
Differences between expected and actual experience	\$ 52,806,602	\$ 6,704,625	\$ 59,511,227
Changes of assumptions	50,713,765	-	50,713,765
Net difference between projected and actual earnings on pension plan investments	76,971,583	1,770,630	78,742,213
Changes in proportion	27,989,300	742,734	28,732,034
Differences between contributions and proportionate share of contributions	10,464,684	86,193	10,550,877
Employer contributions subsequent to the measurement date	<u>176,877,383</u>	<u>44,418,639</u>	<u>221,296,022</u>
Total	<u>\$ 395,823,317</u>	<u>\$ 53,722,821</u>	<u>\$ 449,546,138</u>
Deferred Inflows:			
Differences between expected and actual experience	\$ (63,838)	\$ -	\$ (63,838)
Changes of assumptions	(36,665,249)	-	(36,665,249)
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion	(25,999,805)	(5,004,688)	(31,004,493)
Differences between contributions and proportionate share of contributions	<u>(1,650,929)</u>	<u>(300,048)</u>	<u>(1,950,977)</u>
Total	<u>\$ (64,379,821)</u>	<u>\$ (5,304,736)</u>	<u>\$ (69,684,557)</u>

The amount reported in the above table totaling \$221,296,022 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2023 will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2025.

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

<u>Year</u>	<u>TRSL</u>	<u>LASERS</u>	<u>Total</u>
2025	32,326,721	3,990,233	36,316,954
2026	(7,481,226)	(11,185,231)	(18,666,457)
2027	125,588,515	15,254,883	140,843,398
2028	<u>4,132,103</u>	<u>(4,060,439)</u>	<u>71,664</u>
	<u>154,566,113</u>	<u>3,999,446</u>	<u>158,565,559</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, 2023, is as follows:

	TRSL	LASERS																		
Valuation Date	June 30, 2023	June 30, 2023																		
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	7.25% net of investment expenses (consistent with 2022)	7.25% net of investment expenses (consistent with 2022)																		
Inflation Rate	2.4% per annum	2.3% per annum																		
Mortality	<p>Active members – Pub2010T-Below Median Employee (amount weighted) tables, adjusted by 0.965 for males and by 0.942 for females.</p> <p>Disability retiree mortality – Pub2010T-Disability (amount weighted) tables, adjusted by 1.043 for males and by 1.092 for females.</p> <p>Non-Disabled retiree/inactive members – Pub2010T-Below Median Retiree (amount weighted) tables, adjusted by 1.173 for males and by 1.258 for females.</p> <p>The mortality tables are adjusted from 2010 to 2019 (base year, representing the mid-point of the experience study) with continued future mortality improvement using the MP-2021 improvement table on a fully generational basis.</p>	<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 (2018-2022) 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 2018-2022 experience study of the System's members. The projected salary increase for regular plan members ranges from 2.41% - 4.85% 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" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Member Type</th> <th style="text-align: center;">Lower Range</th> <th style="text-align: center;">Upper Range</th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">3.0%</td> <td style="text-align: center;">12.8%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">2.6%</td> <td style="text-align: center;">5.1%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> </tbody> </table>	Member Type	Lower Range	Upper Range	Regular	3.0%	12.8%	Judges	2.6%	5.1%	Corrections	3.6%	13.8%	Hazardous Duty	3.6%	13.8%	Wildlife	3.6%	13.8%
Member Type	Lower Range	Upper Range																		
Regular	3.0%	12.8%																		
Judges	2.6%	5.1%																		
Corrections	3.6%	13.8%																		
Hazardous Duty	3.6%	13.8%																		
Wildlife	3.6%	13.8%																		
Cost of Living Adjustments	Not substantively automatic	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																		

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

TRSL	LASERS
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting long-term geometric nominal expected rate of return was 8.72% for 2023.</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 8.19% for 2023.</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, 2023:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	TRSL	LASERS	TRSL	LASERS
Cash	-	-	-	0.80%
Domestic equity	22.50%	34.00%	4.55%	4.45%
International equity	11.50%	18.00%	5.01%	5.44%
Domestic fixed income	8.00%	3.00%	2.20%	2.04%
International fixed income	6.00%	17.00%	-0.29%	5.33%
Alternative investments	-	28.00%	-	8.19%
Private assets	37.00%	-	8.24%	-
Other private assets	15.00%	-	4.32%	-
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 7.25% for TRSL and 7.25% for LASERS for the year ended June 30, 2023.

**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	6.25%	7.25%	8.25%
Share of NPL	\$ 1,592,803,469	\$ 1,124,435,125	\$ 730,387,966
LASERS			
Rates	6.25%	7.25%	8.25%
Share of NPL	\$ 405,558,826	\$ 309,724,616	\$ 228,532,793

Payables to the Pension Plans

The System recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2024, 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, 2024, is as follows:

TRSL	\$ 19,336,749
LASERS	4,566,834
	\$ 23,903,583

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 2024 totaled \$95,971,459. Employee contributions totaled \$29,103,298. The active member and employer contribution rates were 8% and 6.2%, respectively, with an additional employer contribution of 20.2% made to the TRSL defined benefit plan for application to the unfunded accrued liability of the system.

8. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

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

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

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

General Information about each OPEB plan:Plan Description:*LSU Health Plan*

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

State OGB Plan

System employees may also participate in the state's other OPEB Plan, a multiple-employer defined benefit OPEB Plan that provides medical, prescription drug, and life insurance to eligible active employees, retirees, and their beneficiaries. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they are enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (LASERS and TRSL), or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly-available financial report of the OPEB Plan; however, it is included in the Louisiana Annual Comprehensive Financial Report. You may obtain a copy on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding policy:*LSU Health Plan*

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

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

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

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

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

State OGB Plan

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

Employer contributions are based on plan premiums and the employer contribution percentage. Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers retirees four self-insured healthcare plans and one fully insured plan through Vantage Medical Home HMO. The Vantage HMO and Vantage Medicare Advantage plans termed effective December 31, 2023. Effective January 1, 2024, no fully insured health plan is available to Non-Medicare Retirees. Effective January 1, 2019, retired employees, who have Medicare Part A and Part B coverage also have access to three fully insured Medicare Advantage plans and an Individual Medicare Market Exchange Plan that provides monthly health reimbursement arrangement credits.

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

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

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

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

The following schedule lists the System's proportionate share of the OPEB liability at June 30, 2024, 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 Total OPEB Liability (TOL) in relation to the combined TOL for all participating entities included in the State of Louisiana reporting entity.

	Measurement Date / Actuarial Valuation Date	Total OPEB Liability	Proportion	Increase (Decrease) to Prior Proportion	Due within one year
LSU Health Plan	June 30, 2024 / January 2024	\$ 780,306,419	91.8039%	(0.0190%)	\$ 21,875,724
OGB	July 1, 2023 / July 1, 2023	604,876,002	8.4618%	(0.2501%)	33,697,713
		\$ 1,385,182,421			\$ 55,573,437

**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, 2024 for each of the OPEB plans:

LSU Health Plan	\$ 38,670,454
State OGB Plan	<u>(6,790,418)</u>
Total	<u>\$ 31,880,036</u>

At June 30, 2024, 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	\$ 131,338,678	\$ 38,132,347	\$ 169,471,025
Differences between expected and actual experience	34,759,552	12,207,383	46,966,935
Difference between actual OPEB payments and proportionate share of OPEB payments	-	16,348,243	16,348,243
Change in proportion	-	8,472,822	8,472,822
OPEB benefit payments made subsequent to the measurement date	-	33,697,713	33,697,713
Total	<u>\$ 166,098,230</u>	<u>\$ 108,858,508</u>	<u>\$ 274,956,738</u>
Deferred Inflows:			
Differences between expected and actual experience	\$ (71,773,555)	\$ -	\$ (71,773,555)
Change in proportion	-	(37,042,366)	(37,042,366)
Changes of assumptions	(236,443,866)	(126,503,623)	(362,947,489)
Difference between actual OPEB payments and proportionate share of OPEB payments	-	(904,647)	(904,647)
Total	<u>\$ (308,217,421)</u>	<u>\$ (164,450,636)</u>	<u>\$ (472,668,057)</u>

Deferred outflows of resources related to OPEB resulting from the System's benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year	LSU Health Plan	State OGB Plan	Total
2025	(7,675,519)	(32,248,828)	\$ (39,924,347)
2026	(27,788,710)	(38,410,482)	(66,199,192)
2027	(52,033,215)	(19,962,776)	(71,995,991)
2028	(50,225,677)	1,332,245	(48,893,432)
2029	(3,777,557)	-	(3,777,557)
2030	(618,513)	-	(618,513)
	<u>\$ (142,119,191)</u>	<u>\$ (89,289,841)</u>	<u>\$ (231,409,032)</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	2.93%	3.93%	4.93%
Total OPEB liability	\$939,782,624	\$780,306,419	\$657,244,226
<u>State OGB Plan</u>			
Rates	3.13%	4.13%	5.13%
Total OPEB liability	\$691,707,484	\$604,876,002	\$534,534,765

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

	1.0% Decrease	Current Healthcare Costs Trend Rate(s)	1.0% Increase
<u>LSU Health Plan</u>			
Pre-65 Rates	6.75% decreasing to 3.0%	7.75% decreasing to 4.0%	8.75% decreasing to 5.0%
Post-65 Rates	5.75% decreasing to 3.0%	6.75% decreasing to 4.0%	7.75% decreasing to 5.0%
Total OPEB liability	\$648,339,249	\$780,306,419	\$951,491,292
<u>State OGB Plan</u>			
Pre-65 Rates	6.00% decreasing to 3.5%	7.00% decreasing to 4.5%	8.00% decreasing to 5.5%
Post-65 Rates	5.50% decreasing to 3.5%	6.50% decreasing to 4.5%	7.50% decreasing to 5.5%
Total OPEB liability	\$537,959,040	\$604,876,002	\$688,136,485

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, 2024	July 1, 2023
Actuarial valuation date	January 2024	July 1, 2023
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	6.3 years starting the current fiscal year, and 6.8 years for 2022 measurement	4.5 years
Discount rate	3.93% (increased from 3.65% in 2023) Source: Bond Buyer 20 - Bond Go Index	4.13% for July 1, 2023 measurement (increased from 4.09% in 2022) Source: S&P 20-year municipal bond index rate.
Healthcare cost trend rate(s)	Pre 65 medical/Rx benefits: 7.75% select rate, decreasing .30% each year through 2033 and 0.10% thereafter until reaching the ultimate rate of 4.0% Post Medicare benefits 6.75% select rate, decreasing .30% each year through 2033 and 0.10% thereafter until reaching the ultimate rate of 4.0%	Medical and drug pre-65: 7.00% for pre-Medicare eligible members grading down by .25% each year, beginning in 2025-2026, to an ultimate rate of 4.5% in 2035 and thereafter Medical and drug post-65: 6.50% for post-Medicare eligible members grading down by .25% each year, beginning in 2025-2026, to an ultimate rate of 4.5% in 2033 and thereafter 6.50% for Medicare reflecting Inflation Reduction Act (IRA) increasing to 13.0% in 2024-2025, decreasing to 12.0% in 2025-2026 and 4.35% from 2026-2027 through 2032-2033, increasing to 4.43% in 2033-2034 and 4.50% thereafter The initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth.
Salary increases	Consistent with each pension plan in which the System's employees participate.	Consistent with each pension plan in which the System's employees participate. The LASERS regular member rates were assumed for employers who do not participate in one of four state retirement systems.
Inflation Rate	3.0% based on the consumer price index	2.40% based on the consumer price index
Mortality	Non-Disabled Lives: Pub-2010 mortality table with generational scale MP-2021. TRSL employees had a mortality adjustment using the standard PUB-10 teachers' mortality with adjustments depending on an employee's status and gender. Disabled Lives: Pub-2010 disabled mortality rates with generational MP-2021 scaling.	Refer to Mortality tables listed at Note 7 for both LASERS and TRSL.
Termination, Disability, and Retirement	Relied upon the pension plans covering the same participants.	Relied upon the pension plans covering the same participants.

