Louisiana State University System
A Component Unit of the State of Louisiana

Financial Statement Audit
For the Year Ended June 30, 2015
Issued December 23, 2015

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 18, 2015

Independent Auditor's Report

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Louisiana State University System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Louisiana State University School of Medicine in New Orleans Faculty Group Practice doing business as LSU Healthcare Network and Subsidiaries; the Eunice Student Housing Foundation, Inc.; and the Health Care Services Foundation and its subsidiary, which are nonprofit corporations included as blended component units in the basic financial statements representing approximately 1.1% of total assets, 0.7% of total liabilities, 4.6% of total revenues, and 5.3% of total expenses of the System. We also did not audit the financial statements of the LSU Foundation, the Tiger Athletic Foundation, the LSU Health Sciences Foundation in Shreveport, or The Foundation for the LSU Health Sciences Center, which are discretely presented component units included in the basic financial statements of the System. The financial statements of the blended and discretely presented component units were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts reported for these component units, are based solely on the reports of the other auditors.

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

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the System as of June 30, 2015, 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.

Emphasis of Matter

As disclosed in note 7 to the financial statements, the net pension liability for the System was $1,642,372,398 at June 30, 2015, as determined by the Louisiana State Employee's Retirement System (LASERS) and Teachers' Retirement System of Louisiana (TRSL). The related actuarial valuation was performed by LASERS's and TRSL's actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2015, could be under or overstated.

As discussed in notes 1-S and 16 to the financial statements, the System implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial*

Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, for the year ended June 30, 2015. The adoption of these standards required the System to record its proportionate share of pension amounts related to its participation in cost-sharing, multiple-employer defined benefit pension plans, restating the previous year. As a result of the implementation, the System's net position decreased by $2,145,477,490.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 8 through 20, the Schedule of Funding Progress for the Other Postemployment Benefits Plans on page 99, the Schedule of the LSU System's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Defined Benefit Pension Plans on page 100, and the Schedule of the LSU System's Contributions to Cost-Sharing Defined Benefit Pension Plans on page 101 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplementary information schedules including the Combining Schedule of Net Position; the Combining Schedule of Revenues, Expenses, and Changes in Net Position; and the Combining Schedule of Cash Flows on pages 104 through 117 for the year ended June 30, 2015, are presented for the purposes of additional analysis and are not required parts of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the schedules for the fiscal year ended June 30, 2015, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2015.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the System as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 15, 2014, which contained unmodified opinions on the respective financial statements of the business-type activities. The Combining Schedule of Net Position; the Combining Schedule of Revenues, Expenses, and Changes in Net Position; and the Combining Schedule of Cash Flows on pages 118 through 131 for the year ended June 30, 2014, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2014 financial statements. The combining schedules for the fiscal year ended June 30, 2014, have been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the schedules for the fiscal year ended June 30, 2014, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended, June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, 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 to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing and not to provide an opinion on the 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,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

CST:JPT:WG:EFS:aa

LSU 2015

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, 2015. 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 Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities,* as amended by GASB Statements Nos. 37 and 38.

The System applies GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This statement addresses which support organizations, such as foundations, should be included as component units and how these component units should be presented in the financial statements. The state of Louisiana has set a threshold for including 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 will be discretely presented in its financial statements. These are the LSU Foundation, the Tiger Athletic Foundation, The Foundation for the LSU Health Sciences Center (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 System is the state's flagship system. It is also one of the most diverse and comprehensive higher education systems in the country. Headcount enrollment during the fall 2014 semester was 44,449, which was an increase from the 43,224 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 professions are conferred.

The System also includes such dedicated centers as the Pennington Biomedical Research Center, which specializes in nutrition research and preventive medicine, and the LSU Agricultural Center, which plays a vital and integral role in supporting the state's agricultural industries, sustaining rural areas, and encouraging efficient use of resources through research and educational programs conducted by its 17 experiment stations and extension service.

Beginning in 1997, the System was charged with the responsibility of administering 10 public hospitals. These hospitals serve as the primary source of health care services for the indigent population of the state and account for more than one million inpatient and outpatient visits each year. 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.

As of the end of fiscal year 2013, LSU decided to transition management and operations of its hospitals to private hospital partnerships. This major transformation of public healthcare in Louisiana occurred in a span of months, beginning in July 2012, when Congress reduced the state's disaster-recovery Federal Medical Assistance Percentage (FMAP) rate from 71.92 percent to a projected 65.51 percent, the lowest reimbursement rate Louisiana has had in more than 25 years. The FMAP was a major source of funding for the hospitals. Congress made the cut to correct a mistake in Louisiana's FMAP calculation.

Under cooperative endeavor agreements, the Interim LSU Public Hospital in New Orleans is now managed by Louisiana Children's Medical Center (LCMC). LCMC will also manage the new University Medical Center once construction is complete in 2015. Leonard J. Chabert Medical Center in Houma is now operated by a partnership between Terrebonne General Medical Center and Southern Regional Medical Center, which will deliver 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 are now managed by Our Lady of the Lake Regional Medical Center. Beginning in October 2013, E.A. Conway Medical Center in Monroe and LSU Medical Center in Shreveport transitioned to management by the Biomedical Research Foundation of Northwest Louisiana.

