

LOUISIANA STATE UNIVERSITY SYSTEM

A COMPONENT UNIT OF THE
STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Financial Statement Audit for the
Year Ended June 30, 2025
Issued February 11, 2026**

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January 21, 2026

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, 2025, 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, 2025, 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 2.06%, 0.79%, 4.13%, and 4.29%, 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, and 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*.

Emphasis of Matter

As disclosed in Notes 1, 10, 13, and 16 to the financial statements, the System implemented Statement No. 101, *Compensated Absences*, issued by the Governmental Accounting Standards Board during fiscal year 2025. Our opinions are not modified with respect to this matter.

As disclosed in Note 1 to the financial statements, the System implemented NACUBO Advisory Report 2023-01, *Public Institutions: Accounting for and Reporting Financial Aid as a Discount*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently-known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 8 through 19, the Schedule of the Proportionate Share of the Total OPEB Liability on page 96, the Schedule of the Proportionate Share of the Net Pension Liabilities of Cost Sharing Defined Benefit Pension Plans on page 97, the Schedule of Contributions to Cost Sharing Defined

Benefit Pension Plans on page 98, and the Notes to Required Supplementary Information on pages 99 through 102 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 104 through 115, for the year ended June 30, 2025, 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, 2025, 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, 2025, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2025.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2026, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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LSU2025

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, 2025. 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 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 (TAF), 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 2024 semester was 68,758 which was an increase from the 64,401 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 \$332 million in 2025. A breakdown of the various components of this increase is described through the following paragraphs.

Total operating revenues decreased from the prior fiscal year by \$44 million, while operating expenses increased by \$28 million. The operating loss for fiscal year 2025 was \$729 million; the operating loss for fiscal year 2024, was \$657 million.

The overall decrease in operating revenue of \$44 million was driven by decreases in nongovernmental grants and contracts due to a reduction of certain Medicaid funded programs and in net tuition fee revenue due to changes in the accounting method for calculating tuition discounts. These decreases in operating revenue were partially offset by increases in auxiliary enterprise revenues due to ticket and television revenues for athletics.

The overall increase in operating expenses of \$28 million is largely attributable to an overall increase in appropriations for salaries and benefits and other expenditures, increased research initiatives, and increased TAF noncapital donations, which are recorded as in-kind revenue and expense. However, the impact of these increases was lessened by a decrease in the public service expense category largely due to a reduction of certain Medicaid funded programs and a decrease in scholarships and fellowships due to the same accounting changes for calculating tuition discounts as mentioned above.

If you include non-operating revenues and expenses, the System shows income before other revenues, expenses, gains, and losses of \$151 million for fiscal year 2024-2025. This level of income represents a decrease of \$49 million compared to the \$200 million reported in the previous year. Other revenues, expenses, gains and losses which include non-recurring items such as capital appropriations and gifts were \$182 million in 2025, an increase of \$102 million compared to the \$79 million in 2024.

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 \$332 million over 2024.

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 required 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 amortization, 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 \$1.7 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 \$642 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 \$710 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 amounts for compensated absences.

Noncurrent assets total \$5.8 billion and include net capital assets of \$3.5 billion and other noncurrent assets of \$2.3 billion. The other noncurrent assets primarily include leases receivable of \$1.6 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 \$4.0 billion and include (1) principal amounts of revenue bonds 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 \$2.2 billion which consist of changes in the net pension liability and the other post-employment benefits liability that will be recognized as inflows in future years, and lessor lease payments deferred and recognized as revenues in future years over the periods under lease.

Restricted nonexpendable net position totals \$186 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 \$402 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, 2025, and June 30, 2024, follows.

Louisiana State University System Statement of Net Position

| | As of | | | Percentage Change |
|--|-------------------------|-------------------------|------------------------|----------------------|
| | June 30, 2025 | June 30, 2024 | Change | |
| Assets: | | | | |
| Current assets | 1,690,541,718 | \$ 1,575,313,939 | \$ 115,227,779 | 7.3% |
| Capital and intangible assets | 3,521,182,487 | 3,346,503,605 | 174,678,882 | 5.2% |
| Other assets | 2,282,277,220 | 2,485,135,100 | (202,857,880) | (8.2%) |
| Total Assets | <u>7,494,001,425</u> | <u>7,406,952,644</u> | <u>87,048,781</u> | 1.2% |
| Deferred Outflows of Resources: | | | | |
| Deferred amounts on debt refunding | 22,121,202 | 24,102,525 | (1,981,323) | (8.2%) |
| OPEB-related deferred outflows of resources | 208,424,790 | 274,956,738 | (66,531,948) | (24.2%) |
| Deferred outflows related to pensions | 411,078,973 | 449,546,138 | (38,467,165) | (8.6%) |
| Total Deferred Outflows of Resources | <u>641,624,965</u> | <u>748,605,401</u> | <u>(106,980,436)</u> | (14.3%) |
| Total Assets and Deferred Outflows of Resources | <u>8,135,626,390</u> | <u>8,155,558,045</u> | <u>(19,931,655)</u> | (0.2%) |
| Liabilities: | | | | |
| Current liabilities | 709,510,739 | 583,707,201 | 125,803,538 | 21.6% |
| Noncurrent liabilities | 3,981,357,538 | 3,868,986,281 | 112,371,257 | 2.9% |
| Total Liabilities | <u>4,690,868,277</u> | <u>4,452,693,482</u> | <u>238,174,795</u> | 5.3% |
| Deferred Inflows of Resources: | | | | |
| Lease related deferred inflows of resources | 1,604,113,567 | 1,909,507,276 | (305,393,709) | (16.0%) |
| OPEB-related deferred inflows of resources | 475,150,620 | 472,668,057 | 2,482,563 | 0.5% |
| Deferred inflows related to pensions | 89,198,928 | 69,684,557 | 19,514,371 | 28.0% |
| Total Deferred Inflows of Resources | <u>2,168,463,115</u> | <u>2,451,859,890</u> | <u>(283,396,775)</u> | (11.6%) |
| Total Liabilities and Deferred Inflows of Resources | <u>\$ 6,859,331,392</u> | <u>\$ 6,904,553,372</u> | <u>\$ (45,221,980)</u> | (0.7%) |
| Net Position: | | | | |
| Net investment in capital assets | \$ 2,416,165,753 | \$ 2,331,192,052 | \$ 84,973,701 | 3.6% |
| Restricted - nonexpendable | 186,334,694 | 180,634,324 | 5,700,370 | 3.2% |
| Restricted - expendable | 402,172,669 | 362,992,636 | 39,180,033 | 10.8% |
| Unrestricted | <u>(1,728,378,118)</u> | <u>(1,623,814,339)</u> | <u>(104,563,779)</u> | (6.4%) |
| Total Net Position | <u>\$ 1,276,294,998</u> | <u>\$ 1,251,004,673</u> | <u>\$ 25,290,325</u> | 2.0% |

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, 2025 for the System indicates a net operating loss of \$729 million determined without including State appropriations, gifts, or investment earnings and before subtracting interest expenses on debt.

Operating revenues decreased by \$44 million and operating expenses increased by \$28 million. Changes in operating revenues and operating expenses are described in the financial highlights section on previous pages of this MD&A.

After including non-operating revenues such as State appropriations (\$559 million), gifts (\$96 million), federal non-operating revenues (\$108 million), net investment income (\$160 million) and subtracting other expenses (\$8 million) and interest expense (\$35 million), the System had income before other revenues, expenses, gains, and losses of \$151 million.

The following table summarizes the System's operating revenues for the year ending June 30, 2025 with comparative totals for the year ended June 30, 2024.

Louisiana State University System Operating Revenues

| | As of | | Change | Percentage Change |
|---|-------------------------|-------------------------|------------------------|-------------------|
| | June 30, 2025 | June 30, 2024 | | |
| Tuition and fees, net | \$ 609,772,191 | \$ 646,299,531 | \$ (36,527,340) | (5.7%) |
| Federal appropriations | 12,684,527 | 12,427,125 | 257,402 | 2.1% |
| Grants and contracts | 1,254,731,089 | 1,306,344,701 | (51,613,612) | (4.0%) |
| Sales and services of educational departments | 194,910,013 | 207,511,189 | (12,601,176) | (6.1%) |
| Auxiliary enterprises, net | 336,105,847 | 274,595,069 | 61,510,778 | 22.4% |
| Hospital income | 49,062,639 | 46,359,990 | 2,702,649 | 5.8% |
| Other | 20,168,825 | 27,738,127 | (7,569,302) | (27.3%) |
| Total operating revenues | \$ 2,477,435,131 | \$ 2,521,275,732 | \$ (43,840,601) | (1.7%) |

Operating Revenues

Operating revenues for the System totaled \$2.5 billion for the year ended June 30, 2025. Major components of operating revenues are grants and contracts, representing 51% of the total; net tuition and fees, representing 25% of the total; net auxiliary revenues, representing 14% of the total; and sales and services of educational departments, representing 8% of the total.

For 2025, net tuition and fee revenue decreased despite enrollment gains primarily because of an accounting change for student tuition discounts as further explained in note 1U to the financial statements. Auxiliary enterprise revenues increased due to athletic revenues including those from ticket sales and television rights as well those from student housing. The increases were offset by a decrease to Grants and contracts revenue due to a reduction of certain Medicaid funded programs.

Summarized below 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, 2025 | June 30, 2024 | | |
| Operating revenues | \$ 2,477,435,131 | \$ 2,521,275,732 | \$ (43,840,601) | (1.7%) |
| Operating expenses | 3,206,527,408 | 3,178,702,373 | 27,825,035 | 0.9% |
| Operating loss | (729,092,277) | (657,426,641) | (71,665,636) | (10.9%) |
| Nonoperating revenues (expenses) | 879,882,714 | 857,201,413 | 22,681,301 | 2.6% |
| Income before other revenues, expenses, gains, and losses | 150,790,437 | 199,774,772 | (48,984,335) | (24.5%) |
| Other revenues, expenses, gains, and losses | 181,509,230 | 79,134,616 | 102,374,614 | 129.4% |
| Change in net position | 332,299,667 | 278,909,388 | 53,390,279 | 19.1% |
| Net position at beginning of year, as previously presented | 1,251,004,673 | 972,095,285 | 278,909,388 | 28.7% |
| Cumulative effect of change in accounting principle - GASB 101 | (307,009,342) | | | |
| Net position at beginning of year, restated | 943,995,331 | | | |
| Net position at end of year | \$ 1,276,294,998 | \$ 1,251,004,673 | \$ 25,290,325 | 2.0% |

Operating Expenses

Total operating expenses for the System amounted to approximately \$3.2 billion for the year ended June 30, 2025. Instruction expenses represented 26% of all operating expenses and represented the largest functional component. Other major components are research expenses, 13%; public service expenses, 22%; institutional support, 9%; operation and maintenance of plant, 8%; and auxiliary enterprises, 10%. Shown below in tabular format is a summary of the System's operating expenses for the fiscal year ended June 30, 2025, with comparative totals for the year ended June 30, 2024.

Louisiana State University System Operating Expenses

| | As of | | | Percentage Change |
|------------------------------------|-------------------------|-------------------------|----------------------|----------------------|
| | June 30, 2025 | June 30, 2024 | Change | |
| Instruction | \$ 845,448,364 | \$ 821,550,501 | \$ 23,897,863 | 2.9% |
| Research | 423,732,525 | 395,634,793 | 28,097,732 | 7.1% |
| Public service | 702,676,922 | 740,540,502 | (37,863,580) | (5.1%) |
| Academic support | 182,557,477 | 188,992,272 | (6,434,795) | (3.4%) |
| Student services | 73,218,658 | 69,470,232 | 3,748,426 | 5.4% |
| Institutional support | 272,447,706 | 279,777,648 | (7,329,942) | (2.6%) |
| Operation and maintenance of plant | 253,856,792 | 240,249,895 | 13,606,897 | 5.7% |
| Scholarships and fellowships | 45,471,309 | 96,514,443 | (51,043,134) | (52.9%) |
| Auxiliary enterprises | 320,409,536 | 255,523,496 | 64,886,040 | 25.4% |
| Hospital | 86,708,119 | 90,448,591 | (3,740,472) | (4.1%) |
| Total operating expenses | <u>\$ 3,206,527,408</u> | <u>\$ 3,178,702,373</u> | <u>\$ 27,825,035</u> | 0.9% |

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2025, the System had approximately \$3.5 billion invested in a broad range of capital assets including land, buildings and improvements, equipment, right-to-use lease and SBITA assets, construction in progress, and infrastructure, which is net of accumulated depreciation and amortization of \$3.1 billion (see the following table).

Louisiana State University System Capital Asset Summary

| | As of | | | Percentage Change |
|--|------------------------|------------------------|-----------------------|----------------------|
| | June 30, 2025 | June 30, 2024 | Change | |
| Land | \$ 181,561,523 | \$ 179,968,211 | \$ 1,593,312 | 0.9% |
| Other Capital Assets: | | | | |
| Buildings and Improvements | 4,488,379,703 | 4,389,987,477 | 98,392,226 | 2.2% |
| Equipment (includes capitalized collections) | 1,024,658,821 | 1,011,871,969 | 12,786,852 | 1.3% |
| Infrastructure | 172,249,124 | 58,718,711 | 113,530,413 | 193.3% |
| Intangible Assets | 4,829,809 | 87,634,689 | (82,804,880) | (94.5%) |
| Right-to-use lease and SBITA assets | 414,241,952 | 394,624,765 | 19,617,187 | 5.0% |
| Construction in Progress | 285,494,074 | 198,909,302 | 86,584,772 | 43.5% |
| Total cost of capital assets | 6,571,415,006 | 6,321,715,124 | 249,699,882 | 3.9% |
| Less accumulated depreciation and amortization | (3,050,232,519) | (2,975,211,519) | (75,021,000) | 2.5% |
| Capital assets, net | <u>\$3,521,182,487</u> | <u>\$3,346,503,605</u> | <u>\$ 174,678,882</u> | 5.2% |

Land totals \$182 million, while other capital assets net of accumulated depreciation total \$3.3 billion at June 30, 2025. The overall net increase in capital assets of \$175 million from prior year is a result of \$329 million in capitalization of buildings, improvements, infrastructure, and construction in progress, including the utilities modernization infrastructure project, a new science building, and football operations recovery and rehabilitation center on the Baton Rouge campus; and the lab renovation project for the Health Science Center in New Orleans. These increases were offset by increased accumulated depreciation of \$75 million from capital additions placed in service during previous and current fiscal years.

Long-Term Debt

At June 30, 2025, the System had \$282 million in bonds outstanding, \$425 million in compensated absence liabilities, \$321 million in lease and subscription IT liabilities, \$1.3 billion in OPEB liabilities, \$1.3 billion in pension liabilities, and \$525 million in financed purchase obligations. Bonds outstanding decreased \$21 million from June 30, 2024, mainly due to regular principal payments made according to schedule. No bonds were issued during 2025. The compensated absences liability increased substantially over the amount reported at June 30, 2024 due to a change in accounting principle as described in note 1U.

The OPEB liability decreased by approximately \$97 million from the amount as of June 30, 2024 largely due to the amount of benefits funded exceeding the cost of benefits earned and accrued. The net pension liability decreased approximately \$119 million, primarily because of appreciation

in the value of investments held in pensions trusts in 2024 (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.

The fiscal year 2025 recurring state funding in the operating budget for higher education remained relatively level compared to prior years, reflecting legislative caution given the anticipated revenue fluctuations in the coming years. While state funding faces fiscal uncertainty in the near term due to legislative enacted tax changes, 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. From a financial standpoint, LSU remains stable and well-positioned for growth. Enrollment-based self-generated revenues are forecasted to grow for fiscal year 2026, and coupled with stable healthcare funding and state appropriations, these factors give the university a solid foundation and great confidence in its near-term financial outlook. The LSU System believes that it has a responsibility to create compelling opportunities that retain Louisiana's best and brightest while also attracting talent from across the nation and around the world. Despite the level recurring state funding in the operating budget over the past few years, 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 or federal funding
- 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 Chief Financial Officer at 3810 West Lakeshore Drive, Baton Rouge, LA 70808.

Statement of Net Position, June 30, 2025

ASSETS

Current Assets:

| | |
|--|-----------------------------|
| Cash and cash equivalents (note 2) | \$306,554,909 |
| Investments (note 3) | 748,556,740 |
| Receivables, net (note 4) | 505,670,748 |
| Due from State Treasury (note 14) | 11,106,979 |
| Due from Federal Government (note 4) | 55,558,379 |
| Inventories | 7,803,250 |
| Prepaid expenses and advances | 11,228,644 |
| Notes receivable | 1,890,051 |
| Leases receivable (note 12) | 28,362,167 |
| Leases receivable - discrete component units (note 12) | 41,259 |
| Other current assets | 13,768,592 |
| Total current assets | <u>1,690,541,718</u> |

Noncurrent Assets:

Restricted Assets:

| | |
|--|-----------------------------|
| Cash and cash equivalents (note 2) | 225,985,167 |
| Investments (note 3) | 295,546,847 |
| Receivables, net (note 4) | 1,609,970 |
| Notes receivable | 9,443,477 |
| Other restricted assets | 9,985,285 |
| Investments (note 3) | 90,423,142 |
| Leases receivable (note 12) | 1,648,433,175 |
| Leases receivable - discrete component units (note 12) | 849,636 |
| Other noncurrent assets | 521 |
| Capital assets, net (note 5) | 3,521,182,487 |
| Total noncurrent assets | <u>5,803,459,707</u> |

Total assets**7,494,001,425****DEFERRED OUTFLOWS OF RESOURCES**

| | |
|---|-------------|
| Deferred amounts on debt refunding | 22,121,202 |
| OPEB-related deferred outflows of resources (note 8) | 208,424,790 |
| Pension-related deferred outflows of resources (note 7) | 411,078,973 |

Total deferred outflows of resources**641,624,965****TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES****\$8,135,626,390**

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position, June 30, 2025

LIABILITIES

Current Liabilities:

| | |
|---|--------------------|
| Accounts payable and accruals (note 6) | \$258,141,915 |
| Due to Federal Government | 2,204 |
| Unearned revenues | 201,465,880 |
| Amounts held in custody for others | 6,585,776 |
| Other liabilities (note 26) | 50,410,569 |
| Compensated absences payable (note 10 and 13) | 75,512,850 |
| Lease liability (note 12 and 13) | 6,306,675 |
| Lease liability - discrete component units (note 12 and 13) | 13,625,989 |
| SBITA liability (note 11 and 13) | 15,161,930 |
| Finance purchase obligations (note 13) | 2,726,506 |
| Notes payable (note 13) | 164,201 |
| Bonds payable (note 13) | 21,527,226 |
| Total OPEB liability (note 8) | 57,879,018 |
| Total current liabilities | 709,510,739 |

Noncurrent Liabilities:

| | |
|---|----------------------|
| Compensated absences payable (note 10 and 13) | 349,851,469 |
| Lease liability (note 12 and 13) | 180,122,138 |
| Lease liability - discrete component units (note 12 and 13) | 89,363,231 |
| SBITA liability (note 11 and 13) | 16,458,270 |
| Finance purchase obligations (note 13) | 522,335,823 |
| Bonds payable (note 13) | 260,488,527 |
| Total OPEB liability (note 8) | 1,230,797,669 |
| Net pension liability (note 7) | 1,314,708,366 |
| Unearned revenues (advanced lease payments) | 15,790,500 |
| Other noncurrent liabilities (note 13) | 1,441,545 |
| Total noncurrent liabilities | 3,981,357,538 |

Total liabilities**4,690,868,277****DEFERRED INFLOWS OF RESOURCES**

| | |
|--|----------------------|
| Lease-related deferred inflows of resources (note 12) | 1,604,113,567 |
| OPEB-related deferred inflows of resources (note 8) | 475,150,620 |
| Pension-related deferred inflows of resources (note 7) | 89,198,928 |
| Total deferred inflows of resources | 2,168,463,115 |

NET POSITION

| | |
|----------------------------------|----------------------|
| Net investment in capital assets | 2,416,165,753 |
| Restricted | |
| Nonexpendable (note 15) | 186,334,694 |
| Expendable (note 15) | 402,172,669 |
| Unrestricted | (1,728,378,118) |
| Total net position | 1,276,294,998 |

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND NET POSITION****\$8,135,626,390**

(Concluded)

The accompanying notes are an integral part of this statement.