	<u>LSU Health Plan</u>	<u>State OGB Plan</u>																				
Dates of experience studies	<p>Used the experience studies completed by the pension plan actuaries in which the System's employees participate.</p> <p>Expected annual claim costs were developed using two years of historical claim experience through January 2024.</p>	<p>Used the experience studies completed by the pension plan actuaries in which the System's employees participate. The medical plan election percentages were also updated based on the experience study.</p> <p>Baseline per capita costs were updated to reflect 2023 claims and enrollment.</p>																				
Per Capita Health Claim Costs	<p>Expected retiree claim costs were developed using 24 months of historical claim experience through January 2024. For Option 3, per capita claim costs are developed by applying age adjustments to the current fully insured premiums. A blend of both active and retiree data was utilized and age adjusted. The annual age 60 and 70 claim costs for retirees and their spouses are provided in the table below.</p> <table border="0"> <tr> <td>Per Capita</td> <td style="text-align: center;">Age 70</td> </tr> <tr> <td><u>Cost</u></td> <td><u>Age 60</u> <u>Age 70 (no medicare)</u></td> </tr> <tr> <td>Option 1</td> <td>\$13,871 \$10,225 \$18,207</td> </tr> <tr> <td>Option 3</td> <td>\$ - \$2,604 \$ -</td> </tr> </table>	Per Capita	Age 70	<u>Cost</u>	<u>Age 60</u> <u>Age 70 (no medicare)</u>	Option 1	\$13,871 \$10,225 \$18,207	Option 3	\$ - \$2,604 \$ -	<p>Per capita costs for the self-insured plans were based on medical and prescription claims for the period January 1, 2022 through December 31, 2023, trended to the valuation date. Per capita costs for fully-insured plans were based on calendar year 2024 premiums adjusted to the valuation date using the Medicare trend reflecting IRA assumption. Per capita costs were adjusted for expected age-related differences in morbidity, where applicable.</p>												
Per Capita	Age 70																					
<u>Cost</u>	<u>Age 60</u> <u>Age 70 (no medicare)</u>																					
Option 1	\$13,871 \$10,225 \$18,207																					
Option 3	\$ - \$2,604 \$ -																					
Participation Rates	<p>The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that all employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan. This assumes that a one-time irrevocable election to participate is made at retirement.</p> <table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Participation Rate</u></td> </tr> <tr> <td>Under 10 years</td> <td>30%</td> </tr> <tr> <td>10 - 14 years</td> <td>45%</td> </tr> <tr> <td>15 - 19 years</td> <td>65%</td> </tr> <tr> <td>20 + years</td> <td>80%</td> </tr> </table>	<u>Years of Service</u>	<u>Participation Rate</u>	Under 10 years	30%	10 - 14 years	45%	15 - 19 years	65%	20 + years	80%	<p>Active employees who do not have current medical coverage are assumed not to participate in the medical plan as retirees. The percentage of employees and their dependents who are currently covered for medical coverage that are assumed to participate in the retiree medical plan is outlined in the table below. To be eligible for retiree coverage, the participant's coverage must be in effect immediately prior to retirement. Active participants who have been covered continuously under the OGB medical plan since before January 1, 2002 are assumed to participate at a rate of 88%. This rate assumes that a one-time irrevocable election to participate is made at the time of retirement.</p> <table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Participation Rate</u></td> </tr> <tr> <td>Under 10 years</td> <td>33%</td> </tr> <tr> <td>10 - 14 years</td> <td>60%</td> </tr> <tr> <td>15 - 19 years</td> <td>80%</td> </tr> <tr> <td>20 + years</td> <td>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>Participation Rate</u>	Under 10 years	33%	10 - 14 years	60%	15 - 19 years	80%	20 + years	88%
<u>Years of Service</u>	<u>Participation Rate</u>																					
Under 10 years	30%																					
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<u>Years of Service</u>	<u>Participation Rate</u>																					
Under 10 years	33%																					
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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 55 lawsuits that are handled by contract attorneys at June 30, 2024. The attorneys have estimated a reasonably possible unfavorable outcome to the System of \$8,606,599 relating to 40 of the lawsuits. All other lawsuits are handled by either ORM or the Attorney General's Office. Within the passage of LA Grad Act 2.0 and the implementation of the afforded Risk Management's Autonomy at LSU A&M, the Board of Supervisors now has a hybrid insurance program made up of self-insurance, commercial insurance, and insurance provided through the State Office of Risk Management. LSU A&M is autonomous from ORM with the exception of medical malpractice liability insurance. LSU A&M obtains a variety of higher education specific insurances in the commercial marketplace, many with large, self-insured retentions. All other LSU Campuses are insured primarily through ORM with the exception of travel and accident insurance. The LSU A&M Office of Risk Management is now providing support and coordination for all LSU campuses in relation to their risk management and insurance programs through the Risk and Insurance Shared Knowledge committee. LSU Health Science Center Shreveport, LSU Health Science Center New Orleans, LSU of Alexandria, LSU Eunice, LSU Shreveport, and Pennington Biomedical Research Center have joined together to form a large retention risk pool for workers' compensation coverage under ORM, which is managed by LSU A&M Office of Risk Management.

In addition, the System is exposed to various risks of losses related to the self-insured and self-funded LSU System Health Plan, which provides health insurance benefits to active and retired System employees and which began as a pilot program for the fiscal year ended June 30, 2003. 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 \$123,960,711. Changes in the LSU System Health Plan's 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
2021-22	\$10,657,000	\$115,384,521	(\$115,406,678)	\$487,157	\$11,122,000
2022-23	\$11,122,000	\$119,153,538	(\$120,460,103)	\$472,565	\$10,288,000
2023-24	\$10,288,000	\$125,481,366	(\$123,960,711)	\$432,345	\$12,241,000

10. COMPENSATED ABSENCES

At June 30, 2024, employees of the System have accumulated and vested annual, sick, and compensatory leave benefits of \$65,924,028, \$36,267,611, and \$351,056, respectively, which were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

11. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The System has entered into subscription-based information technology arrangements (SBITAs) involving:

- Enterprise Resource Management software
- Various desktop and server software
- Digital protection software
- Experience management software
- Maintenance management software
- Scientific research subscription
- Microsoft office products subscription vendor
- Web content management software
- Customer relationship management software
- Learning / course management software
- Electronic medical record software
- Various other subscriptions

Pursuant to GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, the System has recorded a right-to-use capital asset and a liability for future payments. The total of the System's subscription assets is recorded at a cost of \$49,287,661, less accumulated amortization of \$19,264,949, for a net SBITA asset of \$30,022,712 at June 30, 2024. The liability associated with these SBITA's, recorded at present value using discount rates between 0.11% to 2.5%, is \$26,508,256 as of June 30, 2024. The future subscription payments to be made as payment of the liability are scheduled to occur as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 10,990,810	\$ 361,177	\$ 11,351,987
2026	8,156,432	211,442	8,367,874
2027	5,122,593	96,947	5,219,540
2028	1,184,298	35,999	1,220,297
2029	265,260	14,854	280,114
2030-2034	788,863	19,618	808,481
Total	<u>\$ 26,508,256</u>	<u>\$ 740,037</u>	<u>\$ 27,248,293</u>

12. LESSEE AND LESSOR LEASES

Lessee Leases

The System leases various facilities and equipment used for a variety of purposes and uses including office, meeting and gathering space, residential facilities, medical equipment, vehicles and other. These leases range in terms from 1.5 to 99 years, with various renewal options available, and payment terms vary in both frequency and amounts. In accordance with GASB Statement No. 87, *Leases*, a liability has been recorded for the present value of lease payments over the lease term for each agreement. As of June 30, 2024, the combined value of the lease liabilities was \$299,405,085. In determining the present values, discount rates of .13% to 3.63% were applied, depending on the duration of the lease agreement, the nature of the underlying leased asset, and the System's creditworthiness. Future payments which are variable are not included. The variable lease payments not included in the liability totaled \$5,720,426 during the year ended June 30, 2024. The recorded value of the right-to-use asset as of the end of the current fiscal year was \$345,337,104 which was offset by accumulated amortization of \$57,650,161. The future principal and interest lease payments as of June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 14,766,310	\$ 4,309,322	\$ 19,075,632
2026	19,574,075	4,065,534	23,639,609
2027	17,150,597	3,857,002	21,007,599
2028	12,787,281	3,639,982	16,427,263
2029	12,971,338	3,459,084	16,430,422
2030-2034	57,144,690	14,696,159	71,840,849
2035-2039	56,035,612	10,315,921	66,351,533
2040-2044	30,880,060	6,942,200	37,822,260
2045-2049	30,572,260	4,711,738	35,283,998
2050-2054	28,121,267	2,372,448	30,493,715
2055-2059	1,975,796	1,373,218	3,349,014
2060-2064	2,039,877	1,220,935	3,260,812
2065-2069	1,599,446	1,088,404	2,687,850
2070-2074	1,723,076	964,774	2,687,850
2075-2079	1,856,262	831,588	2,687,850
2080-2084	1,999,743	688,107	2,687,850
2085-2089	2,154,314	533,536	2,687,850
2090-2094	2,320,833	367,017	2,687,850
2095-2099	2,500,223	187,627	2,687,850
2100-2104	1,232,025	22,305	1,254,330
Total	<u>\$ 299,405,085</u>	<u>\$ 65,646,901</u>	<u>\$ 365,051,986</u>

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

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

	Recorded amount	Accumulated amortization	Net right-to-use asset	2024 Amortization
<u>Right to use assets:</u>				
Land	\$ 4,584,341	\$ 452,861	\$ 4,131,480	\$ 187,027
Building	166,296,762	35,210,595	131,086,167	11,761,505
Office space	173,157,897	21,020,471	152,137,426	6,705,097
Equipment & other	1,298,104	966,234	331,870	376,471
	<u>\$ 345,337,104</u>	<u>\$ 57,650,161</u>	<u>\$ 287,686,943</u>	<u>\$ 19,030,100</u>

Lessee Leases with Discrete Component Units

The System has entered into lease agreements with its discretely presented component units for use of various facilities including sections of Tiger Stadium financed with revenue bonds issued by the Tiger Athletic Foundation (TAF), land owned by the Health Science Services-Shreveport Foundation and occupied by the Health Science Center–Shreveport, and for student housing owned by the LSU Foundation. The total lease liability to these discretely presented component units, (included in the total lease liability disclosed of \$299,405,085 on the previous page) is \$106,201,776 at June 30, 2024.

Lessor Leases

The System's lessor leases consist of leasing property for the purposes of providing food services to students; bookstore operations; land for fraternity and sorority houses and parking spaces to foundations; office space for postal services, banking services, and university affiliated organizations; space on rooftops for communication towers and a variety of other uses. Additionally, the System has entered into partnerships for the management of its hospitals, and in some cases those partnerships included leasing of the associated assets. The terms of these leases are for periods ranging from 1.7 to 97 years at various payment frequencies and amounts. In accordance with GASB Statement No. 87, *Leases*, a receivable has been recorded for the present value of lease payments to be received over the lease term for each agreement. As of June 30, 2024, the combined value of the lease receivables was \$1,955,291,047. Also, deferred inflows associated with these leases have been recorded that will be recognized as revenue over the term. The balance of the deferred inflows at June 30, 2024, is \$1,909,507,276. Inflows recognized during for the year ended June 30, 2024, consisted

of lease revenue of \$70,304,412, variable lease revenue of \$7,278,828 and interest income of \$29,043,290.

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

Lessor Leases with Discrete Component Units

The System has entered into lease agreements with its discretely presented component units for land and buildings owned by the System including that used as the LSU Foundation's office space, use of the Butterworth-Hutchinson and Stanislaus buildings by the LSU Health Foundation, New Orleans, and ground leases for the stadium structures owned by the Tiger Athletic Foundation. The total lease receivable recognized under GASB 87 from these component units is \$932,460, which is included in the total lease receivable of \$1,955,291,047 referred to on the previous page.

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, 2024:

System

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Debt payable:					
Bonds payable	\$ 324,508,934	\$ -	\$ (21,337,406)	\$ 303,171,528	\$ 21,174,228
Direct borrowings or placements:					
Finance purchase obligations	411,385,768	-	(140,186)	411,245,582	146,754
Notes payable	3,101,004	564,236	(584,986)	3,080,254	717,645
Subtotal	738,995,706	564,236	(22,062,578)	717,497,364	22,038,627
Other liabilities:					
Lease liability	309,767,282	5,854,037	(16,216,234)	299,405,085	14,766,310
SBITA liability	29,358,629	11,713,704	(14,564,077)	26,508,256	10,990,810
Compensated absences payable	97,298,189	10,303,634	(5,059,128)	102,542,695	9,359,798
Other liabilities	370,455	395,405	(136,659)	629,201	-
Subtotal	436,794,555	28,266,780	(35,976,098)	429,085,237	35,116,918
Total long-term liabilities	\$ 1,175,790,261	\$ 28,831,016	\$ (58,038,676)	\$ 1,146,582,601	\$ 57,155,545

Liabilities for Pensions and Other Post-Employment Benefits Plan can be found in notes 7 and 8, while more information for lease and SBITA liabilities can be found in notes 11 and 12.