Washington-St. Tammany Medical Center is now operated by Franciscan Missionaries of Our Lady Health System through Our Lady of Angels. Huey P. Long Medical Center closed June 30, 2014. Outpatient clinic and inpatient hospital services are now delivered by Christus St. Frances Cabrini Hospital and Rapides Regional Medical Center.

Lallie Kemp Medical Center in Independence remains under the management of LSU.

In 2013, the LSU Board of Supervisors embarked on an LSU2015 planning initiative appointing a 10-member panel (Transition Advisory Team) tasked with providing information to the LSU Board of Supervisors to facilitate the reshaping of the LSU System. The goal of LSU2015 was to bring together the resources of the various units of the LSU System to create a single, globally competitive LSU, with statewide reach that is more efficient and more productive in the areas of educating its students, creating robust collaborative research, delivering effective health care, impacting economic development, and conducting public service activities. In keeping with the spirit and intent of these planning efforts, an organizational and budgetary alignment of the current Board and System Administration with the LSU Agricultural and Mechanical (LSU A&M) organizational structure was completed as of July 2015.

Similarly, the Board of Supervisors also approved the realignment of the Paul M. Hebert Law Center with the LSU A&M campus. While the Law Center and LSU A&M have a number of shared services, this organizational and budgetary realignment will foster greater unity and will provide additional interdisciplinary academic and research opportunities for students and faculty. The realignment aims to provide cost savings, creative coordination of academic programming; enhancement of both educational opportunities for current students and undergraduate and law student recruitment; greater unity of institutional communications and messaging; development of additional opportunities for coordination of funded research; improved coordination of international programs; broadening funding opportunities; international student recruitment and student educational experiences.

FINANCIAL HIGHLIGHTS

GENERAL

Total operating revenues decreased from the prior fiscal year by approximately $114.6 million, while operating expenses declined by approximately $195.2 million, thereby decreasing the operating loss by $80.6 million. The operating loss for fiscal year 2015 was $485.7 million; the operating loss for fiscal 2014 restated was $566.3 million. It should be noted that a significant change in accounting principle affects the comparability of fiscal year 2015 to fiscal year 2014. The financial statements numbers as referenced in the Management Discussion and Analysis for fiscal year 2015 account for the implementation of GASB 68, which addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The fiscal year 2014 amounts do not reflect the implementation of GASB 68.

The main decreases in operating revenue occurred at the Health Care Service Division and at LSU Health Sciences Center in Shreveport due to the continued transitioning of the management of the hospitals to public/private partnership models. The decrease in those two entities was approximately $175.5 million but was offset by operating revenue increases at the LSU and related campuses mainly due to increased tuition and fee authority and increased grants and contracts, and at LSU Health Science Center in New Orleans due to the increase in grants and contracts, sales and services and increase in tuition and fee authority. The increase in tuition and fee revenue is mainly attributable to the Louisiana Granting Resources and Autonomy for Diplomas Act. In exchange for a commitment to meet clearly-defined statewide performance goals, including boosting graduation rates, the universities were given increased autonomy and flexibility including authority to increase tuition and fees by up to 10%.

If you include nonoperating revenues and expenses, the System shows a loss before other revenues, expenses, gains, and losses of $77.9 million for fiscal year 2014-2015. This represents a change from the $153.7 million restated loss posted in the previous year. The loss before other revenues, expenses, gains, and losses decrease can be attributed to a net effect of a decrease of approximately $114.6 million in operating revenue, net non-operating revenue which decreased by approximately $4.9 million, as well as a decrease in the operating expenses of approximately $195.2 million. The decrease in the operating revenue is mainly a result of additional hospitals being managed under public/private hospital partnership models. The net decrease in net nonoperating revenue mainly occurred at LSU A&M as a result of decreased state appropriations and decrease in net investment income attributable to net market value depreciation on the investments since June 30, 2014, offset mainly at the Health Care Services Division due to the decrease in state appropriations and other operations and revenue as a result of the public/private partnership models. In addition, other revenues, expenses gains, and losses increased by $180.6 million from the prior year mainly due to an increase in capital appropriation for the new University Medical Center of New Orleans and a net increase at LSU and A&M due to an increase in capital gifts and grants due to a cash donation to fund the renovation of Patrick F. Taylor Hall for Engineering, and increased philanthropic non-cash activities in the College of Science and College of Engineering, as well as the change in the LSU Health plan fund balance. Thus, overall net position, which represents the residual interest in the System's assets after liabilities are deducted, increased by $309.2 million from the restated previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION

Net position is divided into three major categories.