COMPONENT UNITS

Statement of Financial Position, June 30, 2025

| | 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) | \$34,780,918 | \$11,975,655 | \$1,813,073 | \$4,438,171 | \$53,007,817 |
| Restricted cash and cash equivalents (note 2) | 30,474,028 | 29,194,915 | | | 59,668,943 |
| Investments (note 3) | | 18,286,564 | 6,340,822 | 7,762,324 | 32,389,710 |
| Restricted investments (note 3) | | 7,718,263 | | | 7,718,263 |
| Accrued interest receivable | 1,495,869 | | | | 1,495,869 |
| Accounts receivable, net | 2,787,310 | 1,144,369 | 384,275 | 211,548 | 4,527,502 |
| Unconditional promises to give, net (note 23) | 43,941,291 | 17,262,276 | 1,987,610 | 2,422,977 | 65,614,154 |
| Deferred charges and prepaid expenses | | 615,938 | 265,563 | 139,421 | 1,020,922 |
| Other current assets | 232,456 | 20,572,676 | | | 20,805,132 |
| Total current assets | 113,711,872 | 106,770,656 | 10,791,343 | 14,974,441 | 246,248,312 |
| Noncurrent Assets: | | | | | |
| Restricted assets: | | | | | |
| Cash and cash equivalents (note 2) | | 9,633,810 | | 615,817 | 10,249,627 |
| Investments (note 3) | 851,926,776 | 96,841,331 | | 295,219,376 | 1,243,987,483 |
| Other | 5,340,270 | | | | 5,340,270 |
| Investments (note 3) | 10,820,614 | | 188,167,280 | | 198,987,894 |
| Other receivables, net | | 780,000 | | | 780,000 |
| Unconditional promises to give, net (note 23) | 28,310,219 | 44,285,768 | 161,387 | 7,623,975 | 80,381,349 |
| Property and equipment, net (note 5) | 78,770,001 | 201,237,858 | 25,240,276 | 14,273,120 | 319,521,255 |
| Right-of-use assets for operating leases | 138,303 | 1,929,067 | | | 2,067,370 |
| Other noncurrent assets | 1,305,092 | 35,735,774 | | | 37,040,866 |
| Total noncurrent assets | 976,611,275 | 390,443,608 | 213,568,943 | 317,732,288 | 1,898,356,114 |
| Total assets | \$1,090,323,147 | \$497,214,264 | \$224,360,286 | \$332,706,729 | \$2,144,604,426 |
| Current Liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$17,027,289 | \$3,791,474 | \$2,032,339 | \$2,388,423 | \$25,239,525 |
| Amounts held in custody for others | 19,063,450 | 359,038 | | 98,947,322 | 118,369,810 |
| Deferred revenues | | 24,186,171 | | | 24,186,171 |
| Compensated absences payable | 468,417 | | | | 468,417 |
| Lease liability | 23,667 | 19,054 | | | 42,721 |
| Other current liabilities | | 7,216 | 2,896,000 | | 2,903,216 |
| Current portion of notes payable | 832,925 | 3,335,650 | 131,577 | | 4,300,152 |
| Current portion of bonds payable (note 13) | | 7,968,864 | | | 7,968,864 |
| Total current liabilities | 37,415,748 | 39,667,467 | 5,059,916 | 101,335,745 | 183,478,876 |
| Noncurrent Liabilities: | | | | | |
| Amounts held in custody for others | 126,218,421 | | 38,616,175 | | 164,834,596 |
| Lease liability | 108,081 | 11,277,833 | | | 11,385,914 |
| Notes payable | 11,650,605 | | 4,123,575 | | 15,774,180 |
| Bonds payable (note 13) | | 95,754,924 | | | 95,754,924 |
| Deferred revenues | | 28,664,179 | | | 28,664,179 |
| Other noncurrent liabilities | 2,774,360 | | | | 2,774,360 |
| Total noncurrent liabilities | 140,751,467 | 135,696,936 | 42,739,750 | | 319,188,153 |
| Total liabilities | 178,167,215 | 175,364,403 | 47,799,666 | 101,335,745 | 502,667,029 |
| NET ASSETS | | | | | |
| Without donor restrictions | 97,445,221 | 211,556,567 | 23,294,708 | 31,699,034 | 363,995,530 |
| With donor restrictions | 814,710,711 | 110,293,294 | 153,265,912 | 199,671,950 | 1,277,941,867 |
| Total net assets | 912,155,932 | 321,849,861 | 176,560,620 | 231,370,984 | 1,641,937,397 |
| Total liabilities and net assets | \$1,090,323,147 | \$497,214,264 | \$224,360,286 | \$332,706,729 | \$2,144,604,426 |

*As of December 31, 2024

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, 2025**

OPERATING REVENUES

| | |
|--|-----------------------------|
| Student tuition and fees | \$887,653,562 |
| Less scholarship allowances | (277,881,371) |
| Net student tuition and fees | <u>609,772,191</u> |
| Federal appropriations | 12,684,527 |
| Federal grants and contracts | 222,509,375 |
| State and local grants and contracts | 76,301,592 |
| Nongovernmental grants and contracts | 955,920,122 |
| Sales and services of educational departments | 194,910,013 |
| Hospital income | 49,062,639 |
| Auxiliary enterprise revenues (including revenues pledged to secure debt per note 22) | 338,430,412 |
| Less scholarship allowances | (2,324,565) |
| Net auxiliary revenues | <u>336,105,847</u> |
| Other operating revenues | <u>20,168,825</u> |
| Total operating revenues | <u><u>2,477,435,131</u></u> |

OPERATING EXPENSES

| | |
|---|-----------------------------|
| Educational and general: | |
| Instruction | 845,448,364 |
| Research | 423,732,525 |
| Public service | 702,676,922 |
| Academic support | 182,557,477 |
| Student services | 73,218,658 |
| Institutional support | 272,447,706 |
| Operation and maintenance of plant | 253,856,792 |
| Scholarships and fellowships | 45,471,309 |
| Auxiliary enterprises | 320,409,536 |
| Hospital | 86,708,119 |
| Total operating expenses (note 18) | <u><u>3,206,527,408</u></u> |

Operating Loss

(729,092,277)

NONOPERATING REVENUES (EXPENSES)

| | |
|--|--------------------|
| State appropriations | \$559,134,929 |
| Gifts | 95,670,894 |
| Federal nonoperating revenues | 108,061,262 |
| Net investment income | 159,660,704 |
| Interest expense | (34,903,875) |
| Other net nonoperating revenues (expenses) | (7,741,200) |
| | <u>879,882,714</u> |

Income Before Other Revenues, Expenses, Gains, and Losses

150,790,437

| | |
|-----------------------------------|--------------------|
| Capital appropriations | 140,183,760 |
| Capital gifts and grants | 40,297,397 |
| Additions to permanent endowments | 3,210,000 |
| Other additions (deductions), net | (2,181,927) |
| | <u>181,509,230</u> |

Change in Net Position

332,299,667

Net Position at Beginning of Year, as Previously Presented

1,251,004,673

| | |
|---|--------------------|
| Cumulative effect of change in accounting principle (Note 16) | (307,009,342) |
| | <u>943,995,331</u> |

Net Position at Beginning of year, as restated

943,995,331

Net Position at End of Year\$1,276,294,998

The accompanying notes are an integral part of this statement.

COMPONENT UNITS

Statement of Activities

For the Year Ended June 30, 2025

| | 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 | \$1,664,396 | \$508,682 | \$90,844 | \$580,893 | \$2,844,815 |
| Contract revenue | | 36,249,780 | | | 36,249,780 |
| Investment earnings, net | 1,242,279 | 8,857,904 | 2,708,230 | 3,173,885 | 15,982,298 |
| Service fees | 1,444,906 | | 4,036,610 | 944,373 | 6,425,889 |
| Other revenues | 23,273,991 | 9,827,983 | 903,061 | 1,394,407 | 35,399,442 |
| Total revenues without donor restrictions | 27,625,572 | 55,444,349 | 7,738,745 | 6,093,558 | 96,902,224 |
| Net assets released from donor restrictions: | | | | | |
| Satisfaction of purpose restrictions | 60,471,201 | 37,872,076 | 12,870,379 | 7,246,218 | 118,459,874 |
| Total operating revenues and other support | 88,096,773 | 93,316,425 | 20,609,124 | 13,339,776 | 215,362,098 |
| Expenses: | | | | | |
| Amounts paid to benefit Universities for: | | | | | |
| Projects specified by donors | 55,277,246 | | 7,690,188 | 6,009,117 | 68,976,551 |
| Projects specified by the Board of Directors | | 88,234,603 | | | 88,234,603 |
| Other: | | | | | |
| Grants and contracts | | | 4,650,612 | | 4,650,612 |
| Property operations | | | 75,142 | | 75,142 |
| Other | | 14,129,891 | 594,438 | | 14,724,329 |
| Total program expenses | 55,277,246 | 102,364,494 | 13,010,380 | 6,009,117 | 176,661,237 |
| Supporting services: | | | | | |
| Salaries and benefits | 4,612,329 | 2,692,065 | 2,461,330 | 561,041 | 10,326,765 |
| Occupancy | 191,658 | 234,948 | 282,360 | 27,139 | 736,105 |
| Office operations | 1,758,448 | 193,558 | 323,830 | 42,684 | 2,318,520 |
| Travel | 3,521 | 116,830 | 93,637 | 1,605 | 215,593 |
| Professional services | 263,456 | 109,968 | 608,228 | 189,243 | 1,170,895 |
| Dues and subscriptions | 36,248 | 35,786 | 164,754 | 9,581 | 246,369 |
| Meetings and development | 75,553 | 8,915 | 3,924 | | 88,392 |
| Depreciation | 1,767,617 | 285,652 | 251,059 | 279,006 | 2,583,334 |
| Other | | 6,443,881 | 495,011 | 300,814 | 7,239,706 |
| Total supporting services | 8,708,830 | 10,121,603 | 4,684,133 | 1,411,113 | 24,925,679 |
| Fund-raising expenses | 8,309,813 | 4,214,839 | | 1,821,009 | 14,345,661 |
| Total expenses | 72,295,889 | 116,700,936 | 17,694,513 | 9,241,239 | 215,932,577 |
| Change in net assets without donor restrictions | 15,800,884 | (23,384,511) | 2,914,611 | 4,098,537 | (570,479) |
| Changes in net assets with donor restrictions | | | | | |
| Contributions | \$73,613,940 | \$69,287,075 | \$5,175,920 | \$3,310,755 | \$151,387,690 |
| Investment earnings | 68,468,203 | 2,561,967 | 16,517,465 | 16,283,337 | 103,830,972 |
| Changes in value of split interest agreements | 305,942 | | | | 305,942 |
| Other | | 528,906 | 138,782 | | 667,688 |
| Satisfaction of purpose restrictions | (60,471,201) | (37,872,076) | (12,870,379) | (7,246,218) | (118,459,874) |
| Change in net assets with donor restrictions | 81,916,884 | 34,505,872 | 8,961,788 | 12,347,874 | 137,732,418 |
| Change in net assets | 97,717,768 | 11,121,361 | 11,876,399 | 16,446,411 | 137,161,939 |
| Net assets at beginning of year | 814,438,164 | 310,728,500 | 164,684,221 | 214,924,573 | 1,504,775,458 |
| Net assets at end of year | \$912,155,932 | \$321,849,861 | \$176,560,620 | \$231,370,984 | \$1,641,937,397 |

* For the calendar year ended December 31, 2024

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|----------------------|
| Tuition and fees | \$615,633,825 |
| Federal appropriations | 13,757,686 |
| Grants and contracts | 1,239,171,403 |
| Sales and services of educational departments | 202,552,482 |
| Hospital income | 47,801,489 |
| Auxiliary enterprise receipts | 334,775,983 |
| Payments for employee compensation | (1,505,203,687) |
| Payments for benefits | (422,958,658) |
| Payments for utilities | (59,562,477) |
| Payments for supplies and services | (1,012,184,696) |
| Payments for scholarships and fellowships | (46,232,787) |
| Loans to students | (3,698,371) |
| Collection of loans to students | 1,794,835 |
| Other receipts | 14,771,815 |
| Net cash used by operating activities | <u>(579,581,158)</u> |

CASH FLOWS FROM NONCAPITAL**FINANCING ACTIVITIES:**

| | |
|--|--------------------|
| State appropriations | 559,726,236 |
| Gifts and grants for other than capital purposes | 99,362,471 |
| Private gifts for endowment purposes | 1,530,000 |
| TOPS receipts | 115,211,572 |
| TOPS disbursements | (114,369,736) |
| FEMA receipts | 881,925 |
| FEMA disbursements | (977,189) |
| Direct lending receipts | 456,514,451 |
| Direct lending disbursements | (453,051,881) |
| Implicit loan to/from other campuses | 5,587,117 |
| Other receipts | 9,529,421 |
| Net cash provided by noncapital financing activities | <u>679,944,387</u> |

CASH FLOWS FROM CAPITAL**FINANCING ACTIVITIES:**

| | |
|---|-----------------------|
| Capital gifts and grants received | 11,709,781 |
| Purchase of capital assets | (68,282,388) |
| Principal paid on capital debt | (25,227,892) |
| Interest paid on capital debt | (29,144,450) |
| Receipts from lessor leases | 104,813,731 |
| Payments for right of use lease and subscription assets | (38,615,269) |
| Other sources | 3,266,716 |
| Net cash used by capital financing activities | <u>(\$41,479,771)</u> |

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
For the Year Ended June 30, 2025

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---|-------------------|
| Proceeds from sales and maturities of investments | \$221,532,146 |
| Interest received on investments | 56,040,376 |
| Purchase of investments | (248,776,317) |
| Net cash provided by investing activities | <u>28,796,205</u> |

NET INCREASE IN CASH AND CASH EQUIVALENTS

87,679,663

CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR444,860,413**CASH AND CASH EQUIVALENTS AT END OF THE YEAR**\$532,540,076**RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:**

| | |
|---|-------------------------------|
| Operating loss | (\$729,092,277) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation and amortization expense | 196,767,130 |
| Non-Employer contributing entity revenue | 7,785,600 |
| Changes in assets, deferred outflows, liabilities, and deferred inflows: | |
| Increase in accounts receivable, net | (29,862,807) |
| Increase in inventories | (690,987) |
| Decrease in prepaid expenses and other | 5,317,779 |
| Decrease in notes receivable | 878,923 |
| Decrease in deferred outflows related to OPEB | 66,531,948 |
| Decrease in deferred outflows related to pensions | 38,467,165 |
| Decrease in other assets | 204,129 |
| Increase in accounts payable and accrued liabilities | 36,600,564 |
| Increase in unearned revenue | 19,573,876 |
| Decrease in amounts held in custody for others | (545,178) |
| Increase in compensated absences | 15,838,971 |
| Decrease in total OPEB liability | (96,505,734) |
| Decrease in net pension liability | (119,451,375) |
| Increase in deferred inflows related to OPEB | 2,482,563 |
| Increase in deferred inflows related to pensions | 19,514,371 |
| Decrease in other deferred inflows | (3,996,783) |
| Decrease in other liabilities | (9,399,036) |
| Net cash used by operating activities | <u><u>(\$579,581,158)</u></u> |

(Continued)

The accompanying notes are an integral part of this statement.

**Statement of Cash Flows
For the Year Ended June 30, 2025**

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

| | |
|---|------------------------------------|
| Cash and cash equivalents classified as current assets | \$306,554,909 |
| Cash and cash equivalents classified as noncurrent assets | <u>225,985,167</u> |
| Cash and cash equivalents at end of the year | <u><u>\$532,540,076</u></u> |

**SCHEDULE OF NONCASH INVESTING, CAPITAL,
AND FINANCING ACTIVITIES:**

| | |
|---|---------------|
| Capital appropriations | \$140,183,760 |
| Amortized borrowing expense | \$18,453 |
| Increase in fair market value of investments | \$41,042,616 |
| Capital gifts and grants | \$28,320,979 |
| Transfers/disposal of capital assets | (\$6,269,862) |
| Subscription-based information technology arrangements acquired in current year | \$23,967,718 |
| Leased right-of-use assets acquired in current year | \$6,483,782 |
| Lease receivables acquired in current year | \$248,710 |
| Infrastructure assets acquired under financed purchase obligations | \$112,225,888 |

(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 2024 fall semester totaled 68,758. As of December 2024, the System had 4,669 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 billing for services provided at University Medical Center and University Hospital in Lafayette, both of which participate in cooperative endeavor agreements with the State of Louisiana, and the public clinics serviced by LSUHSC. In August 2011, LSUHN and LSUHSC (through the Board of Supervisors of LSU) entered into a restated and amended agreement pursuant to the Uniform Affiliation Agreement. The agreement establishes support of the Board of Supervisors of LSU and LSUHSC-NO in the attainment of its mission and goals, particularly as they relate to the LSUHSC-NO Schools of Medicine, Allied Health Professions, Dentistry, Nursing, and Public Health (collectively, the Health Professional Schools) in their clinical practices.

LSUHN remains a private entity under Louisiana Revised Statute (LRS) 17:3390 but is combined with the Louisiana State University System for financial reporting

purposes and is included in the basic financial statements of the Louisiana State University System together with its blended component units.

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 (HCSF) and provide services exclusively to HCSF. HCSF is a nonprofit organization, incorporated in the State of Louisiana that provides support and appropriate services to the HCSF, including purchasing, leasing, owning, operating, managing, and selling property and services to maximize healthcare capabilities in Louisiana. BCMC is a nonprofit, nonstock corporation, incorporated in Louisiana. On April 25, 2002, HCSF became the sole member of the BCMC, which leases the hospital's facilities to the HCSF. Although HCSF and BCMC are legally separate entities, they are reported as a part of the 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, 1200 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, 204 Thomas Boyd Hall, 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 during 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, 2025, the foundation made distributions to or on behalf of the university for both restricted and unrestricted purposes for \$55,277,246. 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, 2024, TAF made distributions to or on behalf of the System for both restricted and unrestricted purposes for \$88,234,603 with an additional \$295,526 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, 2025, the foundation made distributions to or on behalf of the System for either restricted or unrestricted purposes for \$13,010,380. 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, 2025, the foundation made distributions to or on behalf of the System for either restricted or unrestricted purposes for \$6,009,117. 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 costs 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 (FGP) doing business as Ochsner LSU Physician Group (OLPG) which provides physician and non-physician practitioner services and medical administrative services at the hospitals by and through LSUHSC-S faculty. To request a copy of the latest audit report of the OLPG, write to the Ochsner LSU Physician Group, 1541 Kings Highway, Shreveport, Louisiana 71103.

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

C. BASIS OF ACCOUNTING

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

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

Discrete Component Units

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

- Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions.