Notes Payable – Direct Borrowings and Placements

	Date of Issue	Original Issue	Outstanding July 1, 2023	Redeemed/ Issued	Outstanding June 30, 2024	Maturities	Interest Rates	Future Interest Payments June 30, 2024
LSU								
CAMPUS Federal Credit Union	April 23, 2020	\$ 4,000,000	\$ 3,101,004	\$ (372,145)	\$ 2,728,859	2030	3.5%	\$ 318,666
STC Notes Payable	September 1, 2023	\$ 500,000	\$ -	\$ 309,901	\$ 309,901	2027	0%	\$ -
HSC-S								
Presidio Technology Capital	July 6, 2023	\$ 64,236	\$ -	\$ 41,494	\$ 41,494	2025	2.13%	\$ 1,331
Total		<u>\$ 4,564,236</u>	<u>\$ 3,101,004</u>	<u>\$ (20,750)</u>	<u>\$ 3,080,254</u>			<u>\$ 319,997</u>

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

In 2024, STC received a loan in the amount of \$500,000 from the LSU Foundation. During FY 2024, STC repaid \$166,667 of the outstanding balance and the additional payments for the same amount are due July 1, 2025 and July 1, 2026. The loan bears no interest. Management has discounted the note through imputing interest at the current market rate. The discount as of June 30, 2024, totals \$23,432 and has been recorded as an in-kind contribution in the June 30, 2024, statement of activities.

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, 2024, including future interest payments, follow:

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2023</u>	<u>Redeemed/ Issued</u>	<u>Outstanding June 30, 2024</u>	<u>Maturities</u>	<u>Issued Interest Rates</u>	<u>Future Interest Payments June 30, 2024</u>
LSU								
2014 Auxiliary Revenue Bonds	October 16, 2014	81,880,000	3,300,000	(3,300,000)	-	2024	3% to 5%	-
2016A Auxiliary Revenue Bonds	November 15, 2016	137,000,000	81,900,000	(6,515,000)	75,385,000	2036	3.5% to 5%	19,899,900
2016B Auxiliary Revenue Bonds	November 15, 2016	16,320,000	6,875,000	(1,395,000)	5,480,000	2030	1.15% to 3.45%	543,395
2019 Auxiliary Revenue Bonds	December 18, 2019	72,355,000	67,040,000	(1,500,000)	65,540,000	2040	1.904% to 3.28%	17,179,524
2022 Auxiliary Revenue Bonds	January 6, 2022	155,275,000	149,940,000	(6,640,000)	143,300,000	2043	.607% to 2.967%	35,981,166
Health Care Services Division								
2017 Bogalusa Community Medical Center Project	April 26, 2017	13,275,000	9,940,000	(520,000)	9,420,000	2038	2% to 4%	2,765,000
LSU of Alexandria								
2008 Auxiliary Revenue Bonds	March 18, 2008	4,200,000	2,510,000	(175,000)	2,335,000	2034	4% to 5.5%	700,015
Total		480,305,000	321,505,000	(20,045,000)	301,460,000			<u>\$ 77,069,000</u>
Premium/discounts, net		36,651,937	3,221,332	(1,306,899)	1,914,433			
Bonds issuance cost		(318,327)	(217,398)	14,493	(202,905)			
Total Bonds Payable		<u>\$ 516,638,610</u>	<u>\$ 324,508,934</u>	<u>\$ (21,337,406)</u>	<u>\$ 303,171,528</u>			

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

- 1 Failure to timely pay the required principal or interest when due.
- 2 Failure to perform or comply with debt covenant requirements outlined in debt agreement or remedy the failure within 30 days. Following is a listing of some of these covenants:
 - a. Failure to continue the pledge of revenue associated with each debt issue.
 - b. Failure of the Board to maintain its existence.
 - c. Granting of a security or lien that is superior to the lien on the outstanding bonds.
 - d. New debt is issued secured by the revenue pledged that is not in parity with or not subordinated by the outstanding debt.
- 3 A material false or misleading statement, warranty or representation made by the Board that is contained in the resolution.

- 4 A petition filed against the board under any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction that is not dismissed within 60 days of filing.
- 5 The Board files a petition in voluntary bankruptcy or admits insolvency or bankruptcy or its inability to pay its debts.
- 6 The State of Louisiana alters the rights or duties of the Board.
- 7 Findings or covenants in any No-Arbitrage Certificate are false or not adhered to and causes the interest on the bonds to become taxable.

Bonds Payable - Component Units

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2023</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2024</u>	<u>Maturities</u>	<u>Interest Rates</u>
Tiger Athletic Foundation*							
Series 2012 Bonds	October 23, 2012	\$ 70,000,000	\$ 55,506,000	\$ (3,113,000)	\$ 52,393,000	2037	Variable
Series 2015 Bonds	July 1, 2015	52,000,000	27,745,000	(4,120,000)	23,625,000	2028	2.49%
Series 2015A Bonds	November 1, 2015	53,045,000	36,175,000	(250,000)	35,925,000	2039	2.25%
Deferred financing costs		(1,008,426)	(578,484)	56,136	(522,348)		
Total Bonds Payable		<u>\$ 174,036,574</u>	<u>\$ 118,847,516</u>	<u>\$ (7,426,864)</u>	<u>\$ 111,420,652</u>		

*As of December 31, 2023

Defeased Bonds

In January, 2022, the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College issued \$155,275,000 of taxable Bonds – Series 2022. The purpose of the issues was to provide monies to advance refund all of Series 2012 and portions of 2013, 2014, and 2016A bonds. In order to refund the bonds, portions of the proceeds of the new issue of \$153,839,450 were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated January 6, 2022, between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by \$14,307,370 and gave the University an economic gain of \$11,136,687. Of the debt considered defeased in substance, \$74,050,000 is outstanding as of June 30, 2024.

Debt Service Requirements

The annual requirements to amortize all System bonds outstanding at June 30, 2024, are presented in the following schedule. The schedule uses rates as of June 30, 2024, 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>
2025	\$ 20,095,000	\$ 9,371,454	\$ 29,466,454
2026	20,600,000	8,799,052	29,399,052
2027	19,560,000	8,176,396	27,736,396
2028	20,150,000	7,569,508	27,719,508
2029	20,790,000	6,928,840	27,718,840
2030-2034	103,535,000	24,653,614	128,188,614
2035-2039	69,590,000	9,752,681	79,342,681
2040-2044	27,140,000	1,817,455	28,957,455
Subtotal	301,460,000	77,069,000	378,529,000
Unamortized premium/discount	1,914,433	-	1,914,433
Bond issuance cost	(202,905)	-	(202,905)
Total	<u>\$ 303,171,528</u>	<u>\$ 77,069,000</u>	<u>\$ 380,240,528</u>

The annual principal and interest requirements for notes payable outstanding at June 30, 2024, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 717,645	\$ 89,859	\$ 807,504
2026	421,954	75,650	497,604
2027	415,250	60,941	476,191
2028	430,019	46,172	476,191
2029	445,314	30,877	476,191
2030-2034	650,072	16,498	666,570
	<u>\$ 3,080,254</u>	<u>\$ 319,997</u>	<u>\$ 3,400,251</u>

The annual principal requirements for all component unit bonds outstanding at June 30, 2024, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>
2025	\$ 7,753,000
2026	8,025,000
2027	10,320,000
2028	10,656,000
2029	10,669,000
2030-2034	42,771,000
2035-2039	20,999,000
2040-2044	750,000
	<u>111,943,000</u>
Deferred financing costs	(522,348)
Total	<u>\$ 111,420,652</u>

The following is a summary of the System debt service reserve requirements of the various bond issues at June 30, 2024:

<u>Bond Issue</u>	<u>Cash/ Investment Reserves Available</u>	<u>Reserve Requirement</u>	<u>Excess/ (Deficiency)</u>
Auxiliary Plant:			
LSU of Alexandria	\$ 336,772	\$ 313,050	\$ 23,722
Educational Plant:			
Health Care Services Division	<u>\$ 957,866</u>	<u>\$ 957,866</u>	<u>\$ -</u>
Total	<u>\$ 1,294,638</u>	<u>\$ 1,270,916</u>	<u>\$ 23,722</u>

As permitted by the Bond Resolutions for the auxiliary revenue Bonds, Series 2022, Series 2019, Series 2016 A&B, and Series 2014, 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.

Financed Purchase Obligations under Availability Payment Arrangements

The System records capital assets and financed purchase obligations for the design, construction, and financing of facilities under contracts having similar features of a lease, except that title to the assets transfers at the end of the lease term. In accordance with GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, such contracts are accounted for as financed purchases. The System's financed purchase obligations at June 30, 2024, are summarized as follows:

Nature of Contract	Date of Contract	Last Payment Date	Remaining Interest to End of Contract	Remaining Principal to End of Contract
Buildings	varies	June 30, 2059	\$ 520,978,681	\$ 411,245,582

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

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

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 146,754	\$ 19,161,834	\$ 19,308,588
2026	153,631	19,154,957	19,308,588
2027	160,828	19,147,760	19,308,588
2028	168,365	19,140,223	19,308,588
2029	176,251	19,132,337	19,308,588
2030-2034	1,013,155	95,529,785	96,542,940
2035-2039	5,382,754	95,117,041	100,499,795
2040-2044	45,421,675	90,662,913	136,084,588
2045-2049	93,345,212	74,172,113	167,517,325
2050-2054	117,378,039	50,140,636	167,518,675
2055-2059	147,898,918	19,619,082	167,518,000
Total minimum contractual payments	<u>411,245,582</u>	<u>520,978,681</u>	<u>932,224,263</u>

14. AMOUNTS DUE FROM STATE TREASURY

As shown on Statement A, the System has a total of \$11,698,287 due from the Primary Government at June 30, 2024. This amount consists of the following:

G10 - Support Education in Louisiana First Fund	\$ 2,441,131
E32 - Tobacco Tax Health Care Fund	457,156
GF000 - State General Direct Appropriations	<u>8,800,000</u>
Total	<u>\$ 11,698,287</u>

15. RESTRICTED NET POSITION

The System's restricted nonexpendable net position of \$180,634,324 as of June 30, 2024, is comprised of endowment funds.

The System had the following restricted expendable net position as of June 30, 2024:

<u>Account Title</u>	<u>Amount</u>
Student fees	\$ 28,149,074
Grants and contracts	26,386,258
Gifts	112,537,268
Endowment earnings	43,634,288
Auxiliary enterprises	12,146,476
Student loan funds	18,308,796
Capital construction	75,927,434
Debt service	337,194
Sponsored projects	2,300,178
LSU System Health Plan	38,096,601
Foundation Restricted Funds	<u>5,169,069</u>
Total	<u>\$ 362,992,636</u>

Of the total restricted net position reported on Statement A for the year ended June 30, 2024, a total of \$11,936,175 is restricted by enabling legislation.

LSU Health Sciences Center in Shreveport has donor-restricted endowments. If a donor has not provided specific instructions, State law permits the Board of Regents to authorize for expenditure the net appreciation, realized and unrealized, of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established. At fiscal year end, net appreciation of \$1,149,983 for LSU Health Sciences Center in Shreveport is available to be spent and is restricted to specific purposes.

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

However, in March 2010, the university obtained a \$1 million endowment from the Bernard Osher Foundation. Subsequently in April 2013, the university obtained a second installment from the Osher Foundation of \$950,000. As per the terms of the agreement, earnings are to be calculated on a total return basis. The distribution for expenditure in each year, commencing with the university's fiscal year beginning July 1, 2010, shall not be less than the defined minimum amount. This endowment is not part of the university's endowment pool and is invested separately. At fiscal year end, the net appreciation ~~was~~ of \$193,387 is available to be spent and \$116,921 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, 2023	\$ 1,001,917,081
GASB 87 Leases adjustments	<u>(29,821,796)</u>
Net position at June 30, 2023, as restated	<u>\$ 972,095,285</u>

The Health Care Services Division restated beginning net position by \$29,821,796. The change in net position is related to error corrections related to the application of GASB 87 *Leases* adjustments and is the result of several factors including: (1) an error due to the inclusion of annual CPI adjustments into lease payments, (2) the reclassification of five leases out of the scope of GASB 87 reporting due to the short-term expirations, (3) the reclassification of one lease out of the scope of GASB 87 reporting due to the lack of minimum payment, lack of fixed, or fixed in substance, payment, and (4) an error in the classification of prepaid lease revenue to be moved into current unearned revenues. This restatement is comprised of corrections to lease receivables, other current assets, deferred inflows, unearned revenues, investment income, and nonoperating revenues.