- Net Assets With Donor Restrictions – Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Foundations and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

D. BUDGET PRACTICES

The appropriations made for the General Fund of the LSU System are annual lapsing appropriations established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive agencies of state government. The Joint Legislative Committee on the Budget grants budget revisions. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation/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 | \$ 1,397,142,621 |
| Increases (Decreases) | |
| State general fund | 9,763,600 |
| Self-generated | 20,446,057 |
| Interagency transfers | (6,258,504) |
| Federal appropriations | 100,000 |
| Statutory dedications | (582,324) |
| | <hr/> |
| Final budget | <u>\$ 1,420,611,450</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 or 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 advance lease payments 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.

See note 1U for the accounting policy applied to the above eligible benefits, which includes a change to the accounting applied in the previous year.

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 adopted GASB Statement No. 101, *Compensated Absences*, a change from GASB statement No. 16 applied in the prior fiscal year. The unified recognition and measurement model in this standard results in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. With implementation of adoption of GASB Statement No. 101, *Compensated Absences*, the calculation and recognition of earned accrued leave includes an assessment of the leave that is more likely than not to be paid-out or utilized as paid time-off in the future as of the balance sheet date in accordance with the System's policy. The estimated assessed amount is required to be recorded as a long-term liability, with an estimated amount payable within one year reported as short term. The effects of the implementation of this statement to beginning liabilities and net position is disclosed in note 16.

The System adopted GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The adoption of this standard had no impact on the System's financial statements or notes to the financial statements.

The System adopted the National Association of Colleges and University Business Officials' Advisory Report 2023-01 which provided guidance for tuition discounting and student financial aid accounting and changed the methodology for determining estimates contained therein. Accordingly, amounts reported for student tuition revenue scholarship allowances, auxiliary scholarship allowances, and scholarship and fellowship expenses materially changed. In accordance with GASB Statement No. 100, this change was accounted for prospectively and did not affect beginning net position.

2. CASH AND CASH EQUIVALENTS

At June 30, 2025, the System has cash and cash equivalents (book balances) of \$532,540,076 as follows:

| | |
|------------------------------------|---------------------------|
| Petty Cash | \$ 193,505 |
| Demand deposits | 520,694,329 |
| Certificates of deposit | 18,600 |
| Money market funds | 10,281,341 |
| Open-end mutual fund | 353,057 |
| Cash held in foundation bond funds | <u>999,244</u> |
| Total | <u>\$ 532,540,076</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, 2025, \$16,065,153 of the System's bank balance of \$565,045,523 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 \$122,926,387, as reported on the Statement of Financial Position, and prepared under the standards set forth by the FASB, which does not require the disclosures of GASB Statement 40, *Deposit and Investment Risk Disclosures*. However, a brief summary of the cash and cash equivalents where held and associated risk is presented below.

The LSU Foundation considers all highly-liquid investments with 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, 2025, the System has investments totaling \$1,134,526,729.

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, 2025. GASB Statement No. 72 - *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques maximized the use of observable inputs to the extent available.

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

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

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

| Investments by Fair Value Level | 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) |
| Type of Investment | | | | |
| Negotiable CDs | \$ 102,105 | \$ 102,105 | \$ - | \$ - |
| U.S. Treasury Securities | 106,666,536 | - | 106,666,536 | - |
| Bonds and Notes: | | | | |
| Federal National Mortgage Association | 17,767,846 | - | 17,767,846 | - |
| Federal Home Loan Bank | 11,554,104 | - | 11,554,104 | - |
| Federal Home Loan Mortgage Corporation | 11,994,309 | - | 11,994,309 | - |
| Federal Farm Credit Bank | 40,772,941 | - | 40,772,941 | - |
| World Bank Group | 22,511,416 | - | 22,511,416 | - |
| Inter-American Development Bank | 4,670,223 | - | 4,670,223 | - |
| Mortgage Backed Securities: | | | | |
| Federal National Mortgage Association | 25,102,613 | - | 25,102,613 | - |
| Federal Home Loan Mortgage Corporation | 11,383,845 | - | 11,383,845 | - |
| Small Business Administration | 110,836 | - | 110,836 | - |
| Corporate debt obligations | 267,074,812 | 960,057 | 266,114,755 | - |
| Municipal obligations | 230,950,941 | - | 230,950,941 | - |
| Fixed income mutual funds | 7,902,737 | 7,441,962 | 460,775 | - |
| Money market mutual funds | 167,093 | 167,093 | - | - |
| Equity: | | | | |
| Equity mutual funds | 25,688,887 | 25,688,887 | - | - |
| Common and preferred stock | 59,389,712 | 59,389,712 | - | - |
| Other | 9,282,773 | 4,078,968 | - | 5,203,805 |
| Investments held through Foundation (commingled) | 62,181,424 | 62,181,424 | - | - |
| Investments held through Foundation (held separately): | | | | |
| Money market mutual funds | 6,432,381 | 6,432,381 | - | - |
| Equity mutual funds | 36,785,206 | 36,785,206 | - | - |
| Fixed Income mutual funds | 107,854,253 | 107,854,253 | - | - |
| Other commingled funds - fixed income | 11,073,842 | - | 11,073,842 | - |
| JP Morgan Savings Account | 66,027 | 66,027 | - | - |
| Realty Investments | 9,029,356 | - | - | 9,029,356 |
| Total Investments by Fair Value Level | 1,086,516,218 | 311,148,075 | 761,134,982 | 14,233,161 |
| Investments Measured at Net Asset Value (NAV) | | | | |
| Comingled funds held through foundation | 40,310,614 | | | |
| Investments Reported at Amounts Other than Fair Value | | | | |
| Other: | | | | |
| Endowed partnerships | 1,612,112 | | | |
| Interest Receivable | 5,806,764 | | | |
| BCMC Foundation Nonnegotiable Certificates of Deposit | 281,021 | | | |
| Total Investments | \$ 1,134,526,729 | | | |

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, 2025, 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 | \$ 40,310,614 | \$ - | 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 rates. 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, 2025.

| Type of Investments: | Investments | Carrying Value | Investment Maturities in Years | | | | |
|--|-------------|------------------|--------------------------------|----------------|----------------|----------------|---------------|
| | | | 0-1 | >1 - 5 | >5 - 10 | >10 - 20 | >20 - 30 |
| Investments Reported by Fair Value Level | | | | | | | |
| Negotiable certificates of deposit | 0.01% | \$ 102,105 | \$ 102,105 | \$ - | \$ - | \$ - | \$ - |
| U.S. Treasury Securities | 9.40% | 106,666,536 | 31,862,140 | 70,712,225 | 4,092,171 | - | - |
| Bonds and Notes: | | | | | | | |
| Federal National Mortgage Association | 1.57% | 17,767,846 | - | 14,033,179 | - | 3,734,667 | - |
| Federal Home Loan Bank | 1.02% | 11,554,104 | - | 11,554,104 | - | - | - |
| Federal Home Loan Mortgage Corporation | 1.06% | 11,994,309 | - | 11,994,309 | - | - | - |
| Federal Farm Credit Bank | 3.59% | 40,772,941 | - | 3,864,726 | 27,143,103 | 9,765,112 | - |
| World Bank Group | 1.98% | 22,511,416 | - | 12,999,266 | - | 9,512,150 | - |
| Inter-American Development Bank | 0.41% | 4,670,223 | - | 4,670,223 | - | - | - |
| Mortgage Backed Securities: | | | | | | | |
| Federal National Mortgage Association | 2.21% | 25,102,613 | - | 890,015 | 19,506,358 | 2,680,465 | 2,025,775 |
| Federal Home Loan Mortgage Corporation | 1.00% | 11,383,845 | - | - | 1,190,820 | 10,193,025 | - |
| Small Business Administration | 0.01% | 110,836 | - | 110,836 | - | - | - |
| Corporate debt obligations | 23.54% | 267,074,812 | 20,275,338 | 99,331,340 | 114,488,333 | 31,028,966 | 1,950,835 |
| Municipal obligations | 20.36% | 230,950,941 | 6,278,600 | 67,479,809 | 35,603,918 | 78,967,603 | 42,621,011 |
| Fixed income mutual funds | 0.70% | 7,902,737 | - | 3,060,873 | 4,841,864 | - | - |
| Money market mutual funds | 0.01% | 167,093 | - | - | - | - | - |
| Equity: | | | | | | | |
| Equity mutual funds | 2.26% | 25,688,887 | - | - | - | - | - |
| Common and preferred stock | 5.23% | 59,389,712 | - | - | - | - | - |
| Other | 0.82% | 9,282,773 | - | - | - | - | - |
| Investments held through Foundation (commingled) | 5.48% | 62,181,424 | - | - | - | - | - |
| Investments held through Foundation (held separately): | | | | | | | |
| Money market mutual funds | 0.57% | 6,432,381 | - | - | - | - | - |
| Equity mutual funds | 3.24% | 36,785,206 | - | - | - | - | - |
| Fixed income mutual funds | 9.51% | 107,854,253 | - | 15,782,297 | 71,240,578 | - | 20,831,378 |
| Other commingled funds - fixed income | 0.98% | 11,073,842 | 6,718,151 | 4,355,691 | - | - | - |
| JP Morgan Savings Account | 0.01% | 66,027 | - | - | - | - | - |
| Realty Investments | 0.80% | 9,029,356 | - | - | - | - | - |
| Investments Measured at Net Asset Value (NAV) | | | | | | | |
| Comingled funds held through foundation | 3.55% | 40,310,614 | 475,744 | 22,196,530 | 17,638,340 | - | - |
| Investments Reported at Amounts Other than Fair Value | | | | | | | |
| Other: | | | | | | | |
| Endowment partnerships | 0.14% | 1,612,112 | - | - | - | - | - |
| Interest Receivable | 0.51% | 5,806,764 | - | - | - | - | - |
| BCMC Foundation Nonnegotiable Certificates of Deposit | 0.02% | 281,021 | - | - | - | - | - |
| | | \$ 1,134,526,729 | \$ 65,712,078 | \$ 343,035,423 | \$ 295,745,485 | \$ 145,881,988 | \$ 67,428,999 |

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 | \$ 208,076,244 |
| Fitch | A+ | 3,308,678 |
| Fitch | AA- | 1,101,162 |
| Fitch | AA+ | 386,370 |
| Fitch | BBB | 426,378 |
| Moody's | A1 | 14,249,073 |
| Moody's | A2 | 4,888,797 |
| Moody's | A3 | 12,390,700 |
| Moody's | Aa1 | 31,557,899 |
| Moody's | Aa2 | 21,889,630 |
| Moody's | Aa3 | 20,340,081 |
| Moody's | Aaa | 24,251,131 |
| Moody's | Baa1 | 1,702,974 |
| Moody's | Baa3 | 468,761 |
| S&P | A | 23,433,560 |
| S&P | A- | 37,235,844 |
| S&P | A+ | 22,864,648 |
| S&P | A+f | 1,814,765 |
| S&P | AA | 41,539,015 |
| S&P | AA- | 102,998,385 |
| S&P | AA+ | 176,538,152 |
| S&P | AAA | 52,863,710 |
| S&P | BBB | 8,955,647 |
| S&P | BBB+ | 7,343,482 |
| Total | | <u>\$ 820,625,086</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, 2025.

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

The LSU System has \$40.1 million invested in highly sensitive investments, such as variable notes. These variable rate securities consist of \$40.1 million in corporate debt obligations. 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 March 2028 to January 2035.

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, 2025, 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 | \$ - | \$ 3,720,579 | \$ 6,340,822 | \$ 345,402 | \$ 10,406,803 |
| Debt obligations | 185,846,966 | 73,028,905 | - | - | 258,875,871 |
| Corporate stocks, common stocks, and indexed mutual funds | 9,100,473 | 35,953,236 | 10,592,516 | - | 55,646,225 |
| Shaw Center for the Arts, LLC | 10,820,614 | - | - | - | 10,820,614 |
| Royalty interest | 154,083 | - | - | - | 154,083 |
| Mutual funds | 209,518,690 | - | 62,979,484 | 213,208,435 | 485,706,609 |
| Private equity | 106,335,238 | - | 11,663,285 | 4,303,060 | 122,301,583 |
| Hedged funds | 191,480,394 | - | 23,323,004 | - | 214,803,398 |
| Real estate | - | 1,023,786 | - | - | 1,023,786 |
| Real assets | - | 3,528,368 | 2,820,674 | - | 6,349,042 |
| Alternative investments | - | 5,591,284 | - | - | 5,591,284 |
| Municipal bonds | 1,005,793 | - | - | - | 1,005,793 |
| Commingled Funds | 133,823,368 | - | 75,961,231 | - | 209,784,599 |
| Separately managed accounts | 14,661,771 | - | - | - | 14,661,771 |
| Agency investments for LSUHSC Shreveport | - | - | - | 85,124,803 | 85,124,803 |
| Convertible debt | - | - | 827,086 | - | 827,086 |
| Total Investments | \$ 862,747,390 | \$ 122,846,158 | \$ 194,508,102 | \$ 302,981,700 | \$ 1,483,083,350 |

*As of December 31, 2024

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 \$10,820,614 at June 30, 2025, 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:

| | <u>Receivables</u> | <u>Doubtful Accounts</u> | <u>Net Receivables</u> |
|--|-----------------------|------------------------------|------------------------|
| Student tuition and fees | \$ 88,121,261 | \$ 14,384 | \$ 88,106,877 |
| Auxiliary enterprises | 36,489,330 | - | 36,489,330 |
| Contributions and gifts | 4,901,410 | - | 4,901,410 |
| Federal grants and contracts | 55,558,379 | - | 55,558,379 |
| State and private grants and contracts | 327,445,108 | 216,276 | 327,228,832 |
| Sales and services/other | 26,777,868 | 147,368 | 26,630,500 |
| Clinics | 23,895,452 | 6,967,150 | 16,928,302 |
| Hospital | 35,540,437 | 30,652,407 | 4,888,030 |
| Other - uncompensated care | 2,107,437 | - | 2,107,437 |
| Total | <u>\$ 600,836,682</u> | <u>\$ 37,997,585</u> | <u>\$ 562,839,097</u> |

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

| | Balance June 30, 2024 | Additions | Transfers/ Adjustments | Retirements | Balance June 30, 2025 |
|--|--------------------------|----------------|---------------------------|----------------|--------------------------|
| Capital assets not being depreciated | | | | | |
| Land | \$ 179,968,211 | \$ 1,904,012 | \$ - | \$ (310,700) | \$ 181,561,523 |
| Capitalized collections | 18,684,223 | 469,680 | 5,000 | (5,500) | 19,153,403 |
| Construction-in-progress | 198,909,302 | 145,338,028 | (58,753,256) | - | 285,494,074 |
| Total capital assets not being depreciated | \$ 397,561,736 | \$ 147,711,720 | \$ (58,748,256) | \$ (316,200) | \$ 486,209,000 |
| Capital assets being depreciated: | | | | | |
| Infrastructure | \$ 58,718,711 | \$ 113,530,413 | \$ - | \$ - | \$ 172,249,124 |
| Less accumulated depreciation | (29,540,841) | (4,338,908) | - | - | (33,879,749) |
| Total infrastructure | 29,177,870 | 109,191,505 | - | - | 138,369,375 |
| Land improvements | 158,021,060 | 3,829,560 | 4,236,428 | (1,850,080) | 164,236,968 |
| Less accumulated depreciation | (108,435,519) | (5,821,654) | - | 1,013,993 | (113,243,180) |
| Total land improvements | 49,585,541 | (1,992,094) | 4,236,428 | (836,087) | 50,993,788 |
| Buildings | 4,231,966,417 | 36,819,772 | 60,554,561 | (5,198,015) | 4,324,142,735 |
| Less accumulated depreciation | (1,831,971,037) | (107,763,080) | (6,996,931) | 2,123,792 | (1,944,607,256) |
| Total buildings | 2,399,995,380 | (70,943,308) | 53,557,630 | (3,074,223) | 2,379,535,479 |
| Equipment (including library books) | 993,187,746 | 44,758,300 | 2,105,958 | (34,546,586) | 1,005,505,418 |
| Less accumulated depreciation | (840,894,188) | (43,099,994) | (1,025,194) | 33,713,313 | (851,306,063) |
| Total equipment | 152,293,558 | 1,658,306 | 1,080,764 | (833,273) | 154,199,355 |
| Software (internally generated and purchased) | 84,270,548 | 153,968 | - | (79,781,079) | 4,643,437 |
| Other intangibles | 3,364,141 | 193,618 | - | (3,371,387) | 186,372 |
| Less accumulated amortization - software | (84,070,219) | (96,504) | (20,464) | 79,766,079 | (4,421,108) |
| Less accumulated amortization - other intangibles | (3,384,605) | (31,442) | 20,464 | 3,386,387 | (9,196) |
| Total non-lease intangible assets | 179,865 | 219,640 | - | - | 399,505 |
| Total capital assets being depreciated | \$ 2,631,232,214 | \$ 38,134,049 | \$ 58,874,822 | \$ (4,743,583) | \$ 2,723,497,502 |
| Right-to-use leased assets: | | | | | |
| Leased land | \$ 4,584,341 | \$ 5,792,857 | \$ - | \$ - | \$ 10,377,198 |
| Less accumulated amortization | (452,861) | (374,815) | - | - | (827,676) |
| Total leased land | 4,131,480 | 5,418,042 | - | - | 9,549,522 |
| Leased building & office space | 339,454,659 | 491,871 | (44,965) | (1,908,035) | 337,993,530 |
| Less accumulated amortization | (56,231,066) | (18,433,309) | 44,965 | 1,256,860 | (73,362,550) |
| Total leased building & office space | 283,223,593 | (17,941,438) | - | (651,175) | 264,630,980 |
| Leased equipment & other | 1,298,104 | 199,054 | - | (962,738) | 534,420 |
| Less accumulated amortization | (966,234) | (375,914) | - | 962,738 | (379,410) |
| Total leased equipment | 331,870 | (176,860) | - | - | 155,010 |
| Subscription-based information technology arrangements (SBITA) | 49,287,661 | 23,967,718 | 207,354 | (8,125,929) | 65,336,804 |
| Less accumulated amortization | (19,264,949) | (16,431,510) | (66,897) | 7,567,025 | (28,196,331) |
| Total SBITA | 30,022,712 | 7,536,208 | 140,457 | (558,904) | 37,140,473 |
| Total right-to-use lease and SBITA assets | \$ 317,709,655 | \$ (5,164,048) | \$ 140,457 | \$ (1,210,079) | \$ 311,475,985 |
| Capital asset summary: | | | | | |
| Capital assets not being depreciated | \$ 397,561,736 | \$ 147,711,720 | \$ (58,748,256) | \$ (316,200) | \$ 486,209,000 |
| Other capital assets, at cost | 5,529,528,623 | 199,285,631 | 66,896,947 | (124,747,147) | 5,670,964,054 |
| Right-to-use lease and SBITA assets | 394,624,765 | 30,451,500 | 162,389 | (10,996,702) | 414,241,952 |
| Total cost of capital assets | 6,321,715,124 | 377,448,851 | 8,311,080 | (136,060,049) | 6,571,415,006 |
| Less accumulated depreciation and amortization | (2,975,211,519) | (196,767,130) | (8,044,057) | 129,790,187 | (3,050,232,519) |
| Capital assets, net | \$ 3,346,503,605 | \$ 180,681,721 | \$ 267,023 | \$ (6,269,862) | \$ 3,521,182,487 |

COMPONENT UNITS

| | Balance June 30, 2024 | Additions | Transfers | Retirements | Balance June 30, 2025 |
|---|--------------------------|-----------------------|------------------------|-----------------------|--------------------------|
| Capital assets not being depreciated | | | | | |
| Land | \$ 25,033,576 | \$ 1,418,245 | \$ (2,053,467) | \$ - | \$ 24,398,354 |
| Capitalized collections | 41,765 | - | - | - | 41,765 |
| Construction-in-progress | 49,980,902 | 66,280,563 | (51,993,287) | (31,010) | 64,237,168 |
| Total Capital assets not being depreciated | \$ 75,056,243 | \$ 67,698,808 | \$ (54,046,754) | \$ (31,010) | \$ 88,677,287 |
| Other capital assets: | | | | | |
| Land improvements | \$ 10,750,114 | \$ 2,390,253 | \$ 4,818,748 | \$ (188,336) | \$ 17,770,779 |
| Less accumulated depreciation | (2,784,353) | (531,499) | - | 54,931 | (3,260,921) |
| Total land improvements | 7,965,761 | 1,858,754 | 4,818,748 | (133,405) | 14,509,858 |
| Buildings | 304,705,665 | 5,241,356 | 17,441,054 | (19,109,922) | 308,278,153 |
| Less accumulated depreciation | (99,152,092) | (9,356,649) | - | 15,111,202 | (93,397,539) |
| Total buildings | 205,553,573 | (4,115,293) | 17,441,054 | (3,998,720) | 214,880,614 |
| Equipment | 5,427,731 | 39,034 | - | (62,714) | 5,404,051 |
| Less accumulated depreciation | (3,006,064) | (1,001,915) | - | 57,424 | (3,950,555) |
| Total equipment | 2,421,667 | (962,881) | - | (5,290) | 1,453,496 |
| Total other capital assets | \$ 215,941,001 | \$ (3,219,420) | \$ 22,259,802 | \$ (4,137,415) | \$ 230,843,968 |
| Capital asset summary: | | | | | |
| Capital assets not being depreciated | \$ 75,056,243 | \$ 67,698,808 | \$ (54,046,754) | \$ (31,010) | \$ 88,677,287 |
| Other capital assets, at cost | 320,883,510 | 7,670,643 | 22,259,802 | (19,360,972) | 331,452,983 |
| Total cost of capital assets | 395,939,753 | 75,369,451 | (31,786,952) | (19,391,982) | 420,130,270 |
| Less accumulated depreciation | (104,942,509) | (10,890,063) | - | 15,223,557 | (100,609,015) |
| Capital assets, net | \$ 290,997,244 | \$ 64,479,388 | \$ (31,786,952) | \$ (4,168,425) | \$ 319,521,255 |

6. DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2025, were as follows:

| <u>Activity</u> | <u>Amount</u> |
|-----------------------|-----------------------|
| Vendors | \$ 44,722,244 |
| Salaries and benefits | 68,903,140 |
| Accrued interest | 309,330 |
| Other payables | 144,207,201 |
| Total | \$ 258,141,915 |

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. Effective July 1, 2023, Act 184 of the 2023 Regular Legislative Session provides for the phasing out and termination of the Experience Account and of the diversion of the investment earnings into that account, and creates a new account for accumulation of funds to pay COLAs. The Act establishes an additional component of the required employer contribution rate called the COLA account funding contribution or AFC rate. Accounts are capped at amounts needed to fund two increases. These ad hoc COLAs are not considered substantively automatic.

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, 2025, for the System and covered employees were as follows:

| | <u>System</u> | <u>Employees</u> |
|------------------------------------|---------------|------------------|
| Teachers' Retirement System: | | |
| Higher Ed Regular Plan | 20.88% | 8.00% |
| K-12 Regular Plan | 21.51% | 8.00% |
| State Employees' Retirement System | 34.74% | 7.50% - 8.00% |

The LSU System's contributions made to the Retirement Systems for 2025, which equaled the required contributions, were as follows:

| | |
|------------------------------------|----------------|
| Teachers' Retirement System: | |
| Regular Plan | \$ 162,194,780 |
| State Employees' Retirement System | \$ 39,752,149 |

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 2025 is \$7,785,600.

**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, 2024, measurement date. The System uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2025, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2024, along with the change compared to the June 30, 2023, 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, 2025 (measured as of June 30, 2024) | Rate at June 30, 2024 | Increase (Decrease) to June 30, 2023 Rate |
|------------------------------------|--|--------------------------|--|
| Teachers' Retirement System | \$ 1,062,604,080 | 12.31% | (0.13%) |
| State Employees' Retirement System | 252,104,286 | 4.64% | 0.01% |
| | <u>\$ 1,314,708,366</u> | | |

The following schedule lists the System's recognized pension expense for the year ended June 30, 2025, for each of the pension plans:

| | |
|------------------------------------|-----------------------|
| Teachers' Retirement System | \$ 126,748,468 |
| State Employees' Retirement System | <u>21,514,222</u> |
| | <u>\$ 148,262,690</u> |

At June 30, 2025, 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 | \$ 60,311,617 | \$ - | \$ 60,311,617 |
| Changes of assumptions | 28,442,889 | 1,762,286 | 30,205,175 |
| Net difference between projected and actual earnings on pension plan investments | 80,724,258 | - | 80,724,258 |
| Changes in proportion | 20,954,567 | 2,640,153 | 23,594,720 |
| Differences between contributions and proportionate share of contributions | 14,118,859 | 177,415 | 14,296,274 |
| Employer contributions subsequent to the measurement date | <u>162,194,780</u> | <u>39,752,149</u> | <u>201,946,929</u> |
| Total | <u>\$ 366,746,970</u> | <u>\$ 44,332,003</u> | <u>\$ 411,078,973</u> |
| Deferred Inflows: | | | |
| Differences between expected and actual experience | \$ - | \$ (1,114,986) | \$ (1,114,986) |
| Changes of assumptions | (27,208,006) | - | (27,208,006) |
| Net difference between projected and actual earnings on pension plan investments | - | (30,058,178) | (30,058,178) |
| Changes in proportion | (26,832,231) | (2,361,444) | (29,193,675) |
| Differences between contributions and proportionate share of contributions | <u>(1,258,756)</u> | <u>(365,327)</u> | <u>(1,624,083)</u> |
| Total | <u>\$ (55,298,993)</u> | <u>\$ (33,899,935)</u> | <u>\$ (89,198,928)</u> |

The amount reported in the above table totaling \$201,946,929 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2024 will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2026.

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> |
|-------------|--------------------|---------------------|--------------------|
| 2026 | (293,502) | (17,984,682) | (18,278,184) |
| 2027 | 131,351,008 | 7,766,257 | 139,117,265 |
| 2028 | 11,138,717 | (11,584,805) | (446,088) |
| 2029 | <u>7,056,974</u> | <u>(7,516,851)</u> | <u>(459,877)</u> |
| | <u>149,253,197</u> | <u>(29,320,081)</u> | <u>119,933,116</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, 2024, is as follows:

| | TRSL | LASERS | | | | | | | | | | | | | | | | | | |
|---|---|---|-------------|-------------|-------------|---------|------|-------|--------|------|------|-------------|------|-------|----------------|------|-------|----------|------|-------|
| Valuation Date | June 30, 2024 | June 30, 2024 | | | | | | | | | | | | | | | | | | |
| 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 2023) | 7.25% net of investment expenses (consistent with 2023) | | | | | | | | | | | | | | | | | | |
| Inflation Rate | 2.4% per annum | 2.4% 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>Contingent survivor mortality members: Pub2010T-Below Median Contingent Survivor (amount weighted) tables, adjusted by 1.079 for males and by 0.919 for females.</p> | <p>General active member: PubG-2010 tables adjusted by 1.055 for males and 1.034 for females.</p> <p>General retiree/inactive members: PubG-2010 tables, adjusted by 1.215 for males and 1.277 for females.</p> <p>Mortality assumptions for non-disabled members include improvement projected using the MP-2021 Mortality Improvement Scale, applied on a fully generational basis.</p> <p>Disabled Members: RP-2000 Disabled Retiree Mortality Table, adjusted by 0.936 for males and 1.065 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 (2019-2023) 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 (2019-2023) 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;">3.3%</td> <td style="text-align: center;">14.0%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">2.4%</td> <td style="text-align: center;">4.8%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">4.4%</td> <td style="text-align: center;">15.3%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">4.4%</td> <td style="text-align: center;">15.3%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">4.4%</td> <td style="text-align: center;">15.3%</td> </tr> </tbody> </table> | Member Type | Lower Range | Upper Range | Regular | 3.3% | 14.0% | Judges | 2.4% | 4.8% | Corrections | 4.4% | 15.3% | Hazardous Duty | 4.4% | 15.3% | Wildlife | 4.4% | 15.3% |
| Member Type | Lower Range | Upper Range | | | | | | | | | | | | | | | | | | |
| Regular | 3.3% | 14.0% | | | | | | | | | | | | | | | | | | |
| Judges | 2.4% | 4.8% | | | | | | | | | | | | | | | | | | |
| Corrections | 4.4% | 15.3% | | | | | | | | | | | | | | | | | | |
| Hazardous Duty | 4.4% | 15.3% | | | | | | | | | | | | | | | | | | |
| Wildlife | 4.4% | 15.3% | | | | | | | | | | | | | | | | | | |
| Cost of Living Adjustments | Not substantively automatic | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic. | | | | | | | | | | | | | | | | | | |

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

| TRSL | LASERS |
|--|---|
| <p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.4% and an adjustment for the effect of rebalancing/diversification. The resulting long-term geometric nominal expected rate of return was 8.68% for 2024.</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 2.4% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.15% for 2024.</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, 2024:

| Asset Class | Target Allocation | | Long-Term Expected Real Rate of Return | |
|----------------------------|-------------------|-------------|--|--------|
| | TRSL | LASERS | TRSL | LASERS |
| Cash | - | - | - | 0.76% |
| Domestic equity | 22.50% | 34.00% | 4.45% | 4.29% |
| International equity | 11.50% | 17.00% | 4.29% | 5.22% |
| Domestic fixed income | 8.00% | 3.00% | 2.79% | 2.04% |
| International fixed income | 6.00% | 19.00% | 1.66% | 5.24% |
| Alternative investments | - | 27.00% | - | 8.19% |
| Private assets | 37.00% | - | 8.24% | - |
| Other private assets | 15.00% | - | 4.51% | - |
| 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, 2024.

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 | \$ 1,539,949,994 | \$ 1,062,604,080 | \$ 661,279,110 |
| LASERS | | | |
| Rates | 6.25% | 7.25% | 8.25% |
| Share of NPL | \$ 348,149,305 | \$ 252,104,286 | \$ 170,488,013 |

Payables to the Pension Plans

The System recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2025, 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, 2025, is as follows:

| | |
|--------|---------------|
| TRSL | \$ 17,809,938 |
| LASERS | 4,255,817 |
| | \$ 22,065,755 |

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 2025 totaled \$75,969,105. Employee contributions totaled \$27,521,877. The active member and employer contribution rates were 8% and 6.2%, respectively, with an additional employer contribution of 15.9% 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 are moved to the LSU First Retiree Medicare plan upon reaching Medicare eligibility. The LSU First Retiree Medicare plan is a fully insured Medicare Advantage plan.

State OGB Plan

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

Employer contributions are based on plan premiums and the employer contribution percentage. Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers retirees four self-insured healthcare plans. In addition, 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.

The employer and employee contribution percentages are based on the years of participation in an OGB plan at retirement. The percentage of premiums contributed by the employer and retiree is 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, 2025, 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, 2025 / January 2024 | \$ 649,092,081 | 91.8275% | 0.0236% | \$ 24,163,019 |
| OGB | July 1, 2024 / July 1, 2024 | 639,584,606 | 8.1875% | (0.2743%) | 33,715,999 |
| | | \$ 1,288,676,687 | | | \$ 57,879,018 |

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, 2025 for each of the OPEB plans:

| | |
|-----------------|----------------------|
| LSU Health Plan | \$ 20,457,176 |
| State OGB Plan | <u>10,722,744</u> |
| Total | <u>\$ 31,179,920</u> |

At June 30, 2025, 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 | \$ 64,346,151 | \$ 47,574,507 | \$ 111,920,658 |
| Differences between expected and actual experience | 25,931,498 | 10,961,316 | 36,892,814 |
| Difference between actual OPEB payments and proportionate share of OPEB payments | - | 15,681,992 | 15,681,992 |
| Change in proportion | - | 10,213,327 | 10,213,327 |
| OPEB benefit payments made subsequent to the measurement date | - | 33,715,999 | 33,715,999 |
| Total | <u>\$ 90,277,649</u> | <u>\$ 118,147,141</u> | <u>\$ 208,424,790</u> |
| Deferred Inflows: | | | |
| Differences between expected and actual experience | \$ (47,970,422) | \$ - | \$ (47,970,422) |
| Change in proportion | - | (41,340,133) | (41,340,133) |
| Changes of assumptions | (311,142,788) | (73,442,145) | (384,584,933) |
| Difference between actual OPEB payments and proportionate share of OPEB payments | - | (1,255,132) | (1,255,132) |
| Total | <u>\$ (359,113,210)</u> | <u>\$ (116,037,410)</u> | <u>\$ (475,150,620)</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, 2026. 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 |
|------|-------------------------|------------------------|-------------------------|
| 2026 | (53,378,622) | (30,462,594) | \$ (83,841,216) |
| 2027 | (77,623,129) | (12,571,325) | (90,194,454) |
| 2028 | (75,815,592) | 8,032,531 | (67,783,061) |
| 2029 | (29,367,474) | 3,395,120 | (25,972,354) |
| 2030 | (26,208,426) | - | (26,208,426) |
| 2031 | (6,442,318) | - | (6,442,318) |
| | <u>\$ (268,835,561)</u> | <u>\$ (31,606,268)</u> | <u>\$ (300,441,829)</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 | 4.20% | 5.20% | 6.20% |
| Total OPEB liability | \$781,751,174 | \$649,092,081 | \$546,723,713 |
| <u>State OGB Plan</u> | | | |
| Rates | 2.93% | 3.93% | 4.93% |
| Total OPEB liability | \$733,723,195 | \$639,584,606 | \$563,464,918 |

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 | \$539,316,174 | \$649,092,081 | \$791,490,942 |
| <u>State OGB Plan</u> | | | |
| Pre-65 Rates | 7.50% decreasing to 3.5% | 8.50% decreasing to 4.5% | 9.50% decreasing to 5.5% |
| Post-65 Rates | 6.50% decreasing to 3.5% | 7.50% decreasing to 4.5% | 8.50% decreasing to 5.5% |
| Total OPEB liability | \$566,031,429 | \$639,584,606 | \$731,739,773 |

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, 2025 | July 1, 2024 |
| Actuarial valuation date | January 2024 | July 1, 2024 |
| 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 prior fiscal year | 4.5 years |
| Discount rate | 5.20% (increased from 3.93% in 2024) Source: Bond Buyer 20 - Bond Go Index | 3.93% for July 1, 2024 measurement (decreased from 4.13% in 2023) Source: Bond Buyer 20 - Bond Go Index |
| Healthcare cost trend rate(s) | Pre 65 medical/Rx benefits: 7.75% select rate, decreasing .30% annually through 2033, and then .10% thereafter to an ultimate rate of 4.0% Post Medicare benefits 6.75% select rate, decreasing .30% annually through 2033, and then .10% thereafter to an ultimate rate of 4.0% | Medical and drug pre-65: 8.50% through 2025; decreasing .25% each subsequent year after through fiscal year 2029; then decreasing .50% beginning fiscal year 2030 through 2035 to an ultimate rate of 4.5% Medical and drug post-65: 7.50% through 2025; decreasing .50% in fiscal years 2026 and 2027; .20% in fiscal years 2028 and 2029; .1% in fiscal year 2030; .25% each subsequent fiscal year after through fiscal year 2034; then decreasing .5% to an ultimate rate of 4.5% in fiscal year 2035. 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 2024 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 style="text-align: center;">\$13,871 \$10,225 \$18,207</td> </tr> <tr> <td>Option 3</td> <td style="text-align: center;">\$ - \$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, 2023 through December 31, 2024, trended to the valuation date. Per capita costs for fully-insured plans were based on calendar year 2025 premiums adjusted to the valuation date using the Medicare trend 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 style="text-align: center;">30%</td> </tr> <tr> <td>10 - 14 years</td> <td style="text-align: center;">45%</td> </tr> <tr> <td>15 - 19 years</td> <td style="text-align: center;">65%</td> </tr> <tr> <td>20 + years</td> <td style="text-align: center;">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 style="text-align: center;">33%</td> </tr> <tr> <td>10 - 14 years</td> <td style="text-align: center;">60%</td> </tr> <tr> <td>15 - 19 years</td> <td style="text-align: center;">80%</td> </tr> <tr> <td>20 + years</td> <td style="text-align: center;">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% | | | | | | | | | | | | | | | | | | | | | |
| 10 - 14 years | 45% | | | | | | | | | | | | | | | | | | | | | |
| 15 - 19 years | 65% | | | | | | | | | | | | | | | | | | | | | |
| 20 + years | 80% | | | | | | | | | | | | | | | | | | | | | |
| <u>Years of Service</u> | <u>Participation Rate</u> | | | | | | | | | | | | | | | | | | | | | |
| Under 10 years | 33% | | | | | | | | | | | | | | | | | | | | | |
| 10 - 14 years | 60% | | | | | | | | | | | | | | | | | | | | | |
| 15 - 19 years | 80% | | | | | | | | | | | | | | | | | | | | | |
| 20 + years | 88% | | | | | | | | | | | | | | | | | | | | | |

9. CONTINGENT LIABILITIES, RISK MANAGEMENT, AND CLAIMS LIABILITY

Losses arising from judgments, claims, and similar contingencies are paid by either private insurance companies or through the State's self-insurance fund operated by the Office of Risk Management (ORM), the agency responsible for the State's risk management program, or by General Fund appropriation. The System is involved in 56 lawsuits that are handled by contract attorneys at June 30, 2025. The attorneys have estimated a reasonably possible or probable unfavorable outcome to the System of \$8,537,839 relating to 45 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 codification section C50, total claims expenditures were \$130,984,869. 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 |
|---------|--|---------------------------------------|-----------------|--|-------------------------------|
| 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 |
| 2024-25 | \$12,241,000 | \$129,552,149 | (\$130,984,869) | \$514,720 | \$11,323,000 |

10. COMPENSATED ABSENCES

At June 30, 2025, employees of the System have accumulated and vested annual, sick, compensatory, and parental leave benefits of \$92,010,223, \$332,846,528, \$404,855, and \$102,713, 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 \$65,336,804, less accumulated amortization of \$28,196,331, for a net SBITA asset of \$37,140,473 at June 30, 2025. The liability associated with these SBITA's, recorded at present value using discount rates between 0.11% to 2.57%, is \$31,620,200 as of June 30, 2025. 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> |
|--------------------|----------------------|---------------------|----------------------|
| 2026 | \$ 15,161,930 | \$ 605,619 | \$ 15,767,549 |
| 2027 | 12,349,133 | 312,952 | 12,662,085 |
| 2028 | 2,606,498 | 70,016 | 2,676,514 |
| 2029 | 660,892 | 26,835 | 687,727 |
| 2030 | 285,947 | 12,334 | 298,281 |
| 2031-2035 | 555,800 | 10,126 | 565,926 |
| Total | <u>\$ 31,620,200</u> | <u>\$ 1,037,882</u> | <u>\$ 32,658,082</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 2.5 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, 2025, the combined value of the lease liabilities was \$289,418,033. In determining the present values, discount rates of .13% to 3.50% 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 \$5,942,954 during the year ended June 30, 2025. The recorded value of the right-to-use asset as of the end of the current fiscal year was \$348,905,148 which was offset by accumulated amortization of \$74,569,636. The future principal and interest lease payments as of June 30, 2025 are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|-----------------------|----------------------|-----------------------|
| 2026 | \$ 19,932,664 | \$ 4,119,571 | \$ 24,052,235 |
| 2027 | 18,833,703 | 4,003,414 | 22,837,117 |
| 2028 | 14,542,481 | 3,732,311 | 18,274,792 |
| 2029 | 13,012,452 | 3,492,971 | 16,505,423 |
| 2030 | 11,199,806 | 3,308,008 | 14,507,814 |
| 2031-2035 | 58,151,265 | 13,982,809 | 72,134,074 |
| 2036-2040 | 52,420,354 | 9,572,833 | 61,993,187 |
| 2041-2045 | 29,163,909 | 6,517,625 | 35,681,534 |
| 2046-2050 | 31,030,910 | 4,253,077 | 35,283,987 |
| 2051-2055 | 22,112,372 | 1,994,357 | 24,106,729 |
| 2056-2060 | 2,005,437 | 1,343,566 | 3,349,003 |
| 2061-2065 | 1,937,191 | 1,191,395 | 3,128,586 |
| 2066-2070 | 1,623,441 | 1,064,409 | 2,687,850 |
| 2071-2075 | 1,748,926 | 938,924 | 2,687,850 |
| 2076-2080 | 1,884,110 | 803,740 | 2,687,850 |
| 2081-2085 | 2,029,744 | 658,106 | 2,687,850 |
| 2086-2090 | 2,186,634 | 501,216 | 2,687,850 |
| 2091-2095 | 2,355,651 | 332,199 | 2,687,850 |
| 2096-2100 | 2,537,732 | 150,118 | 2,687,850 |
| 2101-2105 | 709,251 | 7,509 | 716,760 |
| Total | <u>\$ 289,418,033</u> | <u>\$ 61,968,158</u> | <u>\$ 351,386,191</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 | 2025 Amortization |
|-----------------------------|-----------------------|-----------------------------|---------------------------|----------------------|
| Right to use assets: | | | | |
| Land | \$ 10,377,198 | \$ 827,676 | \$ 9,549,522 | \$ 374,815 |
| Building | 166,296,761 | 46,994,015 | 119,302,746 | 11,828,387 |
| Office space | 171,696,769 | 26,368,535 | 145,328,234 | 6,604,922 |
| Equipment & other | 534,420 | 379,410 | 155,010 | 375,914 |
| | <u>\$ 348,905,148</u> | <u>\$ 74,569,636</u> | <u>\$ 274,335,512</u> | <u>\$ 19,184,038</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 \$289,418,033 on the previous page) is \$102,989,220 at June 30, 2025.