The restatement, if retroactively applied, would have decreased the System's change in net position by \$29,821,796.

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	\$ 4,883,131	\$ 2,035,664	\$ 30,649,812	\$ 594,424	\$ 3,372,744
Capital assets	10,806,962	454,189	1,036,402	1,929,532	310,700
Other assets	-	609,364	89,182,036	-	10,112,274
Assets due from primary government	-	-	-	-	2,325
Total Assets	15,690,093	3,099,217	120,868,250	2,523,956	13,798,043
Liabilities:					
Current liabilities	391,510	820,849	21,923,754	8,921	562,557
Long-term liabilities	2,341,643	362,341	3,183,876	-	8,649,550
Liabilities due to primary government	872,644	-	8,036,642	19,413	-
Total liabilities	3,605,797	1,183,190	33,144,272	28,334	9,212,107
Net Position:					
Net investment in capital assets	10,806,962	454,189	1,089,668	1,929,532	310,700
Restricted net position - expendable	-	23,432	-	-	-
Unrestricted net position	1,277,334	1,438,406	86,634,310	566,090	4,275,236
Total Net Position	\$ 12,084,296	\$ 1,916,027	\$ 87,723,978	\$ 2,495,622	\$ 4,585,936

* As of December 31, 2023

**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	\$ 1,958,032	\$ 1,662,807	\$ 148,742,744	\$ 326,287	\$ 649,042
Operating expenses	(641,367)	(3,585,018)	(143,053,709)	(326,287)	(606,524)
Depreciation expense	(1,218,372)	(198,173)	(2,071,379)	(85,572)	-
Net operating income (loss)	98,293	(2,120,384)	3,617,656	(85,572)	42,518
Nonoperating revenues (expenses):					
Investment income (expense)	-	-	9,849,762	30,426	557,181
Interest expense	-	-	-	-	(366,266)
Other nonoperating revenues (expenses)	-	530,695	111,156	-	-
Changes in net position	98,293	(1,589,689)	13,578,574	(55,146)	233,433
Net Position, beginning of the year	11,986,003	3,505,716	74,145,404	2,550,768	4,352,503
Net Position, end of the year	\$ 12,084,296	\$ 1,916,027	\$ 87,723,978	\$ 2,495,622	\$ 4,585,936

* As of December 31, 2023

Condensed Statement of Cash Flows

	LSU Research Foundation*	Stephenson Technologies Corporation	LSU Healthcare Network	Health Care Services Foundation	Bogalusa Community Medical Center
Net cash flows provided (used) by:					
Operating activities	\$ 1,528,669	\$ (828,877)	\$ 2,064,438	\$ 64,144	\$ 235,517
Capital and related financing	(372,145)	309,901	(2,068,635)	-	(520,000)
Investing activities	-	(150)	(226,390)	-	508,684
Net increase (decrease) in cash	1,156,524	(519,126)	(230,587)	64,144	224,201
Cash, beginning of the year	3,153,740	2,236,260	14,263,204	504,777	3,526,549
Cash, end of the year	\$ 4,310,264	\$ 1,717,134	\$ 14,032,617	\$ 568,921	\$ 3,750,750

* As of December 31, 2023

18. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation and Amortization	Compensated Absences	Total
Instruction	\$ 529,748,111	\$ 140,549,162	\$ 23,364	\$ 129,869,978	\$ 2,507,864	\$ 16,076,398	\$ 2,775,624	\$ 821,550,501
Research	193,298,657	63,432,400	1,777,491	113,674,474	309,249	22,204,148	938,374	395,634,793
Public service	323,925,898	40,633,213	1,575,858	365,959,915	27,513	9,377,006	(958,901)	740,540,502
Academic support	96,974,197	34,351,283	355,819	48,757,022	-	7,954,814	599,137	188,992,272
Student services	28,415,125	8,893,795	675,918	30,404,500	-	840,223	240,671	69,470,232
Institutional support	98,740,706	32,272,194	1,109,983	138,522,522	-	8,058,914	1,073,329	279,777,648
O & M of plant	47,542,633	16,484,385	40,560,824	63,018,579	-	72,546,219	97,255	240,249,895
Scholarships and fellowships	809,501	(519)	-	34,365	95,671,096	-	-	96,514,443
Auxiliary enterprises	88,269,506	24,447,137	10,547,549	118,610,753	-	13,033,233	615,318	255,523,496
Hospital	26,332,413	7,950,025	694,549	22,174,263	-	32,877,041	420,300	90,448,591
Total operating expenses	\$ 1,434,056,747	\$ 369,013,075	\$ 57,321,355	\$ 1,031,026,371	\$ 98,515,722	\$ 182,967,996	\$ 5,801,107	\$ 3,178,702,373

19. FOUNDATIONS AND ASSOCIATIONS

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

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

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

20. DEFERRED COMPENSATION PLAN

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

21. ON-BEHALF PAYMENTS

On-behalf payments for fringe benefits and salaries are direct payments made by one entity to a third-party recipient for the employees of another, legally separate entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends. There were no on-behalf payments for fringe benefits and salaries for the fiscal year ended June 30, 2024.

22. REVENUE USED AS SECURITY FOR REVENUE BONDS

LSU and LSUA have pledged future auxiliary revenues of approximately \$366,344,000 to secure original issued debt of \$369,570,000 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 \$347,145,146. All LSUA Union, Bookstore, and athletic revenues, totaling \$2,488,326 for the current period, are pledged to secure the debt of the 2008 bond, which matures in 2034. Required principal and interest payments for the current year on the bonds were \$29,204,288.

23. UNCONDITIONAL PROMISES TO GIVE - COMPONENT UNITS

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

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Foundation in New Orleans	LSU Health Sciences Foundation in Shreveport	Total
Promises to give expected to be collected in:					
Less than one year	\$ 30,663,058	\$4,251,669	\$2,068,245	\$4,216,805	\$41,199,777
One to five years	47,054,756	23,239,367	2,316,415	8,685,304	81,295,842
More than five years	2,363,442	1,300,865	682,471	2,000,000	6,346,778
Subtotal	<u>80,081,256</u>	<u>28,791,901</u>	<u>5,067,131</u>	<u>14,902,109</u>	<u>128,842,397</u>
Less discount on promises to give	(6,429,225)	(1,699,688)	(621,577)	(1,559,105)	(10,309,595)
Less allowance for uncollectible accounts	(467,951)	(3,758,400)	(2,023,496)	-	(6,249,847)
Subtotal	<u>(6,897,176)</u>	<u>(5,458,088)</u>	<u>(2,645,073)</u>	<u>(1,559,105)</u>	<u>(16,559,442)</u>
Net unconditional promises to give	<u>\$ 73,184,080</u>	<u>\$23,333,813</u>	<u>\$2,422,058</u>	<u>\$13,343,004</u>	<u>\$112,282,955</u>

*as of December 31, 2023

Total unconditional promises to give (current and noncurrent) of \$112,282,955 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 expenses upon acceptance of the offer by the employee, if voluntary, and if involuntary, upon acceptance of the plan by management. If future services are required, the expense is recognized ratably over the period of service. For the fiscal year ending June 30, 2024, the cost of providing these benefits for involuntary terminations was \$2,930,959.

Seven LSU employees were involuntarily terminated by the University prior to June 30, 2024. One of the seven employees terminated received their last payment in fiscal year 2024. Six of the seven employee's contracts contained clauses providing for certain payments upon early termination which extended beyond FY 2024. LSU estimates a maximum of \$4,566,221 may be paid to these employees in the future.

25. HOSPITALS

The System entered into partnership agreements 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 \$173,106 to \$79,336,633 per year over lease terms ranging from five to 40 years associated with the Health Care Services Division hospitals. These lease arrangements are accounted for under GASB Statement No. 87, *Leases*, as applicable to each facility and as described in footnote 12.

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

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

26. LINE OF CREDIT

On May 1, 2019, LSUHN executed an agreement allowing LSUHN to borrow up to \$20,500,000 collateralized by investments held by LSUHN. Any borrowings under this agreement bear interest at a variable rate unless LSUHN specifically requests a fixed rate. As of June 30, 2024, the outstanding balance was \$10,396,609, and \$10,103,391 remains available and unused. Balances outstanding bear interest based on a variable rate, which was 6.48% at June 30, 2024. This agreement expires April 30, 2025, but may be terminated by either party at any time. During the year, payments were made of \$279,121 with no additional draws.

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
J.P. Morgan Chase line of credit	\$ 10,675,730	\$ -	\$ (279,121)	\$ 10,396,609

27. NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

GASB Statement 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Standard are effective for fiscal years beginning after June 15, 2024. The System will include the requirements of this standard, as applicable in its June 30, 2025 financial statements.

GASB Statement 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The System will include the requirements of this standard in its June 30, 2026 financial statements.

GASB Statement 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets, particularly those pertaining to leases, intangible rights to use reported under GASB 94, SBITA's reported under GASB 96, and assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The System will include the requirements of this standard in its June 30, 2026 financial statements.

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

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					
	2024	91.80%	\$780,306,419	\$530,391,237	147.12%
	2023	91.82%	767,716,281	491,538,083	156.19%
	2022	91.86% *	750,459,216 *	473,930,987	158.35%
	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					
	2024	8.46%	\$604,876,002	\$211,840,592	285.53%
	2023	8.71%	587,927,829	200,955,958	292.57%
	2022	8.66%	793,247,128	186,137,754	426.16%
	2021	9.06%	750,748,353	174,838,210	429.40%
	2020	9.39%	725,140,977	163,349,378	443.92%
	2019	9.70%	827,765,465	149,671,018	553.06%
	2018	9.88%	858,539,059	145,277,416	590.97%
	2017	9.88%	896,294,959	160,792,458	557.42%

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

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

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

* - the 2022 OPEB liability was restated from that presented in the fiscal year 2022 audit report due to updated census data.

Louisiana State University System
Schedule of the Proportionate Share of the Net Pension Liabilities
Cost Sharing Defined Benefit Pension Plans
For the Year Ended June 30, 2024 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						
	2024	12.44%	\$1,124,435,125	\$732,756,714	153.4527%	74.29%
	2023	12.52%	1,195,573,910	688,534,152	173.6405%	72.40%
	2022	12.35%	659,332,185	656,430,515	100.4420%	83.85%
	2021	12.31%	1,369,842,767	641,028,624	213.6945%	65.61%
	2020	12.45%	1,235,607,201	617,923,864	199.9611%	68.57%
	2019	11.78%	1,158,178,095	591,440,763	195.8232%	68.17%
	2018	11.80%	1,210,182,119	567,166,958	213.3732%	65.55%
	2017	11.61%	1,362,912,524	569,301,671	239.4008%	59.90%
	2016	11.89%	1,278,748,342	574,715,036	222.5013%	62.50%
	2015	11.90%	1,215,849,099	565,794,440	214.8924%	63.70%
Louisiana State Employees Retirement System						
	2024	4.63%	\$309,724,616	\$103,710,736	298.6428%	68.42%
	2023	4.75%	359,292,605	100,651,598	356.9666%	63.65%
	2022	4.86%	267,220,500	102,833,139	259.8584%	72.78%
	2021	4.93%	408,008,258	102,995,748	396.1409%	58.00%
	2020	5.18%	375,266,368	104,905,474	357.7186%	62.90%
	2019	5.45%	371,417,796	104,075,528	356.8733%	64.30%
	2018	5.59%	393,236,188	107,409,839	366.1082%	62.54%
	2017	5.89%	462,433,321	114,364,013	404.3521%	57.70%
	2016	6.42%	436,447,698	124,105,292	351.6753%	62.70%
	2015	6.82%	426,523,299	168,650,353	252.9039%	65.00%

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

**Louisiana State University System
Schedule of Contributions to
Cost Sharing Defined Benefit Pension Plans
For the Year Ended June 30, 2024**