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 some cases those partnerships included leasing of the associated assets. The terms of these leases are for periods ranging from 2 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, 2025, the combined value of the lease receivables was \$1,677,686,237. 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, 2025, is \$1,604,113,567. Inflows recognized during for the year ended June 30, 2025, consisted of lease revenue of \$62,711,592, variable lease revenue of \$1,057,856 and interest income of \$56,005,606.

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 \$890,895, which is included in the total lease receivable of \$1,677,686,237 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, 2025:

System

| | Balance June 30, 2024 <u>Restated</u> | <u>Additions</u> | <u>Reductions</u> | Balance June 30, 2025 | Amounts Due Within One Year |
|----------------------------------|---|-----------------------|------------------------|--------------------------|--------------------------------|
| Debt payable: | | | | | |
| Bonds payable | \$ 303,171,528 | \$ - | \$ (21,155,775) | \$ 282,015,753 | \$ 21,527,226 |
| Direct borrowings or placements: | | | | | |
| Finance purchase obligations | 411,245,582 | 115,220,557 | (1,403,810) | 525,062,329 | 2,726,506 |
| Notes payable | <u>3,080,254</u> | <u>-</u> | <u>(2,916,053)</u> | <u>164,201</u> | <u>164,201</u> |
| Subtotal | <u>717,497,364</u> | <u>115,220,557</u> | <u>(25,475,638)</u> | <u>807,242,283</u> | <u>24,417,933</u> |
| Other liabilities: | | | | | |
| Lease liability | 299,405,085 | 5,991,511 | (15,978,563) | 289,418,033 | 19,932,664 |
| SBITA liability | 26,508,256 | 23,991,611 | (18,879,667) | 31,620,200 | 15,161,930 |
| Compensated absences payable* | 368,028,321 | 57,335,998 | - | 425,364,319 | 75,512,850 |
| Other liabilities | <u>629,201</u> | <u>2,934,468</u> | <u>(2,122,124)</u> | <u>1,441,545</u> | <u>-</u> |
| Subtotal | <u>694,570,863</u> | <u>90,253,588</u> | <u>(36,980,354)</u> | <u>747,844,097</u> | <u>110,607,444</u> |
| Total long-term liabilities | <u>\$ 1,412,068,227</u> | <u>\$ 205,474,145</u> | <u>\$ (62,455,992)</u> | <u>\$ 1,555,086,380</u> | <u>\$ 135,025,377</u> |

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.

*Restated for implementation of GASB Statement No. 101. The change in compensated absences above is a net change for the year.

Notes Payable – Direct Borrowings and Placements

| | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Outstanding July 1, 2024</u> | <u>Redeemed/ Issued</u> | <u>Outstanding June 30, 2025</u> | <u>Maturities</u> | <u>Interest Rates</u> | <u>Future Interest Payments June 30, 2025</u> |
|-----------------------------|----------------------|-----------------------|-------------------------------------|-----------------------------|--------------------------------------|-------------------|---------------------------|---|
| LSU | | | | | | | | |
| CAMPUS Federal Credit Union | April 23, 2020 | \$ 4,000,000 | \$ 2,728,859 | \$ (2,728,859) | \$ - | 2030 | 3.5% | \$ - |
| STC Notes Payable | September 1, 2023 | \$ 500,000 | \$ 309,901 | \$ (166,666) | \$ 143,235 | 2027 | 0% | \$ - |
| HSC-S | | | | | | | | |
| Presidio Technology Capital | July 6, 2023 | \$ 64,236 | \$ 41,494 | \$ (20,528) | \$ 20,966 | 2025 | 2.13% | \$ 447 |
| Total | | \$ 4,564,236 | \$ 3,080,254 | \$ (2,916,053) | \$ 164,201 | | | \$ 447 |

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. This loan was repaid in full during the fiscal year ended June 30, 2025.

In 2024, STC received a loan in the amount of \$500,000 from the LSU Foundation. During fiscal year 2025 and 2024, STC repaid \$166,666 of the outstanding balance each year. The remaining balance is due July 1, 2026. The loan bears no interest. During fiscal year 2024, management discounted the note through imputing interest at the current market rate totaling \$23,432 and recorded as a donor restricted contribution in the June 30, 2024 statement of activities. In 2025, \$7,937 was released from restriction due to the passage of time, leaving a balance of \$15,495 to be released in 2026.

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, 2025, including future interest payments, follow:

| <u>Issue</u> | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Outstanding July 1, 2024</u> | <u>Redeemed/ Issued</u> | <u>Outstanding June 30, 2025</u> | <u>Maturities</u> | <u>Issued Interest Rates</u> | <u>Future Interest Payments June 30, 2025</u> |
|---|----------------------|-----------------------|-------------------------------------|-----------------------------|--------------------------------------|-------------------|----------------------------------|---|
| LSU | | | | | | | | |
| 2016A Auxiliary Revenue Bonds | November 15, 2016 | 137,000,000 | 75,385,000 | (6,820,000) | 68,565,000 | 2036 | 3.5% to 5% | 16,509,375 |
| 2016B Auxiliary Revenue Bonds | November 15, 2016 | 16,320,000 | 5,480,000 | (1,415,000) | 4,065,000 | 2030 | 1.15% to 3.45% | 365,044 |
| 2019 Auxiliary Revenue Bonds | December 18, 2019 | 72,355,000 | 65,540,000 | (1,535,000) | 64,005,000 | 2040 | 1.904% to 3.28% | 15,221,216 |
| 2022 Auxiliary Revenue Bonds | January 6, 2022 | 155,275,000 | 143,300,000 | (9,610,000) | 133,690,000 | 2043 | .607% to 2.967% | 32,596,834 |
| Health Care Services Division | | | | | | | | |
| 2017 Bogalusa Community Medical Center Project | April 26, 2017 | 13,275,000 | 9,420,000 | (535,000) | 8,885,000 | 2038 | 2% to 4% | 2,428,537 |
| LSU of Alexandria | | | | | | | | |
| 2008 Auxiliary Revenue Bonds | March 18, 2008 | 4,200,000 | 2,335,000 | (180,000) | 2,155,000 | 2034 | 4% to 5.5% | 576,540 |
| Total | | 398,425,000 | 301,460,000 | (20,095,000) | 281,365,000 | | | \$ 67,697,546 |
| Premium/discounts, net | | 17,324,785 | 1,914,433 | (1,075,268) | 839,165 | | | |
| Bonds issuance cost | | (318,327) | (202,905) | 14,493 | (188,412) | | | |
| Total Bonds Payable | | \$ 415,431,458 | \$ 303,171,528 | \$ (21,155,775) | \$ 282,015,753 | | | |

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

- 1 Failure to timely pay the required principal or interest when due.
- 2 Failure to perform or comply with debt covenant requirements outlined in debt agreement or remedy the failure within 30 days. Following is a listing of some of these covenants:
 - a. Failure to continue the pledge of revenue associated with each debt issue.
 - b. Failure of the Board to maintain its existence.
 - c. Granting of a security or lien that is superior to the lien on the outstanding bonds.
 - d. New debt is issued secured by the revenue pledged that is not in parity with or not subordinated by the outstanding debt.
- 3 A material false or misleading statement, warranty or representation made by the Board that is contained in the resolution.
- 4 A petition filed against the board under any bankruptcy, moratorium, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction that is not dismissed within 60 days of filing.

- 5 The Board files a petition in voluntary bankruptcy or admits insolvency or bankruptcy or its inability to pay its debts.
- 6 The State of Louisiana alters the rights or duties of the Board.
- 7 Findings or covenants in any No-Arbitrage Certificate are false or not adhered to and causes the interest on the bonds to become taxable.

Bonds Payable - Component Units

| Issue | Date of Issue | Original Issue | Outstanding July 1, 2024 | Issued (Redeemed) | Outstanding June 30, 2025 | Maturities | Interest Rates |
|-----------------------------------|------------------|----------------|-----------------------------|----------------------|------------------------------|------------|-------------------|
| Tiger Athletic Foundation* | | | | | | | |
| Series 2012 Bonds | October 23, 2012 | \$ 70,000,000 | \$ 52,393,000 | \$ (3,188,000) | \$ 49,205,000 | 2037 | variable |
| Series 2015 Bonds | July 1, 2015 | 52,000,000 | 23,625,000 | (4,315,000) | 19,310,000 | 2028 | 2.49% |
| Series 2015A Bonds | November 1, 2015 | 53,045,000 | 35,925,000 | (250,000) | 35,675,000 | 2039 | 2.25% |
| Deferred financing costs | | (1,008,426) | (522,348) | 56,136 | (466,212) | | |
| Total Bonds Payable | | \$ 174,036,574 | \$ 111,420,652 | \$ (7,696,864) | \$ 103,723,788 | | |

*As of December 31, 2024

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, \$15,580,000 is outstanding as of June 30, 2025.

Debt Service Requirements

The annual requirements to amortize all System bonds outstanding at June 30, 2025, are presented in the following schedule. The schedule uses rates as of June 30, 2025, 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> |
|------------------------------|-----------------------|----------------------|-----------------------|
| 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 | 21,450,000 | 6,255,002 | 27,705,002 |
| 2031-2035 | 100,280,000 | 21,403,954 | 121,683,954 |
| 2036-2040 | 61,725,000 | 7,557,497 | 69,282,497 |
| 2041-2045 | 16,810,000 | 1,007,297 | 17,817,297 |
| Subtotal | 281,365,000 | 67,697,546 | 349,062,546 |
| Unamortized premium/discount | 839,165 | - | 839,165 |
| Bond issuance cost | (188,412) | - | (188,412) |
| Total | <u>\$ 282,015,753</u> | <u>\$ 67,697,546</u> | <u>\$ 349,713,299</u> |

The annual principal and interest requirements for notes payable outstanding at June 30, 2025, are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|--------------|
| 2026 | \$ 164,201 | \$ 447 | \$ 164,648 |

The annual principal requirements for all component unit bonds outstanding at June 30, 2025, are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> |
|--------------------------|-----------------------|
| 2026 | \$ 8,025,000 |
| 2027 | 10,320,000 |
| 2028 | 10,656,000 |
| 2029 | 10,669,000 |
| 2030 | 10,614,000 |
| 2031-2035 | 37,408,000 |
| 2036-2040 | 16,498,000 |
| 2041-2045 | 104,190,000 |
| Deferred financing costs | (466,212) |
| Total | <u>\$ 103,723,788</u> |

The following is a summary of the System debt service reserve requirements of the various bond issues at June 30, 2025:

| <u>Bond Issue</u> | <u>Cash/ Investment Reserves Available</u> | <u>Reserve Requirement</u> | <u>Excess/ (Deficiency)</u> |
|-------------------------------|--|--------------------------------|---------------------------------|
| Auxiliary Plant: | | | |
| LSU of Alexandria | \$ 352,584 | \$ 313,050 | \$ 39,534 |
| Educational Plant: | | | |
| Health Care Services Division | \$ 999,344 | \$ 999,344 | \$ - |
| Total | <u>\$ 1,351,928</u> | <u>\$ 1,312,394</u> | <u>\$ 39,534</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, 2025, 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 | \$ 501,816,847 | \$ 411,098,828 |
| Infrastructure | January 1, 2025 | June 30, 2050 | 80,926,871 | 113,963,501 |
| Total assets under finance purchase | | | <u>\$ 582,743,718</u> | <u>\$ 525,062,329</u> |

Buildings, listed above, comprise 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 with Provident Flagship Group 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.

These residential building finance purchase obligations are considered direct borrowings 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 the System's inability to continue using the facilities. The lessor does not have the ability to accelerate the base rental amounts due under the finance agreement in the event of default.

Infrastructure, listed above, consist of upgrades to heating and cooling infrastructure and equipment as part of the System's Utilities Modernization Initiative pursuant to a cooperative endeavor agreement with Centrio. Monthly payments are due to Centrio under the cooperative endeavor agreement include amounts for operation and maintenance of the upgraded utilities as well as amounts representing the financed purchase of the utility infrastructure assets.

Both the residential building and the utility infrastructure acquired through use of these 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> |
|------------------------------------|--------------------|--------------------|----------------------|
| 2026 | \$ 2,726,506 | \$ 24,548,729 | \$ 27,275,235 |
| 2027 | 2,854,684 | 24,419,761 | 27,274,445 |
| 2028 | 2,988,965 | 24,284,726 | 27,273,691 |
| 2029 | 3,129,354 | 24,143,344 | 27,272,698 |
| 2030 | 3,277,031 | 23,995,317 | 27,272,348 |
| 2031-2035 | 18,847,801 | 117,500,288 | 136,348,089 |
| 2036-2040 | 29,970,917 | 112,230,573 | 142,201,490 |
| 2041-2045 | 88,156,973 | 99,944,675 | 188,101,648 |
| 2046-2050 | 129,207,544 | 74,045,111 | 203,252,655 |
| 2051-2055 | 122,881,202 | 44,637,598 | 167,518,800 |
| 2056-2060 | 121,021,352 | 12,993,596 | 134,014,948 |
| Total minimum contractual payments | <u>525,062,329</u> | <u>582,743,718</u> | <u>1,107,806,047</u> |

14. AMOUNTS DUE FROM STATE TREASURY

As shown on Statement A, the System has a total of \$11,106,979 due from the Primary Government at June 30, 2025. This amount consists of the following:

| | |
|---|----------------------|
| G10 - Support Education in Louisiana First Fund | \$ 860,238 |
| E32 - Tobacco Tax Health Care Fund | 482,926 |
| GF000 - State General Direct Appropriations | 9,763,600 |
| Z18 - Education Excellence | 215 |
| Total | <u>\$ 11,106,979</u> |

15. RESTRICTED NET POSITION

The System's restricted nonexpendable net position of \$186,334,694 as of June 30, 2025, is comprised of endowment funds.

The System had the following restricted expendable net position as of June 30, 2025:

| <u>Account Title</u> | <u>Amount</u> |
|-----------------------------|-----------------------|
| Student fees | \$ 48,858,967 |
| Grants and contracts | 26,760,947 |
| Gifts | 123,375,607 |
| Endowment earnings | 45,737,343 |
| Auxiliary enterprises | 3,953,702 |
| Student loan funds | 17,313,742 |
| Capital construction | 85,378,446 |
| Debt service | 353,057 |
| Sponsored projects | 1,879,530 |
| LSU System Health Plan | 40,565,153 |
| Foundation Restricted Funds | <u>7,996,175</u> |
| Total | <u>\$ 402,172,669</u> |

Of the total restricted net position reported on Statement A for the year ended June 30, 2025, a total of \$15,334,026 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 \$1,476,262 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 of \$82,161 is available to be spent and \$122,782 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, 2024 | \$ 1,251,004,673 |
| GASB 101 Compensated Absences | <u>(307,009,342)</u> |
| Net position at June 30, 2024, as restated | <u>\$ 943,995,331</u> |

As further described in note 1U, the System adopted GASB Statement No. 101, *Compensated Absences*. The accounting required under this statement were retroactively applied to June 30, 2024.

17. BLENDED COMPONENT UNITS

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

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

Condensed Statement of Net Position

| | LSU Research Foundation* | Stephenson Technologies Corporation | LSU Healthcare Network | Health Care Services Foundation | Bogalusa Community Medical Center |
|---------------------------------------|-----------------------------|---|---------------------------|---------------------------------------|---|
| Assets: | | | | | |
| Current assets | \$ 2,551,370 | \$ 1,370,705 | \$ 29,910,989 | \$ 623,207 | \$ 3,827,639 |
| Capital assets | 9,649,540 | 103,649 | 1,018,466 | 1,843,958 | - |
| Other assets | - | 160,022 | 93,831,823 | - | 9,620,365 |
| Assets due from primary government | - | - | - | - | 1,159 |
| Total Assets | 12,200,910 | 1,634,376 | 124,761,278 | 2,467,165 | 13,449,163 |
| Liabilities: | | | | | |
| Current liabilities | 17,948 | 734,846 | 17,239,254 | 10,319 | 558,351 |
| Long-term liabilities | - | 47,744 | 2,458,308 | - | 8,123,003 |
| Liabilities due to primary government | - | - | 8,194,486 | 19,250 | - |
| Total liabilities | 17,948 | 782,590 | 27,892,048 | 29,569 | 8,681,354 |
| Net Position: | | | | | |
| Net investment in capital assets | 9,649,540 | 103,649 | 859,895 | 1,843,958 | - |
| Restricted net position - expendable | - | 15,495 | - | - | - |
| Unrestricted net position | 2,533,422 | 732,642 | 96,009,335 | 593,638 | 4,767,809 |
| Total Net Position | \$ 12,182,962 | \$ 851,786 | \$ 96,869,230 | \$ 2,437,596 | \$ 4,767,809 |

* As of December 31, 2024

**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 | \$ 1,752,970 | \$ 1,978,064 | \$ 132,275,919 | \$ 315,250 | \$ 641,705 |
| Operating expenses | (496,882) | (2,934,849) | (131,680,844) | (315,259) | (607,669) |
| Depreciation expense | (1,157,422) | (108,089) | (1,906,212) | (85,574) | - |
| Net operating income (loss) | 98,666 | (1,064,874) | (1,311,137) | (85,583) | 34,036 |
| Nonoperating revenues (expenses): | | | | | |
| Investment income (expense) | - | - | 10,127,239 | 27,557 | 528,009 |
| Interest expense | - | - | - | - | (354,247) |
| Other nonoperating revenues (expenses) | - | 633 | 329,150 | - | (25,925) |
| Changes in net position | 98,666 | (1,064,241) | 9,145,252 | (58,026) | 181,873 |
| Net Position, beginning of the year | 12,084,296 | 1,916,027 | 87,723,978 | 2,495,622 | 4,585,936 |
| Net Position, end of the year | \$ 12,182,962 | \$ 851,786 | \$ 96,869,230 | \$ 2,437,596 | \$ 4,767,809 |

* As of December 31, 2024

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 | \$ 1,349,466 | \$ (666,557) | \$ 510,501 | \$ 40,703 | \$ 185,321 |
| Capital and related financing | (3,601,503) | (166,666) | (4,462,470) | - | (535,000) |
| Investing activities | - | - | 4,303,103 | - | 834,087 |
| Net increase (decrease) in cash | (2,252,037) | (833,223) | 351,134 | 40,703 | 484,408 |
| Cash, beginning of the year | 4,310,264 | 1,717,134 | 14,032,617 | 568,921 | 3,750,750 |
| Cash, end of the year | \$ 2,058,227 | \$ 883,911 | \$ 14,383,751 | \$ 609,624 | \$ 4,235,158 |

* As of December 31, 2024

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 | \$ 552,379,462 | \$ 129,974,415 | \$ 31,654 | \$ 141,845,046 | \$ 1,625,210 | \$ 16,743,455 | \$ 2,849,122 | \$ 845,448,364 |
| Research | 207,913,453 | 59,930,651 | 1,674,183 | 124,602,963 | 400,572 | 25,822,478 | 3,388,225 | 423,732,525 |
| Public service | 340,283,499 | 38,178,001 | 1,564,202 | 311,005,039 | 72,946 | 9,060,279 | 2,512,956 | 702,676,922 |
| Academic support | 104,758,680 | 32,745,649 | 1,713,413 | 35,608,798 | - | 7,401,508 | 329,429 | 182,557,477 |
| Student services | 31,834,380 | 8,808,977 | 829,074 | 30,071,713 | - | 914,312 | 760,202 | 73,218,658 |
| Institutional support | 102,580,557 | 25,561,141 | 303,381 | 132,552,264 | - | 8,988,539 | 2,461,824 | 272,447,706 |
| O & M of plant | 50,891,066 | 15,450,760 | 41,179,229 | 63,126,034 | - | 82,145,817 | 1,063,886 | 253,856,792 |
| Scholarships and fellowships | 803,433 | 2,065 | - | (51,540) | 44,717,351 | - | - | 45,471,309 |
| Auxiliary enterprises | 95,377,233 | 22,889,064 | 12,182,226 | 174,077,568 | - | 13,819,858 | 2,063,587 | 320,409,536 |
| Hospital | 26,842,744 | 4,862,527 | 698,148 | 21,463,554 | - | 31,870,884 | 970,262 | 86,708,119 |
| Total operating expenses | \$ 1,513,664,507 | \$ 338,403,250 | \$ 60,175,510 | \$ 1,034,301,439 | \$ 46,816,079 | \$ 196,767,130 | \$ 16,399,493 | \$ 3,206,527,408 |

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
- LSU School of Nursing Alumni Association

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

20. DEFERRED COMPENSATION PLAN

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

21. ON-BEHALF PAYMENTS

On-behalf payments for fringe benefits and salaries are direct payments made by one entity to a third-party recipient for the employees of another, legally separate entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends. There were no on-behalf payments for fringe benefits and salaries for the fiscal year ended June 30, 2025.

22. REVENUE USED AS SECURITY FOR REVENUE BONDS

LSU and LSUA have pledged future auxiliary revenues of approximately \$337,749,000 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 \$353,792,409. All LSUA Union, Bookstore, and athletic revenues, totaling \$2,900,854 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 \$28,594,991.

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 | \$ 44,322,986 | \$17,262,276 | \$1,987,610 | \$2,422,977 | \$65,995,849 |
| One to five years | 31,309,940 | 42,932,075 | 2,168,849 | 8,745,304 | 85,156,168 |
| More than five years | 2,630,494 | 13,411,079 | 212,139 | - | 16,253,712 |
| Subtotal | <u>78,263,420</u> | <u>73,605,430</u> | <u>4,368,598</u> | <u>11,168,281</u> | <u>167,405,729</u> |
| Less discount on promises to give | (5,511,286) | (6,641,186) | (440,642) | (1,121,329) | (13,714,443) |
| Less allowance for uncollectible accounts | (500,624) | (5,416,200) | (1,778,959) | - | (7,695,783) |
| Subtotal | <u>(6,011,910)</u> | <u>(12,057,386)</u> | <u>(2,219,601)</u> | <u>(1,121,329)</u> | <u>(21,410,226)</u> |
| Net unconditional promises to give | <u>\$ 72,251,510</u> | <u>\$61,548,044</u> | <u>\$2,148,997</u> | <u>\$10,046,952</u> | <u>\$145,995,503</u> |

*as of December 31, 2024

Total unconditional promises to give (current and noncurrent) of \$145,995,503 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, 2025, the cost of providing these benefits for involuntary terminations was \$3,307,392.

Six LSU employees were involuntarily terminated by the University prior to June 30, 2025. Four of the six employees terminated received their last payment in fiscal year 2025. Two of the six employee's contracts contained clauses providing for certain payments upon early termination which extended beyond FY 2025. LSU estimates a maximum of \$1,206,000 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 \$74,555,799 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, 2025, the outstanding balance was \$7,665,406, and \$12,834,594 remains available and unused. Balances outstanding bear interest based on a variable rate, which was 5.6% at June 30, 2025. This agreement is in the process of being renewed. During the year, payments were made of \$2,731,203 with no additional draws.

| | Balance June 30, 2024 | Additions | Reductions | Balance June 30, 2025 |
|----------------------------------|--------------------------|-----------|----------------|--------------------------|
| J.P. Morgan Chase line of credit | \$ 10,396,609 | \$ - | \$ (2,731,203) | \$ 7,665,406 |

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 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.

28. SUBSEQUENT EVENTS

The Board of Trustees for the Louisiana Public Facilities Authority (LPFA) provided final approval for the issuance of its tax-exempt municipal bonds for the South Quad Project – Phase 4 at its August board meeting. The project is the fourth phase of a public-private development venture. The broader project focuses on the modernization of a large portion of the University's existing housing through facility renovations and replacement, with improvements to parking areas. The LSU Board of Supervisors (Board) leases the land on which the Phase 4 project is being constructed to South Quad L3C, a wholly-owned subsidiary of the LSU Real Estate and Facilities Foundation (REFF), for 40 years, which is the life of financing. The issuer of the bonds for this project is the LPFA. The borrower of the proceeds of the bonds is South Quad L3C. Once the project is constructed, the borrower will lease the constructed facilities to the Board for a term commensurate with that of the ground lease. The debt issued for Phase 4 is in the form of tax-exempt, fixed rate bonds in a principal amount of \$199,265,000. Loan payments are payable from base rent due under the Facilities Lease, which is payable by the University from its Auxiliary Revenues. The bonds were delivered on September 30, 2025.

In November 2025, following a nationwide search guided by a Presidential Search Committee which included faculty, staff, students, alumni, and business leaders from across Louisiana, the LSU Board of Supervisors appointed Wade Rousse, Ph.D., as the President of the LSU System, and James Dalton, Ph.D., as the Executive Vice President of the LSU System and Chancellor of the Flagship A&M campus in Baton Rouge. The President will focus on systemwide oversight and strategic

initiatives, while the Chancellor will concentrate on academic excellence, research advancement, and LSU's goal of becoming a top 50 Research University and achieving AAU eligibility.

SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Total OPEB Liability

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

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

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

Schedule of Contributions to Cost Sharing Defined Benefit Pension Plans

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

**Louisiana State University System
State of Louisiana**

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

| OPEB Plan | Fiscal Year Ended June 30, | Proportion of total OPEB liability | Proportionate share of total OPEB liability | Covered- employee payroll | Proportionate share of the total OPEB liability as a percentage of its covered employee payroll |
|------------------------------------|----------------------------------|--|---|------------------------------|---|
| LSU Health Plan | | | | | |
| | 2025 | 91.83% | \$649,092,081 | \$562,454,604 | 115.40% |
| | 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 | | | | | |
| | 2025 | 8.19% | \$639,584,606 | \$234,926,573 | 272.25% |
| | 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 due to updated census data.

**Louisiana State University System
State of Louisiana
Schedule of the Proportionate Share of the Net Pension Liabilities
Cost Sharing Defined Benefit Pension Plans
For the Year Ended June 30, 2025 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 | | | | | | |
| | 2025 | 12.31% | \$1,062,604,080 | \$786,512,348 | 135.1033% | 76.01% |
| | 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% |
| Louisiana State Employees Retirement System | | | | | | |
| | 2025 | 4.64% | \$252,104,286 | \$107,131,901 | 235.3214% | 74.59% |
| | 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% |

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

**Louisiana State University System
State of Louisiana
Schedule of Contributions to
Cost Sharing Defined Benefit Pension Plans
For the Year Ended June 30, 2025**

| 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 | | | | | | |
| | 2025 | \$162,194,780 | \$162,194,780 | | \$836,585,466 | 19.3877% |
| | 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% |
| Louisiana State Employees Retirement System | | | | | | |
| | 2025 | \$39,752,149 | \$39,752,149 | | \$113,215,292 | 35.1120% |
| | 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% |

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, 2025**

**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, 2024 | 3.930% | -0.20% | 8.5% to 4.5% | 7.5% to 4.5% |
| 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, Medicare 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 of experience.
- 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 of experience.
- 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 of experience.
- 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, 2025
(Continued)**

Other Changes in Assumptions for measurement date July 01, 2024:

- Baseline per capita costs (PCCs) were updated to reflect 2024 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 of experience.
- The mortality, retirement, termination, disability, and salary increase rates for the various retirement plans as applicable were updated.
- The healthcare cost trend was updated. The pre-Medicare baseline trend was updated to more accurately reflect recent healthcare trend survey results, industry-wide expectations, and the current high-inflationary environment. The Medicare trend was further adjusted to reflect the impact of certain provisions of the Inflation Reduction Act (IRA) on Medicare prescription drug costs.

LSU Health Plan

| Measurement Date | Discount Rate | Change | Healthcare Costs Trend Rates | |
|------------------|---------------|--------|------------------------------|---------------|
| | | | Pre-65 Rates | Post 65 Rates |
| June 30, 2025 | 5.200% | 1.27% | 7.75% to 4.0% | 6.75% to 4.0% |
| 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 - 2025 · 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.
 2022-2025 · 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 of 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, Acts 224 and 595 changed benefits to members killed in active duty in an intentional act of violence and to provide for survivors of these members; and, also changed the benefits of members permanently injured in the line of duty.

Changes in assumptions:

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

| Discount Rate: | | | | | |
|--------------------------|--------|--------|--------------------------|--------|--------|
| Fiscal Year ² | Rate | Change | Fiscal Year ² | Rate | Change |
| TRSL | | | LASERS | | |
| 2023-2025 | 7.250% | -0.15% | 2023-2025 | 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% |

**Notes to Required Supplementary Information
For the Year Ended June 30, 2025
(Continued)**

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

| Inflation Rate: | | | | | |
|--------------------------|--------|---------|--------------------------|--------|---------|
| Fiscal Year ² | Rate | Change | Fiscal Year ² | Rate | Change |
| TRSL | | | LASERS | | |
| 2024-2025 | 2.400% | 0.100% | 2025 | 2.400% | 0.100% |
| 2021-2023 | 2.300% | -0.200% | 2021-2024 | 2.300% | -0.200% |
| 2015-2020 | 2.500% | 0.000% | 2020 | 2.500% | -0.250% |
| | | | 2018-2019 | 2.750% | -0.250% |
| | | | 2015-2017 | 3.000% | 0.000% |

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

| Salary Increases: | | | |
|--------------------------|--|--------------------------|--|
| Fiscal Year ² | Range | Fiscal Year ² | Range |
| TRSL | | LASERS | |
| 2024-2025 | 2.41% to 4.85% varies depending on duration of service | 2025 | 2.40% to 15.30% for various member types |
| 2021-2023 | 3.1% to 4.6% varies depending on duration of service | 2021-2024 | 2.60% to 13.80% for various member types |
| 2019-2020 | 3.3% to 4.8% varies depending on duration of service | 2020 | 2.80% to 14.00% for various member types |
| 2015-2018 | 3.5% to 10% varies depending on duration of service | 2018-2019 | 2.80% to 14.30% for various member types |
| | | 2015-2017 | 3.00% to 14.50% for various member types |

Mortality table:

| Fiscal Year ² | |
|--------------------------|--|
| TRSL | |
| 2024-2025 | 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. Contingent survivor mortality members: Pub2010T-Below Median Contingent Survivor (amount weighted) tables, adjusted by 1.079 for males and by 0.919 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 | |
| 2025 | General active member – PubG-2010 Employee tables adjusted by 1.055 for males and 1.034 for females. General retiree/inactive members – PubG-2010 Healthy Retiree tables, adjusted by 1.215 for males and 1.277 for females. Mortality tables are amounts-weighted with a base year of 2020 and with 2010 rates used for 2020. Mortality assumptions for non-disabled members include improvement projected using the MP-2021 Mortality Improvement Scale, applied on a fully generational basis. Disabled Member – RP-2000 Disabled Retiree Mortality Table, adjusted by 0.936 for males and 1.065 for females, with no projection for improvement. |
| 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. |

Notes to Required Supplementary Information
For the Year Ended June 30, 2025
(Continued)

Termination
and
Disability table:
Fiscal Year²

| TRSL | |
|-----------|---|
| 2024-2025 | 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 | |
| 2025 | Termination, disability, and retirement assumptions were projected based on a five year (2019-2023) experience study of the System's members. |
| 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, 2025

Schedule 4 presents the current and long-term portions of assets and liabilities, deferred outflows and inflows 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, 2025

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, 2025

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, 2025

| | Pennington Biomedical Research Center | LSU | LSU of Alexandria | LSU Eunice | Agricultural Center |
|---|--|------------------------|----------------------|----------------------|------------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$9,394,926 | (\$104,800,180) | \$12,624,666 | (\$179,605) | \$48,737,839 |
| Investments | | 635,325,388 | 822,422 | 99,758 | 471,708 |
| Receivables (net) | 2,951,020 | 115,715,413 | 27,286,129 | 10,727,502 | 8,675,997 |
| Due from other campuses | | 1,101,739 | | | |
| Due from State Treasury | 2,004,127 | 629,893 | 511,756 | 10,942 | 2,103,943 |
| Due from Federal Government | 3,702,477 | 21,890,564 | 2,861,081 | 959,273 | 6,351,645 |
| Inventories | 176,323 | 1,328,048 | | 406,606 | 3,141,265 |
| Prepaid expenses and advances | | 4,470,031 | 89,215 | | |
| Notes receivable | | 960,192 | | | |
| Leases receivable | | 933,230 | | | 630,593 |
| Leases receivable - Discrete component units | | 41,259 | | | |
| Other current assets | | | | | |
| Total current assets | 18,228,873 | 677,595,577 | 44,195,269 | 12,024,476 | 70,112,990 |
| Noncurrent assets: | | | | | |
| Restricted: | | | | | |
| Cash and cash equivalents | 5,186,481 | 197,988,942 | 5,454,185 | 179,605 | 9,682,111 |
| Investments | 7,907,540 | 117,527,962 | 3,837,569 | 737,120 | 4,443,114 |
| Receivables (net) | | 993,837 | | 143,766 | 472,367 |
| Notes receivable | | 1,561,927 | | 11,041 | |
| Other restricted assets | | 5,430,932 | | | 4,080,833 |
| Investments | | | | | |
| Leases receivable | | 2,064,560 | | | 14,970,621 |
| Leases receivable - Discrete component units | | 849,636 | | | |
| Other noncurrent assets | | | | | |
| Capital assets (net) | 75,663,947 | 1,699,101,382 | 42,018,562 | 20,268,067 | 49,342,984 |
| Total noncurrent assets | 88,757,968 | 2,025,519,178 | 51,310,316 | 21,339,599 | 82,992,030 |
| Total assets | 106,986,841 | 2,703,114,755 | 95,505,585 | 33,364,075 | 153,105,020 |
| DEFERRED OUTFLOW OF RESOURCES | | | | | |
| Deferred amounts on debt refunding | | 22,121,202 | | | |
| OPEB-related deferred outflows of resources | 3,629,424 | 64,592,324 | 3,570,664 | 1,929,953 | 18,891,552 |
| Pension-related deferred outflows of resources | 15,840,680 | 189,348,884 | 13,187,312 | 3,193,253 | 27,146,237 |
| Total deferred outflows of resources | 19,470,104 | 276,062,410 | 16,757,976 | 5,123,206 | 46,037,789 |
| TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES | \$126,456,945 | \$2,979,177,165 | \$112,263,561 | \$ 38,487,281 | \$199,142,809 |

(Continued)

| | LSU Shreveport | LSU Health Sciences Center in New Orleans | LSU Health Care Services Division | LSU Health Sciences Center in Shreveport | Eliminations | Total |
|---|----------------------|--|--|---|------------------------|------------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$4,920,035 | \$179,090,023 | \$104,534,702 | \$52,232,503 | | \$306,554,909 |
| Investments | 102,105 | | | 111,735,359 | | 748,556,740 |
| Receivables (net) | 4,675,675 | 281,270,571 | 6,296,026 | 48,072,415 | | 505,670,748 |
| Due from other campuses | 36,727,539 | 224,910,187 | 492,651 | 275,017 | (\$263,507,133) | |
| Due from State Treasury | 27,670 | 2,680,968 | | 3,137,680 | | 11,106,979 |
| Due from Federal Government | 4,480,822 | 7,329,394 | 46,485 | 7,936,638 | | 55,558,379 |
| Inventories | 21,345 | 1,601,546 | 977,694 | 150,423 | | 7,803,250 |
| Prepaid expenses and advances | 2,892,669 | 3,697,282 | 49,247 | 30,200 | | 11,228,644 |
| Notes receivable | | 928,665 | | 1,194 | | 1,890,051 |
| Leases receivable | | 1,297,979 | 25,500,365 | | | 28,362,167 |
| Leases receivable - Discrete component units | | | | | | 41,259 |
| Other current assets | | | 13,768,592 | | | 13,768,592 |
| Total current assets | 53,847,860 | 702,806,615 | 151,665,762 | 223,571,429 | (263,507,133) | 1,690,541,718 |
| Noncurrent assets: | | | | | | |
| Restricted: | | | | | | |
| Cash and cash equivalents | 331,921 | | 4,773,847 | 2,388,075 | | 225,985,167 |
| Investments | 9,742,730 | 39,378,712 | 9,845,065 | 102,127,035 | | 295,546,847 |
| Receivables (net) | | | | | | 1,609,970 |
| Notes receivable | | 7,868,852 | | 1,657 | | 9,443,477 |
| Other restricted assets | | | 473,520 | | | 9,985,285 |
| Investments | | 90,423,142 | | | | 90,423,142 |
| Leases receivable | | 23,431,559 | 1,607,966,435 | | | 1,648,433,175 |
| Leases receivable - Discrete component units | | | | | | 849,636 |
| Other noncurrent assets | | 521 | | | | 521 |
| Capital assets (net) | 23,999,897 | 470,954,437 | 849,891,582 | 289,941,629 | | 3,521,182,487 |
| Total noncurrent assets | 34,074,548 | 632,057,223 | 2,472,950,449 | 394,458,396 | | 5,803,459,707 |
| Total assets | 87,922,408 | 1,334,863,838 | 2,624,616,211 | 618,029,825 | (263,507,133) | 7,494,001,425 |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | |
| Deferred amounts on debt refunding | | | | | | 22,121,202 |
| OPEB-related deferred outflows of resources | 5,094,955 | 29,186,548 | 43,042,979 | 38,486,391 | | 208,424,790 |
| Pension-related deferred outflows of resources | 14,780,920 | 87,724,872 | 9,010,684 | 50,846,131 | | 411,078,973 |
| Total deferred outflows of resources | 19,875,875 | 116,911,420 | 52,053,663 | 89,332,522 | | 641,624,965 |
| TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES | \$107,798,283 | \$1,451,775,258 | \$2,676,669,874 | \$707,362,347 | (\$263,507,133) | \$8,135,626,390 |