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						
	2024	\$176,877,383	\$176,877,383		\$786,512,348	22.4888%
	2023	169,569,754	169,569,754		732,756,714	23.1413%
	2022	163,192,926	163,192,926		688,534,152	23.7015%
	2021	157,899,096	157,899,096		656,430,515	24.0542%
	2020	156,171,853	156,171,853		641,028,624	24.3627%
	2019	148,714,239	148,714,239		617,923,864	24.0668%
	2018	139,754,458	139,754,458		591,440,763	23.6295%
	2017	128,460,068	128,460,068		567,166,958	22.6494%
	2016	133,240,275	133,240,275		569,301,671	23.4042%
	2015	140,955,881	140,955,881		574,715,036	24.5262%
Louisiana State Employees Retirement System						
	2024	\$44,418,639	\$44,418,639		\$107,131,901	41.4616%
	2023	41,844,279	41,844,279		103,710,736	40.3471%
	2022	39,896,650	39,896,650		100,651,598	39.6384%
	2021	41,183,847	41,183,847		102,833,139	40.0492%
	2020	41,930,308	41,930,308		102,995,748	40.7107%
	2019	39,250,864	39,250,864		104,905,474	37.4155%
	2018	39,427,786	39,427,786		104,075,528	37.8838%
	2017	38,462,302	38,462,302		107,409,839	35.8089%
	2016	42,573,481	42,573,481		114,364,013	37.2263%
	2015	45,776,471	45,776,471		124,105,292	36.8852%

For reference only:³ Employer contribution rate multiplied by employer's covered payroll⁴ Actual employer contributions remitted to Retirement Systems⁵ Employer's covered payroll amount for each of the fiscal years ended June 30

**Notes to Required Supplementary Information
For the Year Ended June 30, 2024**

**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, 2023	4.130%	0.04%	7.0% to 4.5%	6.5% to 4.5%
July 01, 2022	4.090%	1.91%	6.75% to 4.5%	5.4% to 4.5%
July 01, 2021	2.180%	-0.48%	7.0% to 4.5%	5.5% to 4.5%
July 01, 2020	2.660%	-0.13%	6.75% to 4.5%	5.25% to 4.5%
July 01, 2019	2.790%	-0.19%	7.0% to 4.5%	5.5% to 4.5%
July 01, 2018	2.980%	-0.15%	7.0% to 4.5%	5.5% to 4.5%
July 01, 2017	3.130%	0.42%	7.0% to 4.5%	5.5% to 4.5%
July 01, 2016	2.710%	0.00%		

Mortality Assumption

See changes in mortality reported for TRSL and LASERS in note B below.

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

- The baseline per capita costs (PCCs) 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.

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

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

Other Changes in Assumptions for measurement date July 01, 2022:

- Baseline per capita costs (PCCs) were updated to reflect 2022 claims and enrollment.
- Medical plan election percentages were updated based on the coverage elections of recent retirees and a review of the past three years.
- Withdrawal assumption for LASERS Wildlife participants and mortality rate assumptions for LASERS Public Safety participants have been updated.

Other Changes in Assumptions for measurement date July 01, 2023:

- Baseline per capita costs (PCCs) were updated to reflect 2023 claims and enrollment.
- Medical plan election percentages were updated based on the coverage elections of recent retirees and a review of the past three years.
- The mortality, retirement, termination, disability, and salary increase rates for the TRSL, LSERS, and LSPRS groups were updated. Additionally, all TRSL assumptions that were based on the Regular plan assumptions only have been updated to vary by sub-plan as applicable.
- The healthcare cost trend was updated to more accurately reflect the current medical cost environment. The Medicare trend was further adjusted to reflect the impact of certain provisions of the Inflation Reduction Act (IRA).

**Notes to Required Supplementary Information
For the Year Ended June 30, 2024
(Continued)**

LSU Health Plan

Healthcare Costs Trend Rates

Measurement Date	Discount Rate	Change	Pre-65 Rates	Post 65 Rates
June 30, 2024	3.930%	0.28%	7.75% to 4.0%	6.75% to 4.0%
June 30, 2023	3.650%	0.11%	6.75% to 4.0%	5.75% to 4.0%
June 30, 2022	3.540%	1.38%	7.0% to 4.0%	6.0% to 4.0%
June 30, 2021	2.160%	-0.05%	5.5% to 4.5%	4.5% to 4.5%
June 30, 2020	2.210%	-1.29%	6.0% to 4.5%	5.0% to 4.5%
June 30, 2019	3.500%	-0.40%	6.0% to 4.5%	5.0% to 4.5%
June 30, 2018	3.900%	0.32%	6.5% to 4.5%	5.5% to 4.5%
June 30, 2017	3.580%	0.00%		

Termination Assumption

2020 - 2024 The retirement rates were updated to the most recent rates from the LASERS and TRSL Actuarial Valuations

Mortality Assumption

- 2017 - 2019 · RP-2014 mortality table with generational scale MP-2018
- 2020 - 2021 · Pub-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study.
- 2022 - 2024 · Pub-2010 mortality table with generational scale MP-2021

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

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 Session
- 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		
Fiscal Year ²	Rate	Change	Fiscal Year ²	Rate	Change
TRSL			LASERS		
2023-2024	7.250%	-0.15%	2023-2024	7.250%	-0.15%
2022	7.400%	-0.05%	2022	7.400%	-0.15%
2021	7.450%	-0.10%	2021	7.550%	-0.05%
2020	7.550%	-0.10%	2020	7.600%	-0.05%
2019	7.650%	-0.05%	2019	7.650%	-0.05%
2018	7.700%	-0.05%	2018	7.700%	-0.05%
2015-2017	7.750%	0.000%	2015-2017	7.750%	0.000%

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

Inflation Rate:			Fiscal Year ²		
Fiscal Year ²	Rate	Change	Fiscal Year ²	Rate	Change
TRSL			LASERS		
2024	2.400%	0.100%	2021-2024	2.300%	-0.200%
2021-2023	2.300%	-0.200%	2020	2.500%	-0.250%
2015-2020	2.500%	0.000%	2018-2019	2.750%	-0.250%
			2015-2017	3.000%	0.000%

**Notes to Required Supplementary Information
For the Year Ended June 30, 2024
(Continued)**

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	
2024	2.4% to 4.85% varies depending on duration of service	2021-2024	2.60% to 13.80% for various member types
2021-2023	3.1% to 4.6% varies depending on duration of service	2020	2.80% to 14.00% for various member types
2019-2020	3.3% to 4.8% varies depending on duration of service	2018-2019	2.80% to 14.30% for various member types
2015-2018	3.5% to 10% varies depending on duration of service	2015-2017	3.00% to 14.50% for various member types

Mortality table:

Fiscal Year ²	
TRSL	
2024	Active members – Pub2010T-Below Median Employee (amount weighted) tables, adjusted by 0.965 for males and by 0.942 for females. Non-Disabled retiree/inactive members – Pub2010T-Below Median Retiree (amount weighted) tables, adjusted by 1.173 for males and by 1.258 for females. Disability retiree mortality – Pub2010T-Disability (amount weighted) tables, adjusted by 1.043 for males and by 1.092 for females. The mortality tables are adjusted from 2010 to 2019 (base year, representing the mid-point of the experience study) with continued future mortality improvement using the MP-2021 improvement table on a fully generational basis.
2019-2023	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	
2020-2024	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:

Fiscal Year ²	
TRSL	
2024	Termination, disability, and retirement assumptions were projected based on a five year (2018-2022) experience study of the System's members.
2019-2023	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	
2020-2024	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, 2024

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, 2024

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, 2024

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

LOUISIANA STATE UNIVERSITY SYSTEM

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

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
ASSETS					
Current assets:					
Cash and cash equivalents	\$6,388,460	(\$118,594,158)	\$7,832,275	(\$188,811)	\$43,745,889
Investments		585,204,044	758,903	78,521	494,823
Receivables (net)	3,147,608	106,705,683	23,503,753	11,188,964	9,919,673
Due from other campuses		1,279,380			
Due from State Treasury	3,011,710	4,627,430	283,361	31,050	2,406,299
Due from Federal Government	3,746,395	26,742,048	1,328,308	857,836	5,705,836
Inventories	156,561	1,248,823	163	395,425	2,423,895
Prepaid expenses and advances		6,461,442	161,775		
Notes receivable		1,247,820			
Leases receivable		3,178,736			608,652
Leases receivable - Discrete component units		41,106			
Other current assets					
Total current assets	16,450,734	618,142,354	33,868,538	12,362,985	65,305,067
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	5,288,141	170,587,262	2,375,513	188,811	12,269,322
Investments	7,659,013	114,218,098	3,829,600	735,044	4,106,982
Receivables (net)		1,034,825		267,189	497,125
Notes receivable		2,010,557		11,041	
Other restricted assets		7,024,597			504,828
Investments					
Leases receivable		2,772,561			15,601,214
Leases receivable - Discrete component units		891,354			
Other noncurrent assets					
Capital assets (net)	77,793,522	1,553,724,951	35,946,672	16,490,735	46,012,726
Total noncurrent assets	90,740,676	1,852,264,205	42,151,785	17,692,820	78,992,197
Total assets	107,191,410	2,470,406,559	76,020,323	30,055,805	144,297,264
DEFERRED OUTFLOW OF RESOURCES					
Deferred amounts on debt refunding		24,102,525			
OPEB-related deferred outflows of resources	4,827,912	95,508,094	3,483,977	3,044,541	26,232,879
Pension-related deferred outflows of resources	15,609,453	203,901,276	9,938,241	3,592,593	28,954,085
Total deferred outflows of resources	20,437,365	323,511,895	13,422,218	6,637,134	55,186,964
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$127,628,775	\$2,793,918,454	\$89,442,541	\$36,692,939	\$199,484,228

(Continued)

	LSU Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Service Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$7,164,746	\$122,005,515	\$104,228,203	\$73,560,562		\$246,142,681
Investments	101,599			111,684,024		698,321,914
Receivables (net)	3,688,239	277,732,372	4,971,238	37,754,149		478,611,679
Due from other campuses	23,988,785	219,416,302	280,852	480,533	(\$245,445,852)	
Due from State Treasury	78,520	513,540		746,377		11,698,287
Due from Federal Government	4,446,525	6,556,769	76,482	4,331,755		53,791,954
Inventories	26,827	1,639,681	985,609	235,279		7,112,263
Prepaid expenses and advances	3,668,820	6,137,868	51,271	65,247		16,546,423
Notes receivable		967,199		2,727		2,217,746
Leases receivable		1,247,683	48,770,404			53,805,475
Leases receivable - Discrete component units						41,106
Other current assets			7,024,411			7,024,411
Total current assets	43,164,061	636,216,929	166,388,470	228,860,653	(245,445,852)	1,575,313,939
Noncurrent assets:						
Restricted:						
Cash and cash equivalents	820,494		4,732,369	2,455,820		198,717,732
Investments	8,583,000	35,782,302	9,869,759	96,374,787		281,158,585
Receivables (net)						1,799,139
Notes receivable		7,971,790		1,318		9,994,706
Other restricted assets						7,529,425
Investments		84,269,856				84,269,856
Leases receivable		24,482,643	1,857,696,694			1,900,553,112
Leases receivable - Discrete component units						891,354
Other noncurrent assets		221,191				221,191
Capital assets (net)	25,609,115	423,191,235	878,942,880	288,791,769		3,346,503,605
Total noncurrent assets	35,012,609	575,919,017	2,751,241,702	387,623,694		5,831,638,705
Total assets	78,176,670	1,212,135,946	2,917,630,172	616,484,347	(245,445,852)	7,406,952,644
DEFERRED OUTFLOW OF RESOURCES						
Deferred amounts on debt refunding						24,102,525
OPEB-related deferred outflows of resources	5,237,557	35,432,732	52,839,682	48,349,364		274,956,738
Pension-related deferred outflows of resources	17,710,567	95,971,432	11,019,081	62,849,410		449,546,138
Total deferred outflows of resources	22,948,124	131,404,164	63,858,763	111,198,774		748,605,401
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$101,124,794</u>	<u>\$1,343,540,110</u>	<u>\$2,981,488,935</u>	<u>\$727,683,121</u>	<u>(\$245,445,852)</u>	<u>\$8,155,558,045</u>

LOUISIANA STATE UNIVERSITY SYSTEM
Combining Schedule of Net Position, by University
June 30, 2024