LOUISIANA STATE UNIVERSITY SYSTEM
Combining Schedule of Net Position, by University
June 30, 2025

| | Pennington Biomedical Research Center | LSU | LSU of Alexandria | LSU Eunice | Agricultural Center |
|--|--|-----------------|----------------------|---------------|------------------------|
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accruals | \$1,430,622 | \$59,243,772 | \$474,807 | \$471,524 | \$2,983,034 |
| Due to other campuses | | 260,985,363 | | 932,485 | |
| Due to Federal Government | | | | 2,204 | |
| Unearned revenues | 1,222,731 | 126,319,134 | 24,489,837 | 5,210,114 | 3,903,239 |
| Amounts held in custody for others | 30 | 4,574,600 | 833,564 | 243,129 | 100,580 |
| Other liabilities | | | | | |
| Compensated absences payable | 3,203,508 | 26,812,686 | 1,187,834 | 502,899 | 6,581,782 |
| Lease liability | | 586,590 | 565,506 | | 61,516 |
| Lease liability - discrete component units | | 7,224,880 | | 5,684,441 | |
| SBITA liability | 67,067 | 11,203,471 | 137,134 | 43,719 | 250,845 |
| Finance purchase obligations | | 2,726,506 | | | |
| Notes payable | | 143,235 | | | |
| Bonds payable | | 20,792,226 | 190,000 | | |
| Total OPEB liability | 522,329 | 15,937,359 | 582,511 | 698,898 | 5,901,454 |
| Total current liabilities | 6,446,287 | 536,549,822 | 28,461,193 | 13,789,413 | 19,782,450 |
| Noncurrent liabilities: | | | | | |
| Compensated absences payable | 11,881,037 | 168,164,455 | 5,024,347 | 2,098,634 | 27,854,308 |
| Lease liability | | 25,055,494 | 6,818,984 | | 17,542 |
| Lease liability - discrete component units | | 80,920,071 | | | |
| SBITA liability | 68,790 | 11,191,955 | 60,390 | 44,842 | 257,292 |
| Finance purchase obligations | | 522,335,823 | | | |
| Bonds payable | | 250,400,524 | 1,965,000 | | |
| Total OPEB liability | 23,409,580 | 434,176,359 | 18,134,040 | 13,392,758 | 109,435,004 |
| Net pension liability | 48,088,908 | 638,220,991 | 28,292,976 | 10,689,747 | 91,725,231 |
| Unearned revenues (advance lease payments) | | | | | |
| Other noncurrent liabilities | 2,868 | 1,392,498 | | 8,775 | 30,170 |
| Total noncurrent liabilities | 83,451,183 | 2,131,858,170 | 60,295,737 | 26,234,756 | 229,319,547 |
| Total liabilities | 89,897,470 | 2,668,407,992 | 88,756,930 | 40,024,169 | 249,101,997 |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Lease related deferred inflows of resources | | 3,793,107 | | | 14,873,299 |
| OPEB-related deferred inflows of resources | 9,404,477 | 178,972,236 | 4,551,862 | 6,227,776 | 43,238,732 |
| Pension-related deferred inflows of resources | 2,051,572 | 29,063,238 | 1,244,496 | 2,254,931 | 7,449,886 |
| Total deferred inflows of resources | 11,456,049 | 211,828,581 | 5,796,358 | 8,482,707 | 65,561,917 |
| NET POSITION | | | | | |
| Net investment in capital assets | 75,528,090 | 788,785,045 | 32,281,548 | 14,495,065 | 48,755,789 |
| Restricted: | | | | | |
| Nonexpendable | 6,160,000 | 88,219,388 | 3,600,000 | 719,286 | 4,100,000 |
| Expendable | 12,364,316 | 212,314,925 | 7,958,475 | 1,768,241 | 26,242,676 |
| Unrestricted | (68,948,980) | (990,378,766) | (26,129,750) | (27,002,187) | (194,619,570) |
| Total net position | 25,103,426 | 98,940,592 | 17,710,273 | (10,019,595) | (115,521,105) |
| Total liabilities, deferred inflows of resources, and net position | \$126,456,945 | \$2,979,177,165 | \$112,263,561 | \$38,487,281 | \$199,142,809 |

(Concluded)

| | LSU Shreveport | LSU Health Sciences Center in New Orleans | LSU Health Care Services Division | LSU Health Sciences Center in Shreveport | Eliminations | Total |
|---|----------------------|--|--|---|------------------------|------------------------|
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accruals | \$964,415 | \$157,530,064 | \$12,600,018 | \$22,443,659 | | \$258,141,915 |
| Due to other campuses | | 870,681 | 308,255 | 410,349 | (\$263,507,133) | |
| Due to Federal Government | | | | | | 2,204 |
| Unearned revenues | 13,256,146 | 22,264,016 | 3,904,445 | 896,218 | | 201,465,880 |
| Amounts held in custody for others | 341,534 | 377,316 | 10,289 | 104,734 | | 6,585,776 |
| Other liabilities | | 50,410,326 | 243 | | | 50,410,569 |
| Compensated absences payable | 1,541,867 | 23,158,688 | 2,332,297 | 10,191,289 | | 75,512,850 |
| Lease liability | 61,428 | 672,633 | | 4,359,002 | | 6,306,675 |
| Lease liability - discrete component units | 279,734 | | | 436,934 | | 13,625,989 |
| SBITA liability | 442,993 | 1,075,978 | 153,276 | 1,787,447 | | 15,161,930 |
| Finance purchase obligations | | | | | | 2,726,506 |
| Notes payable | | | | 20,966 | | 164,201 |
| Bonds payable | | | 545,000 | | | 21,527,226 |
| Total OPEB liability | 1,052,634 | 6,412,732 | 15,001,607 | 11,769,494 | | 57,879,018 |
| Total current liabilities | 17,940,751 | 262,772,434 | 34,855,430 | 52,420,092 | (263,507,133) | 709,510,739 |
| Noncurrent liabilities: | | | | | | |
| Compensated absences payable | 8,687,282 | 73,689,835 | 9,863,683 | 42,587,888 | | 349,851,469 |
| Lease liability | 1,210,888 | 4,025,314 | | 142,993,916 | | 180,122,138 |
| Lease liability - discrete component units | 4,183,152 | | | 4,260,008 | | 89,363,231 |
| SBITA liability | 299,275 | 3,081,567 | 251,072 | 1,203,087 | | 16,458,270 |
| Finance purchase obligations | | | | | | 522,335,823 |
| Bonds payable | | | 8,123,003 | | | 260,488,527 |
| Total OPEB liability | 25,251,579 | 195,979,102 | 206,506,909 | 204,512,338 | | 1,230,797,669 |
| Net pension liability | 43,620,878 | 257,222,399 | 43,238,487 | 153,608,749 | | 1,314,708,366 |
| Unearned revenues (advance lease payments) | | | 15,790,500 | | | 15,790,500 |
| Other noncurrent liabilities | 7,234 | | | | | 1,441,545 |
| Total noncurrent liabilities | 83,260,288 | 533,998,217 | 283,773,654 | 549,165,986 | | 3,981,357,538 |
| Total liabilities | 101,201,039 | 796,770,651 | 318,629,084 | 601,586,078 | (263,507,133) | 4,690,868,277 |
| DEFERRED INFLOW OF RESOURCES | | | | | | |
| Lease related deferred inflows of resources | | 23,427,642 | 1,562,019,519 | | | 1,604,113,567 |
| OPEB-related deferred inflows of resources | 8,992,674 | 58,389,457 | 88,928,731 | 76,444,675 | | 475,150,620 |
| Pension-related deferred inflows of resources | 2,535,247 | 19,704,717 | 5,348,139 | 19,546,702 | | 89,198,928 |
| Total deferred inflows of resources | 11,527,921 | 101,521,816 | 1,656,296,389 | 95,991,377 | | 2,168,463,115 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 17,522,427 | 462,098,945 | 841,818,575 | 134,880,269 | | 2,416,165,753 |
| Restricted: | | | | | | |
| Nonexpendable | 5,280,000 | 44,166,797 | 13,338,546 | 20,750,677 | | 186,334,694 |
| Expendable | 16,248,889 | 25,137,469 | 14,245,586 | 85,892,092 | | 402,172,669 |
| Unrestricted | (43,981,993) | 22,079,580 | (167,658,306) | (231,738,146) | | (1,728,378,118) |
| Total net position | (4,930,677) | 553,482,791 | 701,744,401 | 9,784,892 | | 1,276,294,998 |
| Total liabilities, deferred inflows of resources, and net position | \$107,798,283 | \$1,451,775,258 | \$2,676,669,874 | \$707,362,347 | (\$263,507,133) | \$8,135,626,390 |

LOUISIANA STATE UNIVERSITY SYSTEM

Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
For the Fiscal Year Ended June 30, 2025

| | Pennington Biomedical Research Center | LSU | LSU of Alexandria | LSU Eunice | Agricultural Center |
|--|--|---------------|----------------------|---------------|------------------------|
| OPERATING REVENUES | | | | | |
| Student tuition and fees | | \$652,635,009 | \$46,933,455 | \$13,099,931 | |
| Less scholarship allowances | | (228,363,524) | (20,612,461) | (7,394,959) | |
| Net student tuition and fees | | 424,271,485 | 26,320,994 | 5,704,972 | |
| Federal appropriations | | | | | \$12,684,527 |
| Federal grants and contracts | \$28,105,897 | 111,619,327 | 1,261,885 | 559,606 | 12,829,718 |
| State and local grants and contracts | 1,016,840 | 37,859,579 | 648,998 | 622,634 | 16,208,528 |
| Nongovernmental grants and contracts | 18,048,115 | 30,151,668 | 348,254 | (31,476) | 6,648,338 |
| Sales and services of educational departments | 946,174 | 37,108,679 | 313,966 | | 7,590,758 |
| Hospital income | | | | | |
| Auxiliary enterprise revenues (including revenues pledged to secure debt) | 61,184 | 314,940,866 | 5,031,137 | 3,961,209 | |
| Less scholarship allowances | | (2,202,342) | | (122,223) | |
| Net auxiliary revenues | 61,184 | 312,738,524 | 5,031,137 | 3,838,986 | |
| Other operating revenues | 80,184 | 13,791,607 | 40,834 | 19,283 | 4,501,845 |
| Total operating revenues | 48,258,394 | 967,540,869 | 33,966,068 | 10,714,005 | 60,463,714 |
| OPERATING EXPENSES | | | | | |
| Educational and general: | | | | | |
| Instruction | | 339,239,746 | 26,645,820 | 9,101,400 | |
| Research | 51,687,209 | 186,736,796 | 109,418 | 250 | 74,948,596 |
| Public service | 5,924,200 | 36,457,150 | 1,052,551 | 1,000 | 49,203,681 |
| Academic support | 8,254,838 | 113,777,047 | 4,727,022 | 602,652 | 6,414,188 |
| Student services | | 50,083,952 | 4,028,689 | 1,597,011 | |
| Institutional support | 10,675,947 | 65,276,880 | 7,037,798 | 3,388,383 | 15,826,881 |
| Operations and maintenance of plant | 12,098,703 | 143,598,961 | 8,053,826 | 4,057,933 | 5,444,824 |
| Scholarships and fellowships | | 39,503,535 | 1,174,834 | 2,364,280 | 127,362 |
| Auxiliary enterprises | 10,804 | 294,219,943 | 4,602,402 | 5,039,460 | |
| Hospital | | | | | |
| Total operating expenses | 88,651,701 | 1,268,894,010 | 57,432,360 | 26,152,369 | 151,965,532 |
| OPERATING INCOME (LOSS) | (40,393,307) | (301,353,141) | (23,466,292) | (15,438,364) | (91,501,818) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| State appropriations | 37,583,147 | 166,617,411 | 8,643,237 | 7,311,654 | 98,847,980 |
| Gifts | 1,673,088 | 83,667,052 | 854,421 | 842,287 | 3,723,055 |
| Federal nonoperating revenues (expenses) | | 71,079,094 | 18,943,529 | 7,891,757 | 91,335 |
| Net investment income (loss) | 481,204 | 45,502,297 | 731,323 | 76,421 | 1,787,690 |
| Interest expense | (3,491) | (31,678,117) | (245,875) | (61,222) | (13,373) |
| Other nonoperating revenues (expenses) | 285,537 | 4,418,225 | 167,636 | 63,211 | 817,931 |
| Net nonoperating revenues (expenses) | 40,019,485 | 339,605,962 | 29,094,271 | 16,124,108 | 105,254,618 |

(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 | \$81,219,494 | \$67,856,741 | | \$25,908,932 | | \$887,653,562 |
| Less scholarship allowances | (10,246,672) | (6,348,012) | | (4,915,743) | | (277,881,371) |
| Net student tuition and fees | 70,972,822 | 61,508,729 | | 20,993,189 | | 609,772,191 |
| Federal appropriations | | | | | | 12,684,527 |
| Federal grants and contracts | 875,206 | 46,337,797 | | 21,213,153 | (\$293,214) | 222,509,375 |
| State and local grants and contracts | 892,906 | 18,714,440 | | 5,505,889 | (5,168,222) | 76,301,592 |
| Nongovernmental grants and contracts | 110,170 | 629,373,767 | | 271,313,859 | (42,573) | 955,920,122 |
| Sales and services of educational departments | 1,846,494 | 141,921,831 | | 5,501,169 | (319,058) | 194,910,013 |
| Hospital income | | | \$49,425,177 | (63,638) | (298,900) | 49,062,639 |
| Auxiliary enterprise revenues (including revenues pledged to secure debt) | 6,089,249 | 7,089,665 | | 1,275,406 | (18,304) | 338,430,412 |
| Less scholarship allowances | | | | | | (2,324,565) |
| Net auxiliary revenues | 6,089,249 | 7,089,665 | | 1,275,406 | (18,304) | 336,105,847 |
| Other operating revenues | 1,398,512 | 2,998,350 | | 379,212 | (3,041,002) | 20,168,825 |
| Total operating revenues | 82,185,359 | 907,944,579 | 49,425,177 | 326,118,239 | (9,181,273) | 2,477,435,131 |
| OPERATING EXPENSES | | | | | | |
| Educational and general: | | | | | | |
| Instruction | 55,895,428 | 272,980,250 | | 142,096,655 | (510,935) | 845,448,364 |
| Research | 509,281 | 58,664,346 | | 54,321,141 | (3,244,512) | 423,732,525 |
| Public service | 1,148,775 | 463,460,093 | | 146,124,509 | (695,037) | 702,676,922 |
| Academic support | 7,452,402 | 27,195,395 | | 14,136,069 | (2,136) | 182,557,477 |
| Student services | 5,719,709 | 7,596,686 | | 4,198,911 | (6,300) | 73,218,658 |
| Institutional support | 13,061,782 | 116,517,167 | | 42,296,574 | (1,633,706) | 272,447,706 |
| Operations and maintenance of plant | 7,474,925 | 48,083,553 | | 25,044,067 | | 253,856,792 |
| Scholarships and fellowships | 208,393 | 1,951,878 | | 141,027 | | 45,471,309 |
| Auxiliary enterprises | 6,183,454 | 8,607,382 | | 1,746,091 | | 320,409,536 |
| Hospital | | | 87,700,663 | 2,096,103 | (3,088,647) | 86,708,119 |
| Total operating expenses | 97,654,149 | 1,005,056,750 | 87,700,663 | 432,201,147 | (9,181,273) | 3,206,527,408 |
| OPERATING INCOME (LOSS) | (15,468,790) | (97,112,171) | (38,275,486) | (106,082,908) | | (729,092,277) |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| State appropriations | 13,757,763 | 105,138,587 | 25,004,833 | 96,230,317 | | 559,134,929 |
| Gifts | 1,159,377 | 3,717,899 | | 33,715 | | 95,670,894 |
| Federal nonoperating revenues (expenses) | 7,295,272 | 2,676,125 | | 84,150 | | 108,061,262 |
| Net investment income (loss) | 2,406,119 | 29,278,244 | 60,457,797 | 18,939,609 | | 159,660,704 |
| Interest expense | (84,693) | (75,685) | (364,795) | (2,376,624) | | (34,903,875) |
| Other nonoperating revenues (expenses) | 260,709 | 4,537,015 | (19,203,188) | 911,724 | | (7,741,200) |
| Net nonoperating revenues (expenses) | 24,794,547 | 145,272,185 | 65,894,647 | 113,822,891 | | 879,882,714 |

LOUISIANA STATE UNIVERSITY SYSTEM

Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
June 30, 2025

| | Pennington Biomedical Research Center | LSU | LSU of Alexandria | LSU Eunice | Agricultural Center |
|---|--|---------------|----------------------|----------------|------------------------|
| INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES | (\$373,822) | \$38,252,821 | \$5,627,979 | \$685,744 | \$13,752,800 |
| Capital appropriations | 40,288 | 63,678,732 | 8,152,641 | 6,268,922 | |
| Capital gifts and grants | | 37,656,230 | 13,297 | 259,326 | 2,039,669 |
| Additions to permanent endowment | 40,000 | 1,360,000 | | | 320,000 |
| Other additions (deductions) | 79,485 | (1,298,797) | (49,593) | 8,309 | (838,967) |
| Transfer (to)/from other system institution | | (222,880) | 53,000 | | |
| CHANGE IN NET POSITION | (214,049) | 139,426,106 | 13,797,324 | 7,222,301 | 15,273,502 |
| NET POSITION AT BEGINNING OF YEAR AS PREVIOUSLY PRESENTED | 34,672,160 | 100,463,840 | 8,256,368 | (15,381,282) | (106,274,918) |
| Cumulative effect of change in accounting principle (Note 16) | (9,354,685) | (140,949,354) | (4,343,419) | (1,860,614) | (24,519,689) |
| NET POSITION AT BEGINNING OF YEAR, AS RESTATED | 25,317,475 | (40,485,514) | 3,912,949 | (17,241,896) | (130,794,607) |
| NET POSITION AT END OF YEAR | \$25,103,426 | \$98,940,592 | \$17,710,273 | (\$10,019,595) | (\$115,521,105) |

(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 | \$9,325,757 | \$48,160,014 | \$27,619,161 | \$7,739,983 | | \$150,790,437 |
| Capital appropriations | | 53,944,973 | 149,483 | 7,948,721 | | 140,183,760 |
| Capital gifts and grants | 265,578 | 56,100 | | 7,197 | | 40,297,397 |
| Additions to permanent endowment | | 700,000 | | 790,000 | | 3,210,000 |
| Other additions (deductions) | 27,576 | | | (109,940) | | (2,181,927) |
| Transfer (to)/from other system institution | 2,500 | 167,380 | | | | |
| CHANGE IN NET POSITION | 9,621,411 | 103,028,467 | 27,768,644 | 16,375,961 | | 332,299,667 |
| NET POSITION AT BEGINNING OF YEAR AS PREVIOUSLY PRESENTED | (6,668,672) | 518,688,979 | 682,315,551 | 34,932,647 | | 1,251,004,673 |
| Cumulative effect of change in accounting principle (Note 16) | (7,883,416) | (68,234,655) | (8,339,794) | (41,523,716) | | (307,009,342) |
| NET POSITION AT BEGINNING OF YEAR, AS RESTATED | (14,552,088) | 450,454,324 | 673,975,757 | (6,591,069) | | 943,995,331 |
| NET POSITION AT END OF YEAR | (\$4,930,677) | \$553,482,791 | \$701,744,401 | \$9,784,892 | | \$1,276,294,998 |

LOUISIANA STATE UNIVERSITY SYSTEM

Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2025

| | Pennington Biomedical Research Center | LSU | LSU of Alexandria | LSU Eunice | Agricultural Center |
|---|--|---------------|----------------------|---------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Tuition and fees | | \$427,683,508 | \$28,954,648 | \$5,208,816 | |
| Federal appropriations | | | | | \$13,757,686 |
| Grants and contracts | \$46,148,546 | 182,660,409 | 2,392,207 | 530,254 | 37,022,423 |
| Sales and services of educational departments | 946,142 | 36,761,634 | 315,057 | | 7,593,614 |
| Hospital income | | | | | |
| Auxiliary enterprise receipts | 60,855 | 311,761,225 | 5,646,808 | 3,779,272 | |
| Payments for employee compensation | (40,826,723) | (583,088,823) | (23,096,022) | (9,724,109) | (79,207,275) |
| Payments for benefits | (13,872,899) | (185,436,373) | (8,568,800) | (4,169,940) | (33,251,481) |
| Payments for utilities | (2,408,918) | (23,741,379) | (1,054,699) | (1,043,354) | (3,977,493) |
| Payments for supplies and services | (25,014,097) | (356,518,828) | (20,395,680) | (7,498,856) | (34,721,137) |
| Payments for scholarships and fellowships | | (38,984,627) | (1,113,337) | (2,364,280) | (127,362) |
| Loans to students | | (699,135) | (2,225,958) | 8,190 | |
| Collection of loans to students | | 736,563 | | | |
| Other receipts (payments) | 81,448 | 9,482,221 | 58,087 | (66,915) | 3,385,904 |
| Net cash provided (used) by operating activities | (34,885,646) | (219,383,605) | (19,087,689) | (15,340,922) | (89,525,121) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| State appropriations | 38,590,730 | 170,614,947 | 8,414,842 | 7,331,762 | 99,150,336 |
| Gifts and grants for other than capital purposes | 1,665,717 | 84,747,246 | 872,438 | 833,945 | 3,737,983 |
| Private gifts for endowment purposes | 40,000 | | | | |
| TOPS receipts | | 104,550,578 | 3,382,616 | 1,357,316 | |
| TOPS disbursements | | (104,550,578) | (3,382,616) | (1,357,316) | |
| FEMA receipts | 1,097 | 796,778 | | | 84,050 |
| FEMA disbursements | | (1,001,598) | | | 24,409 |
| Direct lending receipts | | 250,235,652 | 24,582,068 | 6,790,747 | |
| Direct lending disbursements | | (250,235,652) | (24,582,068) | (6,788,543) | |
| Implicit loan to/from other campuses | | 18,358,229 | | (32,358) | |
| Other receipts (disbursements) | | 67,571,321 | 18,996,529 | 7,891,757 | 10,000 |
| Net cash provided (used) by noncapital financing activities | 40,297,544 | 341,086,923 | 28,283,809 | 16,027,310 | 103,006,778 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES: | | | | | |
| Capital gifts and grants received | | 11,176,162 | (482,765) | 353,300 | 290,687 |
| Purchase of capital assets | (2,721,867) | (15,529,889) | (221,192) | (478,057) | (15,334,187) |
| Principal paid on capital debt | | (20,783,810) | (180,000) | | |
| Interest paid on capital debt | | (28,689,838) | (107,224) | | |
| Receipts from lessor leases | | 3,307,146 | | | 887,540 |
| Payments for right of use lease and subscription assets | (70,557) | (23,943,304) | (927,867) | (586,148) | (325,569) |
| Other sources (uses) | (13,415) | 1,897,561 | | (16,491) | 1,678,480 |
| Net cash provided (used) by capital financing activities | (2,805,839) | (72,565,972) | (1,919,048) | (727,396) | (12,803,049) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Proceeds from sales and maturities of investments | | 139,386,262 | | | |
| Interest received on investments | 298,747 | 21,764,624 | 593,991 | 41,008 | 1,726,131 |
| Purchase of investments | | (169,092,574) | | | |
| Net cash provided (used) by investing activities | 298,747 | (7,941,688) | 593,991 | 41,008 | 1,726,131 |

(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 | \$72,167,305 | \$60,475,918 | | \$21,143,630 | | \$615,633,825 |
| Federal appropriations | | | | | | 13,757,686 |
| Grants and contracts | 598,432 | 691,181,985 | | 284,141,156 | (\$5,504,009) | 1,239,171,403 |
| Sales and services of educational departments | 1,846,494 | 149,836,602 | | 5,571,997 | (319,058) | 202,552,482 |
| Hospital income | | | \$48,100,389 | | (298,900) | 47,801,489 |
| Auxiliary enterprise receipts | 5,179,006 | 7,085,480 | | 1,281,641 | (18,304) | 334,775,983 |
| Payments for employee compensation | (35,296,222) | (405,824,703) | (27,016,848) | (301,122,962) | | (1,505,203,687) |
| Payments for benefits | (12,334,501) | (82,048,558) | (24,961,979) | (58,314,127) | | (422,958,658) |
| Payments for utilities | (1,416,431) | (14,908,917) | (698,148) | (10,313,138) | | (59,562,477) |
| Payments for supplies and services | (44,009,245) | (455,515,637) | (25,412,530) | (52,279,959) | 9,181,273 | (1,012,184,696) |
| Payments for scholarships and fellowships | (205,506) | (3,296,648) | | (141,027) | | (46,232,787) |
| Loans to students | 134,138 | (915,606) | | | | (3,698,371) |
| Collection of loans to students | | 1,057,078 | | 1,194 | | 1,794,835 |
| Other receipts (payments) | 1,397,036 | 3,058,262 | | 416,774 | (3,041,002) | 14,771,815 |
| Net cash provided (used) by operating activities | (11,939,494) | (49,814,744) | (29,989,116) | (109,614,821) | | (579,581,158) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | |
| State appropriations | 13,808,613 | 102,971,159 | 25,004,833 | 93,839,014 | | 559,726,236 |
| Gifts and grants for other than capital purposes | 1,077,403 | 6,394,024 | | 33,715 | | 99,362,471 |
| Private gifts for endowment purposes | | 700,000 | | 790,000 | | 1,530,000 |
| TOPS receipts | 3,108,154 | 2,594,181 | | 218,727 | | 115,211,572 |
| TOPS disbursements | (3,108,154) | (1,752,345) | | (218,727) | | (114,369,736) |
| FEMA receipts | | | | | | 881,925 |
| FEMA disbursements | | | | | | (977,189) |
| Direct lending receipts | 60,162,958 | 84,404,024 | | 30,339,002 | | 456,514,451 |
| Direct lending disbursements | (60,380,473) | (80,726,143) | | (30,339,002) | | (453,051,881) |
| Implicit loan to/from other campuses | (12,738,754) | - | | | | 5,587,117 |
| Other receipts (disbursements) | 7,298,668 | 5,664,075 | (97,987,079) | 84,150 | | 9,529,421 |
| Net cash provided (used) by noncapital financing activities | 9,228,415 | 120,248,975 | (72,982,246) | 94,746,879 | | 679,944,387 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES: | | | | | | |
| Capital gifts and grants received | 372,397 | | | | | 11,709,781 |
| Purchase of capital assets | (598,866) | (23,686,467) | (196,141) | (9,515,722) | | (68,282,388) |
| Principal paid on capital debt | | (3,708,554) | (535,000) | (20,528) | | (25,227,892) |
| Interest paid on capital debt | | (15,900) | (331,488) | | | (29,144,450) |
| Receipts from lessor leases | | 950,682 | 99,668,363 | | | 104,813,731 |
| Payments for right of use lease and subscription assets | (1,017,107) | (1,313,803) | (303,276) | (10,127,638) | | (38,615,269) |
| Other sources (uses) | (24,512) | (66,162) | (188,745) | | | 3,266,716 |
| Net cash provided (used) by capital financing activities | (1,268,088) | (27,840,204) | 98,113,713 | (19,663,888) | | (41,479,771) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Proceeds from sales and maturities of investments | | 25,007,817 | | 57,138,067 | | 221,532,146 |
| Interest received on investments | 1,245,883 | 12,753,804 | 5,217,239 | 12,398,949 | | 56,040,376 |
| Purchase of investments | | (23,271,140) | (11,613) | (56,400,990) | | (248,776,317) |
| Net cash provided (used) by investing activities | 1,245,883 | 14,490,481 | 5,205,626 | 13,136,026 | | 28,796,205 |

LOUISIANA STATE UNIVERSITY SYSTEM

Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2025

| | Pennington Biomedical Research Center | LSU | LSU of Alexandria | LSU Eunice | Agricultural Center |
|--|--|------------------------|-----------------------|-----------------------|------------------------|
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | \$2,904,806 | \$41,195,658 | \$7,871,063 | | \$2,404,739 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 11,676,601 | 51,993,104 | 10,207,788 | | 56,015,211 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | \$14,581,407 | \$93,188,762 | \$18,078,851 | | \$58,419,950 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES: | | | | | |
| Operating income (loss) | (\$40,393,307) | (\$301,353,141) | (\$23,466,292) | (\$15,438,364) | (\$91,501,818) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | | | | |
| Depreciation and amortization expense | 5,026,321 | 96,523,320 | 2,454,714 | 3,141,103 | 6,315,705 |
| Non-Employer contributing entity revenue | 285,537 | 3,787,315 | 167,636 | 63,211 | 538,483 |
| Changes in assets, deferred outflows, liabilities, and deferred inflows: | | | | | |
| (Increase) decrease in accounts receivable, net | 247,877 | (6,433,093) | (5,576,862) | 404,916 | 2,053,015 |
| (Increase) decrease in inventories | (19,762) | (79,225) | 163 | (11,181) | (717,370) |
| (Increase) decrease in prepaid expenses and other | | 1,991,411 | 72,560 | | |
| (Increase) decrease in notes receivable | | 736,257 | | | |
| (Increase) decrease in deferred outflows related to OPEB | 1,198,488 | 30,915,770 | (86,687) | 1,114,588 | 7,341,327 |
| (Increase) decrease in deferred outflows related to pensions | (231,227) | 14,552,392 | (3,249,071) | 399,340 | 1,807,848 |
| (Increase) decrease in other assets | | | | | |
| Increase (decrease) in accounts payable and accrued liabilities | 72,282 | (917,489) | (501,059) | 195,934 | 560,525 |
| Increase (decrease) in unearned revenue | (1,267,845) | 11,228,726 | 6,583,808 | (1,456,258) | 33,027 |
| Increase (decrease) in amounts held in custody for others | 30 | (678,672) | 167,841 | (209,725) | (27,418) |
| Increase (decrease) in compensated absences | 916,999 | 8,863,856 | 301,136 | 152,819 | 789,425 |
| Increase (decrease) in OPEB liability | (945,544) | (45,090,501) | 983,908 | (1,674,776) | (10,332,328) |
| Increase (decrease) in net pension liability | (1,317,240) | (48,952,177) | 3,069,638 | (2,771,846) | (7,728,910) |
| Increase (decrease) in deferred inflows related to OPEB | 1,032,503 | 13,510,694 | (313,716) | 513,991 | 1,276,344 |
| Increase (decrease) in deferred inflows related to pensions | 513,236 | 4,103,439 | 304,594 | 236,908 | 840,766 |
| Increase (decrease) in other deferred inflows | | (3,229,161) | | | (767,622) |
| Increase (decrease) in other liabilities | (3,994) | 1,136,674 | | (1,582) | (6,120) |
| Net cash provided (used) by operating activities | (\$34,885,646) | (\$219,383,605) | (\$19,087,689) | (\$15,340,922) | (\$89,525,121) |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION: | | | | | |
| Cash and cash equivalents classified as current assets | \$9,394,926 | (\$104,800,180) | \$12,624,666 | (\$179,605) | \$48,737,839 |
| Cash and cash equivalents classified as noncurrent assets | 5,186,481 | 197,988,942 | 5,454,185 | 179,605 | 9,682,111 |
| Cash and cash equivalents at end of the year | \$14,581,407 | \$93,188,762 | \$18,078,851 | | \$58,419,950 |
| SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | | |
| Capital appropriations | \$40,288 | \$63,678,732 | \$8,152,641 | \$6,268,922 | |
| Amortized borrowing expense | | | | | |
| Increase (Decrease) in fair market value of investments | \$46,095 | \$23,013,192 | \$88,491 | \$15,850 | \$93,568 |
| Capital gifts and grants | | \$28,197,072 | | | \$60,610 |
| Transfers/disposal of capital assets | | (\$980,645) | | | |
| Subscription-based IT arrangements acquired in current year | \$206,415 | \$18,458,792 | \$181,209 | \$134,556 | \$772,041 |
| Leased right of use assets acquired in current year | | | | | |
| Lease receivables acquired in current year | | \$248,710 | | | |
| Infrastructure assets acquired under financed purchase obligations | | \$112,225,888 | | | |

(Concluded)

| | LSU Shreveport | LSU Health Sciences Center in New Orleans | LSU Health Care Services Division | LSU Health Sciences Center in Shreveport | Eliminations | Total |
|--|-------------------|--|--|---|--------------|-----------------|
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (\$2,733,284) | \$57,084,508 | \$347,977 | (\$21,395,804) | | \$87,679,663 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 7,985,240 | 122,005,515 | 108,960,572 | 76,016,382 | | 444,860,413 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | \$5,251,956 | \$179,090,023 | \$109,308,549 | \$54,620,578 | | \$532,540,076 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES: | | | | | | |
| Operating income (loss) | (\$15,468,790) | (\$97,112,171) | (\$38,275,486) | (\$106,082,908) | | (\$729,092,277) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | | | | | |
| Depreciation and amortization expense | 3,166,539 | 27,198,806 | 29,005,812 | 23,934,810 | | 196,767,130 |
| Non-Employer contributing entity revenue | 259,813 | 1,527,707 | 244,174 | 911,724 | | 7,785,600 |
| Changes in assets, deferred outflows, liabilities, and deferred inflows: | | | | | | |
| (Increase) decrease in accounts receivable, net | (1,046,291) | (4,288,146) | (1,506,590) | (13,717,633) | | (29,862,807) |
| (Increase) decrease in inventories | 5,482 | 38,135 | 7,915 | 84,856 | | (690,987) |
| (Increase) decrease in prepaid expenses and other | 776,151 | 2,440,586 | 2,024 | 35,047 | | 5,317,779 |
| (Increase) decrease in notes receivable | | 141,472 | | 1,194 | | 878,923 |
| (Increase) decrease in deferred outflows related to OPEB | 142,602 | 6,246,184 | 9,796,703 | 9,862,973 | | 66,531,948 |
| (Increase) decrease in deferred outflows related to pensions | 2,929,647 | 8,246,560 | 2,008,397 | 12,003,279 | | 38,467,165 |
| (Increase) decrease in other assets | | 192,744 | 11,385 | | | 204,129 |
| Increase (decrease) in accounts payable and accrued liabilities | (380,341) | 34,095,471 | (850,706) | 4,325,947 | | 36,600,564 |
| Increase (decrease) in unearned revenue | 89,808 | 4,157,549 | | 205,061 | | 19,573,876 |
| Increase (decrease) in amounts held in custody for others | 105,292 | 59,912 | | 37,562 | | (545,178) |
| Increase (decrease) in compensated absences | 247,563 | 5,843,694 | 758,010 | (2,034,531) | | 15,838,971 |
| Increase (decrease) in OPEB liability | 294,178 | (3,451,116) | (22,700,275) | (13,589,280) | | (96,505,734) |
| Increase (decrease) in net pension liability | (2,640,341) | (24,372,563) | (8,058,310) | (26,679,626) | | (119,451,375) |
| Increase (decrease) in deferred inflows related to OPEB | (207,272) | (3,036,464) | (4,200,408) | (6,093,109) | | 2,482,563 |
| Increase (decrease) in deferred inflows related to pensions | 105,550 | 2,460,326 | 3,769,739 | 7,179,813 | | 19,514,371 |
| Increase (decrease) in other deferred inflows | | | | | | (3,996,783) |
| Increase (decrease) in other liabilities | (319,084) | (10,203,430) | (1,500) | | | (9,399,036) |
| Net cash provided (used) by operating activities | (\$11,939,494) | (\$49,814,744) | (\$29,989,116) | (\$109,614,821) | | (\$579,581,158) |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION: | | | | | | |
| Cash and cash equivalents classified as current assets | \$4,920,035 | \$179,090,023 | \$104,534,702 | \$52,232,503 | | \$306,554,909 |
| Cash and cash equivalents classified as noncurrent assets | 331,921 | | 4,773,847 | 2,388,075 | | 225,985,167 |
| Cash and cash equivalents at end of the year | \$5,251,956 | \$179,090,023 | \$109,308,549 | \$54,620,578 | | \$532,540,076 |
| SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | | | |
| Capital appropriations | | \$53,944,973 | \$149,483 | \$7,948,721 | | \$140,183,760 |
| Amortized borrowing expense | | | \$18,453 | | | \$18,453 |
| Increase (Decrease) in fair market value of investments | \$1,159,730 | \$9,946,168 | (\$36,307) | \$6,715,829 | | \$41,042,616 |
| Capital gifts and grants | | \$56,100 | | \$7,197 | | \$28,320,979 |
| Transfers/disposal of capital assets | | (\$4,550,503) | (\$412,188) | (\$326,526) | | (\$6,269,862) |
| Subscription-based IT arrangements acquired in current year | \$912,892 | \$1,333,100 | \$21,078 | \$1,947,635 | | \$23,967,718 |
| Leased right of use assets acquired in current year | | \$491,871 | | \$5,991,911 | | \$6,483,782 |
| Lease receivables acquired in current year | | | | | | \$248,710 |
| Infrastructure assets acquired under financed purchase obligations | | | | | | \$112,225,888 |

**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.

January 21, 2026

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, 2025, 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, 2026.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Reports

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

component units included in the System's basic financial statements for the year ended June 30, 2025. 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, 2025, 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 | December 10, 2025 | None |
| LSU Health Sciences Center - New Orleans | Management Letter | Pending | Pending |
| LSU Health Sciences Center - Shreveport | Management Letter | Pending | Pending |

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,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

RAY:ETM:JPT:BQD:aa

LSU 2025