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
LIABILITIES					
Current liabilities:					
Accounts payable and accruals	\$1,453,502	\$60,417,968	\$988,378	\$273,577	\$2,905,427
Due to other campuses		242,659,492		964,843	
Due to Federal Government					
Unearned revenues	2,489,479	114,772,783	18,645,787	6,659,272	4,086,702
Amounts held in custody for others		5,253,272	665,723	452,854	127,998
Other liabilities					
Compensated absences payable	305,309	3,814,563	100,100	101,523	681,186
Lease liability		715,779	555,127		61,339
Lease liability - discrete component units		7,127,997		384,008	
SBITA liability		7,824,338	170,095	96,937	
Finance purchase obligations		146,754			
Notes payable		697,117			
Bonds payable		20,459,228	180,000		
Total OPEB liability	394,050	14,835,461	540,800	599,200	5,555,890
Total current liabilities	4,642,340	478,724,752	21,846,010	9,532,214	13,418,542
Noncurrent liabilities:					
Compensated absences payable	4,507,552	41,349,368	1,467,526	486,577	8,445,790
Lease liability		25,844,402	7,384,491		79,058
Lease liability - discrete component units		88,144,951		5,684,440	
SBITA liability		9,765,270	112,485		
Finance purchase obligations		411,098,828			
Notes payable		2,341,643			
Bonds payable		271,192,750	2,155,000		
Total OPEB liability	24,483,403	480,368,758	17,191,843	15,167,232	120,112,896
Net pension liability	49,406,148	687,173,168	25,223,338	13,461,593	99,454,141
Unearned revenues (advance lease payments)					
Other noncurrent liabilities	6,862	255,824		10,357	36,290
Total noncurrent liabilities	78,403,965	2,017,534,962	53,534,683	34,810,199	228,128,175
Total liabilities	83,046,305	2,496,259,714	75,380,693	44,342,413	241,546,717
DEFERRED INFLOW OF RESOURCES					
Lease related deferred inflows of resources		6,773,559			15,640,921
OPEB-related deferred inflows of resources	8,371,974	165,461,542	4,865,578	5,713,785	41,962,388
Pension-related deferred inflows of resources	1,538,336	24,959,799	939,902	2,018,023	6,609,120
Total deferred inflows of resources	9,910,310	197,194,900	5,805,480	7,731,808	64,212,429
NET POSITION					
Net investment in capital assets	77,793,522	735,507,179	25,389,474	10,325,350	45,872,329
Restricted:					
Nonexpendable	6,120,000	86,859,388	3,600,000	719,286	3,780,000
Expendable	9,572,306	201,635,530	6,804,836	1,296,347	21,500,237
Unrestricted	(58,813,668)	(923,538,257)	(27,537,942)	(27,722,265)	(177,427,484)
Total net position	34,672,160	100,463,840	8,256,368	(15,381,282)	(106,274,918)
Total liabilities, deferred inflows of resources, and net position	\$127,628,775	\$2,793,918,454	\$89,442,541	\$36,692,939	\$199,484,228

(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	\$1,341,201	\$120,111,077	\$13,359,236	\$18,094,136		\$218,944,502
Due to other campuses	6,450	976,758	399,743	438,566	(\$245,445,852)	
Due to Federal Government	217,515					217,515
Unearned revenues	13,166,051	18,106,467	3,951,758	691,157		182,569,456
Amounts held in custody for others	236,242	317,404	10,289	67,172		7,130,954
Other liabilities		62,114,049	1,743			62,115,792
Compensated absences payable	211,518	2,575,908	341,295	1,228,396		9,359,798
Lease liability	57,564	1,046,350	142,868	4,343,982		6,923,009
Lease liability - discrete component units	282,224			49,072		7,843,301
SBITA liability	281,469	984,808	174,049	1,459,114		10,990,810
Finance purchase obligations						146,754
Notes payable				20,528		717,645
Bonds payable			535,000			21,174,228
Total OPEB liability	970,571	6,059,148	14,889,632	11,728,685		55,573,437
Total current liabilities	16,770,805	212,291,969	33,805,613	38,120,808	(\$245,445,852)	583,707,201
Noncurrent liabilities:						
Compensated absences payable	1,886,652	20,220,955	2,756,881	12,061,596		93,182,897
Lease liability	1,272,316	4,433,979		147,266,054		186,280,300
Lease liability - discrete component units	4,462,887			66,197		98,358,475
SBITA liability	150,612	3,153,440	456,261	1,879,378		15,517,446
Finance purchase obligations						411,098,828
Notes payable				20,966		2,362,609
Bonds payable			8,649,550			281,997,300
Total OPEB liability	25,039,464	199,783,802	229,319,159	218,142,427		1,329,608,984
Net pension liability	46,261,219	281,594,962	51,296,797	180,288,375		1,434,159,741
Unearned revenues (advance lease payments)			15,790,500			15,790,500
Other noncurrent liabilities	319,868					629,201
Total noncurrent liabilities	79,393,018	509,187,138	308,269,148	559,724,993		3,868,986,281
Total liabilities	96,163,823	721,479,107	342,074,761	597,845,801	(\$245,445,852)	4,452,693,482
DEFERRED INFLOW OF RESOURCES						
Lease related deferred inflows of resources		24,701,712	1,862,391,084			1,909,507,276
OPEB-related deferred inflows of resources	9,199,946	61,425,921	93,129,139	82,537,784		472,668,057
Pension-related deferred inflows of resources	2,429,697	17,244,391	1,578,400	12,366,889		69,684,557
Total deferred inflows of resources	11,629,643	103,372,024	1,957,098,623	94,904,673		2,451,859,890
NET POSITION						
Net investment in capital assets	19,102,043	413,572,658	869,943,019	133,686,478		2,331,192,052
Restricted:						
Nonexpendable	5,320,000	40,370,820	13,374,853	20,489,977		180,634,324
Expendable	7,697,866	21,359,206	13,674,883	79,451,425		362,992,636
Unrestricted	(38,788,581)	43,386,295	(214,677,204)	(198,695,233)		(1,623,814,339)
Total net position	(6,668,672)	518,688,979	682,315,551	34,932,647		1,251,004,673
Total liabilities, deferred inflows of resources, and net position	\$101,124,794	\$1,343,540,110	\$2,981,488,935	\$727,683,121	(\$245,445,852)	\$8,155,558,045

LOUISIANA STATE UNIVERSITY SYSTEM

**Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
For the Fiscal Year Ended June 30, 2024**

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
OPERATING REVENUES					
Student tuition and fees	\$0	\$605,874,053	\$33,448,022	\$12,116,681	\$0
Less scholarship allowances		(143,189,460)	(7,788,960)	(3,726,824)	
Net student tuition and fees		462,684,593	25,659,062	8,389,857	
Federal appropriations					12,427,125
Federal grants and contracts	28,532,380	116,266,816	1,085,237	340,193	12,530,769
State and local grants and contracts	889,877	44,368,741	615,993	437,297	16,198,346
Nongovernmental grants and contracts	13,424,360	22,993,692	508,025	123,108	6,619,239
Sales and services of educational departments	729,845	36,660,157	43,880		6,253,305
Hospital income					
Auxiliary enterprise revenues (including revenues pledged to secure debt)	53,611	288,300,225	4,952,203	4,111,626	
Less scholarship allowances		(34,166,712)	(811,219)	(1,104,090)	
Net auxiliary revenues	53,611	254,133,513	4,140,984	3,007,536	
Other operating revenues	66,119	19,890,292	34,796	45,062	6,946,130
Total operating revenues	43,696,192	956,997,804	32,087,977	12,343,053	60,974,914
OPERATING EXPENSES					
Educational and general:					
Instruction		333,175,811	20,152,621	9,101,770	
Research	46,192,794	179,669,331	109,349	6,911	69,240,847
Public service	4,724,840	38,083,644	962,887	1,000	47,898,361
Academic support	9,632,072	122,919,967	4,286,544	575,690	6,510,626
Student services		48,051,465	3,730,281	1,372,934	
Institutional support	9,721,925	63,458,256	7,954,177	3,502,806	15,868,671
Operations and maintenance of plant	11,127,173	136,601,223	6,559,845	3,444,079	8,865,920
Scholarships and fellowships		79,139,335	7,773,027	4,615,755	99,443
Auxiliary enterprises	56,522	234,180,109	3,329,505	3,465,644	
Hospital					
Total operating expenses	81,455,326	1,235,279,141	54,858,236	26,086,589	148,483,868
OPERATING INCOME (LOSS)	(37,759,134)	(278,281,337)	(22,770,259)	(13,743,536)	(87,508,954)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	38,512,963	193,766,959	8,635,781	6,440,936	94,379,803
Gifts	896,558	68,078,250	855,427	940,139	3,379,550
Federal nonoperating revenues (expenses)		53,441,794	13,091,271	6,532,282	26,840
Net investment income (loss)	362,015	29,660,731	753,298	62,925	1,567,696
Interest expense		(27,519,523)	(263,557)	(63,877)	(492)
Other nonoperating revenues (expenses)	769,511	28,721,167	584,947	463,765	2,395,020
Net nonoperating revenues (expenses)	40,541,047	346,149,378	23,657,167	14,376,170	101,748,417

(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	\$72,529,973	\$65,824,280	\$0	\$24,781,090	\$0	\$814,574,099
Less scholarship allowances	(7,069,313)	(3,814,564)		(2,685,447)		(168,274,568)
Net student tuition and fees	65,460,660	62,009,716		22,095,643		646,299,531
Federal appropriations						12,427,125
Federal grants and contracts	293,792	45,849,070		20,887,990	(2,340,419)	223,445,828
State and local grants and contracts	1,196,676	20,465,742		4,629,491	(2,946,852)	85,855,311
Nongovernmental grants and contracts	123,195	685,160,912		268,553,922	(462,891)	997,043,562
Sales and services of educational departments	1,142,084	157,716,020		5,631,411	(665,513)	207,511,189
Hospital income			47,801,173	105	(1,441,288)	46,359,990
Auxiliary enterprise revenues (including revenues pledged to secure debt)	5,372,497	6,882,141		1,326,180	(57,943)	310,940,540
Less scholarship allowances	(263,450)					(36,345,471)
Net auxiliary revenues	5,109,047	6,882,141		1,326,180	(57,943.00)	274,595,069
Other operating revenues	920,192	2,122,063		284,142	(2,570,669)	27,738,127
Total operating revenues	74,245,646	980,205,664	47,801,173	323,408,884	(10,485,575)	2,521,275,732
OPERATING EXPENSES						
Educational and general:						
Instruction	49,286,122	257,898,330		152,030,343	(94,496)	821,550,501
Research	702,234	48,233,887		55,376,923	(3,897,483)	395,634,793
Public service	1,031,974	514,344,155		135,008,307	(1,514,666)	740,540,502
Academic support	7,689,415	24,170,301		13,209,215	(1,558)	188,992,272
Student services	4,661,977	7,128,445		4,534,280	(9,150)	69,470,232
Institutional support	12,431,014	129,262,936		39,406,768	(1,828,905)	279,777,648
Operations and maintenance of plant	8,122,091	48,480,385		17,049,179		240,249,895
Scholarships and fellowships	1,434,895	1,776,205		1,675,783		96,514,443
Auxiliary enterprises	6,079,732	7,053,084		1,395,476	(36,576)	255,523,496
Hospital			90,704,146	2,847,186	(3,102,741)	90,448,591
Total operating expenses	91,439,454	1,038,347,728	90,704,146	422,533,460	(10,485,575)	3,178,702,373
OPERATING INCOME (LOSS)	(17,193,808)	(58,142,064)	(42,902,973)	(99,124,576)		(657,426,641)
NONOPERATING REVENUES (EXPENSES)						
State appropriations	14,935,240	99,310,073	25,829,112	91,138,846		572,949,713
Gifts	2,418,433	2,353,219		7,210		78,928,786
Federal nonoperating revenues (expenses)	6,085,255	3,191,889	387,538	36,423		82,793,292
Net investment income (loss)	1,200,219	27,493,160	34,338,501	17,723,152		113,161,697
Interest expense	(76,378)	(83,798)	(379,692)	(2,287,624)		(30,674,941)
Other nonoperating revenues (expenses)	776,855	9,348,996	(5,972,683)	2,955,288		40,042,866
Net nonoperating revenues (expenses)	25,339,624	141,613,539	54,202,776	109,573,295		857,201,413

LOUISIANA STATE UNIVERSITY SYSTEM

**Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
June 30, 2024**

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	\$2,781,913	\$67,868,041	\$886,908	\$632,634	\$14,239,463
Capital appropriations	10,053	7,321,814	1,477,027		
Capital gifts and grants		47,901,542	384,685	431,348	728,153
Additions to permanent endowment		1,840,000		10,000	60,000
Other additions (deductions)	(200,225)	(5,249,451)	(109,572)	(6,886)	(85,234)
Transfer (to)/from other system institution		(488,111)			488,111
CHANGE IN NET POSITION	2,591,741	119,193,835	2,639,048	1,067,096	15,430,493
NET POSITION - BEGINNING OF YEAR (Restated)	32,080,419	(18,729,995)	5,617,320	(16,448,378)	(121,705,411)
NET POSITION - END OF YEAR	\$34,672,160	\$100,463,840	\$8,256,368	(\$15,381,282)	(\$106,274,918)

* Restated for a prior period error in applying GASB Statement No. 87 *Leases*. See Note 16.

(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	\$8,145,816	\$83,471,475	\$11,299,803	\$10,448,719	\$0	\$199,774,772
Capital appropriations		9,081,784	523,558	12,367,531		30,781,767
Capital gifts and grants	418,380	256,064				50,120,172
Additions to permanent endowment		1,200,000		920,000		4,030,000
Other additions (deductions)	5,500			(151,455)		(5,797,323)
Transfer (to)/from other system institution						
CHANGE IN NET POSITION	8,569,696	94,009,323	11,823,361	23,584,795		278,909,388
NET POSITION - BEGINNING OF YEAR (Restated)	(15,238,368)	424,679,656	670,492,190	11,347,852		972,095,285
NET POSITION- END OF YEAR	(\$6,668,672)	\$518,688,979	\$682,315,551	\$34,932,647	\$0	\$1,251,004,673

* Restated for a prior period error in applying GASB Statement No. 87 Leases . See Note 16.

LOUISIANA STATE UNIVERSITY SYSTEM

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

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
CASH FLOWS FROM OPERATING ACTIVITIES:					
Tuition and fees	\$0	\$460,619,285	\$26,352,126	\$7,707,254	\$0
Federal appropriations					16,010,479
Grants and contracts	42,060,437	197,930,336	945,002	1,661,396	32,487,477
Sales and services of educational departments	728,720	34,631,426	61,711		6,374,606
Hospital income					
Auxiliary enterprise receipts	54,044	249,147,213	4,449,633	2,871,591	
Payments for employee compensation	(36,953,343)	(545,507,456)	(20,885,267)	(9,210,033)	(74,382,278)
Payments for benefits	(13,603,664)	(181,612,642)	(8,201,579)	(4,192,740)	(34,700,915)
Payments for utilities	(2,392,222)	(23,521,756)	(1,095,218)	(698,674)	(3,208,622)
Payments for supplies and services	(24,035,757)	(323,687,768)	(14,882,021)	(5,434,553)	(34,784,368)
Payments for scholarships and fellowships		(79,414,023)	(7,773,027)	(4,615,755)	(99,443)
Loans to students		1,104,351	480,139	(32,061)	
Collection of loans to students		1,592,050			
Other receipts (payments)	63,885	23,895,404	47,296	(205,674)	6,534,274
Net cash provided (used) by operating activities	(34,077,900)	(184,823,580)	(20,501,205)	(12,149,249)	(85,768,790)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	35,517,174	190,631,064	8,397,777	6,452,103	103,549,074
Gifts and grants for other than capital purposes	1,579,160	66,871,067	891,407	1,012,107	4,328,758
Private gifts for endowment purposes					
TOPS receipts		105,074,837	3,012,707	1,488,410	
TOPS disbursements		(105,074,837)	(3,012,707)	(1,488,410)	
FEMA receipts		1,058,095			
FEMA disbursements		(247,790)			26,840
Direct lending receipts		220,389,308	19,825,432	5,982,669	
Direct lending disbursements		(220,389,308)	(19,825,432)	(5,982,669)	
CARES receipts		437,384			
CARES disbursements		(437,384)			
Implicit loan to/from other campuses		(39,159,105)		(1,908,246)	
Other receipts (disbursements)	99,999	52,076,794	13,241,272	6,742,282	498,111
Net cash provided (used) by noncapital financing activities	37,196,333	271,230,125	22,530,456	12,298,246	108,402,783
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Capital gifts and grants received		43,290,306	735,639	856,219	913,190
Purchase of capital assets	(1,040,697)	(41,661,967)	(775,167)	(371,221)	(11,666,765)
Principal paid on capital debt		(19,490,186)	(175,000)		
Interest paid on capital debt		(24,619,520)	(133,237)		
Receipts from lessor leases		3,770,346			541,843
Payments for right of use lease and subscription assets	(69,628)	(20,439,870)	(1,021,363)	(648,479)	(489,351)
Other sources (uses)		(1,468,877)	17,543	(14,800)	(55,662)
Net cash provided (used) by capital financing activities	(1,110,325)	(60,619,768)	(1,351,585)	(178,281)	(10,756,745)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments		113,468,656			
Interest received on investments	191,056	19,816,319	560,989	29,284	1,428,604
Purchase of investments		(163,758,700)			
Net cash provided (used) by investing activities	191,056	(30,473,725)	560,989	29,284	1,428,604

(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	\$67,648,894	\$62,159,897	\$0	\$22,089,016	\$0	\$646,576,472
Federal appropriations						16,010,479
Grants and contracts	3,147,202	632,449,424		299,071,342	(5,750,162)	1,204,002,454
Sales and services of educational departments	1,142,084	162,779,252		6,055,481	(665,513)	211,107,767
Hospital income			47,080,182	1,460	(1,441,288)	45,640,354
Auxiliary enterprise receipts	4,775,806	7,835,004		1,327,582	(57,943)	270,402,930
Payments for employee compensation	(33,307,223)	(399,912,352)	(26,500,825)	(290,544,389)		(1,437,203,166)
Payments for benefits	(12,651,865)	(84,764,553)	(25,739,837)	(61,081,753)		(426,549,548)
Payments for utilities	(1,359,605)	(15,766,448)	(694,549)	(9,457,560)		(58,194,654)
Payments for supplies and services	(39,466,726)	(489,677,716)	(24,503,791)	(54,726,301)	10,485,575	(1,000,713,426)
Payments for scholarships and fellowships	(1,420,074)	(3,777,484)		(1,675,783)		(98,775,589)
Loans to students	(706,494)	(1,029,641)				(183,706)
Collection of loans to students		787,986		2,355		2,382,391
Other receipts (payments)	625,076	2,195,424		349,748	(2,570,669)	30,934,764
Net cash provided (used) by operating activities	(11,572,925)	(126,721,207)	(30,358,820)	(88,588,802)		(594,562,478)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	14,963,476	103,594,743	26,295,282	91,148,961		580,549,654
Gifts and grants for other than capital purposes	2,380,348	5,545,108		7,210		82,615,165
Private gifts for endowment purposes		1,200,000		920,000		2,120,000
TOPS receipts	3,190,486	1,865,898		207,547		114,839,885
TOPS disbursements	(3,190,486)	(1,899,312)		(207,547)		(114,873,299)
FEMA receipts			387,538			1,445,633
FEMA disbursements						(220,950)
Direct lending receipts	53,981,266	73,230,114		28,846,485		402,255,274
Direct lending disbursements	(53,763,751)	(77,485,913)		(28,846,485)		(406,293,558)
CARES receipts						437,384
CARES disbursements						(437,384)
Implicit loan to/from other campuses	(8,932,649)	50,000,000				
Other receipts (disbursements)	6,315,255	2,620,484	(101,352,667)	322,423		(19,436,047)
Net cash provided (used) by noncapital financing activities	14,943,945	158,671,122	(74,669,847)	92,398,594		643,001,757
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:						
Capital gifts and grants received	148,328					45,943,682
Purchase of capital assets	(2,110,066)	(41,874,662)	(181,344)	(7,598,600)		(107,280,489)
Principal paid on capital debt		(1,515,254)	(520,000)	(22,742)		(21,723,182)
Interest paid on capital debt		(79,688)	(347,723)			(25,180,168)
Receipts from lessor leases		868,310	102,704,539			107,885,038
Payments for right of use lease and subscription assets	(814,329)	(1,838,907)	(143,093)	(7,158,400)		(32,623,420)
Other sources (uses)	(5,500)	1,537,334	(212,966)	415		(202,513)
Net cash provided (used) by capital financing activities	(2,781,567)	(42,902,867)	101,299,413	(14,779,327)		(33,181,052)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments		19,826,831		83,924,294		217,219,781
Interest received on investments	934,625	19,341,318	6,011,038	5,971,303		54,284,536
Purchase of investments		(22,234,728)	(11,316)	(79,771,893)		(265,776,637)
Net cash provided (used) by investing activities	934,625	16,933,421	5,999,722	10,123,704		5,727,680

LOUISIANA STATE UNIVERSITY SYSTEM

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

	Pennington Biomedical Research Center	LSU	LSU of Alexandria	LSU Eunice	Agricultural Center
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$2,199,164	(\$4,686,948)	\$1,238,655	\$0	\$13,305,852
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	9,477,437	56,680,052	8,969,133		42,709,359
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$11,676,601</u>	<u>\$51,993,104</u>	<u>\$10,207,788</u>	<u>\$0</u>	<u>\$56,015,211</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating income (loss)	(\$37,759,134)	(\$278,281,337)	(\$22,770,259)	(\$13,743,536)	(\$87,508,954)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation and amortization expense	4,666,535	89,923,261	2,485,699	3,180,817	4,760,069
Non-Employer contributing entity revenue	669,512	10,284,043	434,946	253,765	2,126,115
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
(Increase) decrease in accounts receivable, net	(1,466,459)	(4,353,517)	(5,803,514)	(807,312)	215,631
(Increase) decrease in inventories	9,288	76,097	(113)	(284,626)	(196,076)
(Increase) decrease in prepaid expenses and other		(845,524)	(5,418)	68,527	
(Increase) decrease in notes receivable		1,591,857			
(Increase) decrease in deferred outflows related to OPEB	1,132,828	18,211,093	53,588	423,935	5,446,775
(Increase) decrease in deferred outflows related to pensions	(36,729)	9,524,368	(321,581)	730,416	364,498
(Increase) decrease in other assets					
Increase (decrease) in accounts payable and accrued liabilities	(344,047)	3,665,707	522,368	(78,822)	470,478
Increase (decrease) in unearned revenue	796,624	15,287,851	5,920,565	450,312	611,451
Increase (decrease) in amounts held in custody for others		(1,304,678)	134,947	17,533	34,193
Increase (decrease) in compensated absences	342,197	3,444,833	244,362	(28,507)	381,865
Increase (decrease) in OPEB liability	1,392,778	10,047,945	1,457,372	691,509	3,705,018
Increase (decrease) in net pension liability	(2,991,227)	(49,600,154)	(1,285,594)	(2,932,192)	(6,436,762)
Increase (decrease) in deferred inflows related to OPEB	(1,227,871)	(26,134,656)	(1,822,678)	(940,643)	(9,534,714)
Increase (decrease) in deferred inflows related to pensions	741,894	12,131,416	254,105	839,218	185,304
Increase (decrease) in other deferred inflows	-	(3,714,557)			(420,640)
Increase (decrease) in other liabilities	(4,089)	5,222,372		10,357	26,959
Net cash provided (used) by operating activities	<u>(\$34,077,900)</u>	<u>(\$184,823,580)</u>	<u>(\$20,501,205)</u>	<u>(\$12,149,249)</u>	<u>(\$85,768,790)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:					
Cash and cash equivalents classified as current assets	\$6,388,460	(\$118,594,158)	\$7,832,275	(\$188,811)	\$43,745,889
Cash and cash equivalents classified as noncurrent assets	5,288,141	170,587,262	2,375,513	188,811	12,269,322
Cash and cash equivalents at end of the year	<u>\$11,676,601</u>	<u>\$51,993,104</u>	<u>\$10,207,788</u>	<u>\$0</u>	<u>\$56,015,211</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital appropriations	\$10,053	\$7,321,814	\$1,477,027	\$0	\$0
Amortized borrowing expense					
Increase (Decrease) in fair market value of assets	267,085	9,986,043	84,357	16,194	92,365
Capital gifts and grants		21,294,689			64,715
Transfers/disposal of capital assets		(34,894)			
Subscription-based IT arrangements acquired in current year		9,442,728	224,766	301,145	257,774
Leased assets acquired in current year		4,352,286			
Lease receivables acquired in current year		207,354			317,923

(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	\$1,524,078	\$5,980,469	\$2,270,468	(\$845,831)	\$0	\$20,985,907
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	6,461,162	116,025,046	106,690,104	76,862,213		423,874,506
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$7,985,240	\$122,005,515	\$108,960,572	\$76,016,382	\$0	\$444,860,413
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating income (loss)	(\$17,193,808)	(\$58,142,064)	(\$42,902,973)	(\$99,124,576)	\$0	(\$657,426,641)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation and amortization expense	3,028,743	26,847,597	29,566,843	18,508,432		182,967,996
Non-Employer contributing entity revenue	546,855	4,020,843	2,330,229	2,669,288		23,335,596
Changes in assets, deferred outflows, liabilities, and deferred inflows:						
(Increase) decrease in accounts receivable, net	(1,203,587)	(115,076,764)	(956,823)	5,283,961		(124,168,384)
(Increase) decrease in inventories	(4,720)	196,829	83,903	87,159		(32,259)
(Increase) decrease in prepaid expenses and other	(580,274)	7,579,169	(6,850)	(14,519)		6,195,111
(Increase) decrease in notes receivable		(241,655)		2,355		1,352,557
(Increase) decrease in deferred outflows related to OPEB	439,375	5,061,659	8,655,453	8,329,514		47,754,220
(Increase) decrease in deferred outflows related to pensions	2,765,213	1,512,429	2,522,312	9,823,128		26,884,054
(Increase) decrease in other assets		479,649	(31,617)			448,032
Increase (decrease) in accounts payable and accrued liabilities	(30,863)	26,207,969	973,698	(2,102,242)		29,284,246
Increase (decrease) in unearned revenue	3,580,132	(18,758,634)		(21,770)		7,866,531
Increase (decrease) in amounts held in custody for others	21,747	73,361	1	65,748		(957,148)
Increase (decrease) in compensated absences	118,403	767,409	189,066	(264,717)		5,194,911
Increase (decrease) in OPEB liability	1,619,073	10,269,614	118,102	236,900		29,538,311
Increase (decrease) in net pension liability	(4,546,667)	(21,336,925)	(6,045,907)	(25,531,346)		(120,706,774)
Increase (decrease) in deferred inflows related to OPEB	(2,443,318)	(15,524,408)	(24,449,815)	(17,864,740)		(99,942,843)
Increase (decrease) in deferred inflows related to pensions	2,071,106	3,956,017	(401,198)	11,328,623		31,106,485
Increase (decrease) in other deferred inflows						(4,135,197)
Increase (decrease) in other liabilities	239,665	15,386,698	(3,244)			20,878,718
Net cash provided (used) by operating activities	(\$11,572,925)	(\$126,721,207)	(\$30,358,820)	(\$88,588,802)	\$0	(\$594,562,478)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:						
Cash and cash equivalents classified as current assets	\$7,164,746	\$122,005,515	\$104,228,203	\$73,560,562	\$0	\$246,142,681
Cash and cash equivalents classified as noncurrent assets	820,494		4,732,369	2,455,820		\$198,717,732
Cash and cash equivalents at end of the year	\$7,985,240	\$122,005,515	\$108,960,572	\$76,016,382	\$0	\$444,860,413
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Capital appropriations	\$0	\$9,081,784	\$523,558	\$12,367,531	\$0	\$30,781,767
Amortized borrowing expense			18,591			18,591
Increase (Decrease) in fair market value of assets	264,970	12,240,472	39,035	11,126,893		34,117,414
Capital gifts and grants	18,797	256,064				21,634,265
Transfers/disposal of capital assets		(375,141)	(50,340)	(151,870)		(612,245)
Subscription-based IT arrangements acquired in current year	451,519	826,571	444,945	1,481,243		13,430,691
Leased right of use assets in current year	21,772			197,004		4,571,062
Lease receivables in current year		1,026,930				1,552,207

OTHER REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

Exhibit A

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



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

January 21, 2025

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

Independent Auditor's Report

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate discretely presented component units of the Louisiana State University System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated January 21, 2025.

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

financial statements of the Stephenson Technologies Corporation, the LSU Foundation, and the Tiger Athletic Foundation.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Failure to Make Proper Notifications of Suspected Misappropriations

The System failed to immediately notify the Louisiana Legislative Auditor (LLA) and the parish district attorney (DA) of several suspected misappropriations of

assets as required by Louisiana Revised Statute (R.S.) 24:523, including but not limited to the following:

- The Office of Internal Audit (OIA) completed an investigation of possible financial misconduct and finalized a report that was sent to LSU management on October 24, 2022, but LSU management did not report this to the LLA and the DA until September 18, 2024.
- LSU OIA did not notify the LLA or the DA about an investigation that was performed related to an allegation that an employee was repeatedly absent from work without approved leave.
- LSU OIA did not notify the LLA or the DA about an investigation that was performed related to an allegation that an employee failed to disclose and report outside employment and performed outside duties during his normal working hours without approved leave.
- We identified multiple notices of theft of movable property that were reported to the LLA and the DA in excess of two years after police reports were provided to the university by LSU Police.

Failure to make proper notifications places the System in noncompliance with state law, impairs a timely response to control weaknesses by the auditor, and could delay the potential prosecution of guilty parties.

R.S. 24:523 states, in part, "An agency head of an auditee who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of the public funds or assets of his agency shall immediately notify, in writing, the legislative auditor and the district attorney of the parish in which the agency is domiciled of such misappropriation." LSU Permanent Memorandum 76 (PM 76) states, in part, the OIA shall report all instances of misappropriation of funds to the LLA and the DA for the parish in which the financial irregularity occurred on behalf of the President and Chancellor.

While R.S. 24:523 requires immediate written notification once the agency head has actual knowledge of or reasonable cause to believe there has been a misappropriation of public funds or assets, PM 76 does not specify a timeframe for reporting misappropriations to the LLA or the DA and therefore is not in accord with the law. LSU management contends that reasonable cause allows for an investigation and subsequent analysis prior to notification.

Management should update policies and procedures to ensure immediate reporting when the System has actual knowledge of or reasonable cause to believe that there has been a misappropriation of the public funds or assets of the System, in writing, to the LLA and the DA in accordance with state law. Management concurred in part with the finding and provided a corrective action plan (see Appendix A).

System's Response to the Finding

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

Other 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, 2024. In addition, other external auditors audited the LSU Foundation, the Tiger Athletic Foundation, the LSU Health Sciences Foundation in Shreveport, and the LSU Health Foundation, New Orleans which are discretely presented component units included in the basic financial statements of the System. To obtain copies of those reports, refer to note 1-B to the basic financial statements for mailing addresses.

As a part of our audit of the System's basic financial statements for the year ended June 30, 2023, we performed certain procedures on campuses within the System. Our reports on those procedures for those campuses are listed as follows:

Campus	Audit Type	Issue Date	Finding Title
LSU and Related Campuses	Management Letter	Pending	Pending
LSU Health Sciences Center - Health Care Services Division	Management Letter	January 15, 2025	None
LSU Health Sciences Center - New Orleans	Management Letter	Pending	Pending
LSU Health Sciences Center - Shreveport	Management Letter	Pending	Pending

Those reports contain compliance and internal control findings, where applicable, relating to those campuses. Management's responses are also included in those reports. Management's responses are not audited. Copies of those reports are available for public inspection at the Baton Rouge office of the Legislative Auditor and can also be found on the Internet at www.lla.la.gov.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Mike Waguespack', with a long horizontal flourish extending to the right.

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

ABM:ETM:JPT:BQD:aa

LSU 2024

APPENDIX A: MANAGEMENT'S RESPONSE



Finance & Administration

January 9, 2025

Mr. Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Waguespack:

Thank you for the opportunity to respond to the audit finding, "Failure to Make Proper Notifications of Suspected Misappropriations," referenced in your letter of December 18, 2024. LSU partially concurs with the finding and offers the following response.

LSU takes the protection of public assets seriously, allocating considerable resources to implement and maintain a system for the detection, investigation, and reporting of financial irregularities. As noted in the finding, this includes LSU Permanent Memorandum 76 (PM-76) "*Detection, Reporting and Investigation of Incidents of Financial Irregularity.*" This Policy was initially promulgated in 2014 in conjunction with the establishment of a third-party reporting hotline. The Policy defines "financial irregularity" and creates an affirmative duty on the part of all faculty, employees, and students to report suspected incidents of such irregularities. We regularly communicate reminders of this obligation to the LSU community, and we have notices posted across our campuses. Consequently, we frequently receive reports, often anonymously, of financial irregularities. These irregularities may or may not constitute misappropriations of public assets.

PM-76 describes our responsibility for the investigation of these reported irregularities including notification of the Legislative Auditor's Office for all financial misappropriations in accordance with La. R.S. 24:523. LSU has had a long-established process for the review and required reporting of suspected misappropriations. As provided for by the statute, we use the "reasonable cause" standard in determining whether a notification is required. Specifically, the statute states, "'Reasonable cause' shall include information obtained as a result of the filing of a police report, an internal audit *finding*, or other source indicating such a misappropriation of agency funds or assets *has occurred.*" As we believe the statute contemplates, LSU has considered "reasonable cause" to consist of circumstances involving an allegation that have some sort of corroborating information which would lead one to conclude that a misappropriation has occurred. To report without satisfying reasonable cause, whether by investigation or by collection of corroborating

information, increases the likelihood of innocent individuals being unfairly maligned in public and creating unnecessary legal exposure to LSU.

Notwithstanding the above, we acknowledge that notifications for some items were not made timely including the October 24, 2022, report referenced in the finding. Additionally, some of the notifications noted as untimely include reports of thefts of university assets that LSU departments filed with the LSU Police Department as required by LSU policy. In relation to these theft reports, a key point to note is that, although there were delays in making the required notifications to the Legislative Auditor and District Attorney, these delays did not impact the timely investigation of the reported thefts and subsequent referral for prosecution, where appropriate.

Additionally, two instances included in the finding related to the failure of salaried employees to take appropriate leave for absences from their assigned work location. These matters were timely investigated, and policy violations were noted in a formal report to LSU Health Shreveport management who subsequently took appropriate action. As a result, in both situations, LSU Health Shreveport recovered all funds or leave in question and, ultimately, incurred no loss.¹ The LSU Office of General Counsel reviewed the reports and concluded that the circumstances did not constitute a "misappropriation" that required notification. Therefore, no notification regarding these two instances was made.

It should also be noted that "misappropriation" is not defined in La. R.S. 24:523. It is, however, defined in La. R.S. 14:67 as the, "taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. *An intent to deprive the other permanently of whatever may be the subject of the misappropriation or taking is essential.*"

Given the above and to improve our process for making notifications in accordance with La. R.S. 24:523, LSU will take the following corrective action:

- Review and revise PM-76 as necessary to provide additional direction regarding the evaluation of allegations of misappropriations and the process for determining reporting requirements in accordance with La. R.S. 24:523.
 - Responsible individual – Chad Brackin, Chief Auditor
 - Expected completion date – June 30, 2025

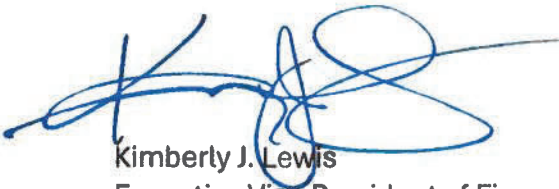
¹ Under the Fair Labor Standards Act, the compensation of a salaried employee cannot be altered for working more or less than a full workday, subject to applicable leave policies. They typically do not clock in and clock out like hourly employees. When these situations arise, LSU is typically made whole by allocation of accrued leave or repaying full days of employment when leave is not available such that LSU is not permanently deprived as indicated in the statute. It is difficult to attribute a dollar value to partial deviations from the workday for salaried employees.

Mr. Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
January 9, 2025
Page 3

- Formalize the policy requiring departments to notify the Property Management Office of stolen assets and determine the feasibility of a more efficient electronic reporting system.
 - Responsible individual – Toliver Bozeman, Director of Property Management
 - Expected completion date – June 30, 2025
- Review and revise the process to improve the notification of relevant police reports by the LSU Police Department to the Property Management Office.
 - Responsible individual – Marshall Walters, Chief of Police
 - Expected completion date – June 30, 2025

Again, we thank you for the recommendations related to our notification process and for providing this opportunity to respond. If you have any questions regarding this response or our planned actions, please do not hesitate to contact me.

Sincerely,



Kimberly J. Lewis
Executive Vice President of Finance and Administration
& Chief Administrative Officer