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

Restricted net position represents the System’s assets that are available for spending only as legally or contractually 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 continue the operations of the System,
- Deferred outflows and inflows representing consumption or acquisition of net resources applicable to future periods,
- The liabilities of the System which include the amount owed vendors and lending institutions, and
- The net position and availability of assets for use by the System.

Current assets total $852.0 million and consist primarily of cash and cash equivalents, net receivables, investments, amounts due from federal government, and inventories. Deferred Outflows of Resources total $293.7 million and consist primarily of deferred outflows related to changes in the pension liability and deferred outflows related to debt refunding. Current liabilities total $269.5 million and consist mainly of accounts payable and accrued liabilities, unearned revenues, notes payable, the current portion of bonds payable, capital lease obligations, and a contingent amount for uncompensated absences.

Noncurrent assets total $4.9 billion and include capital assets of $1.7 billion. Other noncurrent assets totaling $3.3 billion primarily include 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 leases receivable associated with the new Academic Medical Center in New Orleans.

Noncurrent liabilities total $5.2 billion and include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; (3) the other postemployment benefits (OPEB) liability; (4) the net pension liability; (5) unearned revenues for advance lease payments related to the public/private hospital partnerships; 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 $605.4 million and also consist primarily of deferred inflows related to changes in the pension liability.

Restricted nonexpendable net position totals $219.9 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 $335.6 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 listing of the System's assets, deferred outflows, liabilities, deferred inflows, and net position at June 30, 2015, and June 30, 2014, restated, is shown on the following page.

Louisiana State University System Statement of Net Position

	As of June 30, 2015	As of June 30, 2014 (Restated)	Change	Percentage Change
Assets:				
Current assets	$852,024,412	$934,648,994	($82,624,582)	(8.8%)
Capital and intangible assets	1,674,532,237	2,351,310,933	(676,778,696)	(28.8%)
Other assets	3,263,778,299	555,771,318	2,708,006,981	487.3%
Total Assets	5,790,334,948	3,841,731,245	1,948,603,703	50.7%
Deferred Outflows of Resources:				
Deferred amounts on debt refunding	7,107,276		7,107,276	100.0%
Deferred outflows related to pensions	286,625,304	192,863,303	93,762,001	48.6%
Total Deferred Outflows of Resources	293,732,580	192,863,303	100,869,277	52.3%
Total Assets and Deferred Outflows of Resources	$6,084,067,528	$4,034,594,548	$2,049,472,980	50.8%
Liabilities:				
Current liabilities	$269,465,534	$310,158,475	($40,692,941)	(13.1%)
Noncurrent liabilities	5,214,315,508	4,038,792,978	1,175,522,530	29.1%
Total Liabilities	5,483,781,042	4,348,951,453	1,134,829,589	26.1%
Deferred Inflows of Resources:				
Deferred inflows related to pensions	605,399,662		605,399,662	100.0%
Total Deferred Inflows of Resources	605,399,662	NONE	605,399,662	100.0%
Total Liabilities and Deferred Inflows of Resources	$6,089,180,704	$4,348,951,453	$1,740,229,251	40.0%
Net Position:				
Net investment in capital assets	$1,247,811,694	$1,932,759,946	($684,948,252)	(35.4%)
Restricted - nonexpendable	219,855,567	217,017,384	2,838,183	1.3%
Restricted - expendable	335,642,986	244,017,311	91,625,675	37.5%
Unrestricted	(1,808,423,423)	(2,708,151,546)	899,728,123	(33.2%)
Total Net Position	($5,113,176)	($314,356,905)	$309,243,729	(98.4%)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

Generally, operating revenues are received for providing goods and services to various customers and constituencies of the System. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the System. Nonoperating revenues are revenues received for which goods and services are not provided as an exchange transaction. For example, state appropriations are required to be reported as nonoperating 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, 2015, for the System indicates a net operating loss of $485.7 million determined without including state appropriations, gifts, or investment earnings and before subtracting interest expenses on debt. As mentioned earlier, the net operating loss decreased from the prior year by $80.6 million.

While operating revenues decreased by $114.6 million, the loss was mitigated because operating expenses decreased by $195.2 million. Major changes in operating revenues and operating expenses are identified on pages 16 and 17.

After including nonoperating revenues such as state appropriations ($374.1 million), gifts ($31.9 million), federal nonoperating revenues ($49.9 million), investment income ($15.6 million), and after subtracting interest expense ($19.9 million) and other nonoperating expenses ($43.9 million), the System had a loss before other revenues, expenses, gains and losses of $77.9 million.

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

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

	As of			
	June 30, 2015	June 30, 2014 (Restated)	Change	Percentage Change
Operating revenues	$1,606,373,561	$1,720,995,882	($114,622,321)	(6.7%)
Operating expenses	2,092,039,648	2,287,265,593	(195,225,945)	(8.5%)
Operating loss	(485,666,087)	(566,269,711)	80,603,624	(14.2%)
Nonoperating revenues (expenses)	407,719,924	412,575,729	(4,855,805)	(1.2%)
Loss before other revenues, expenses, gains, and losses	(77,946,163)	(153,693,982)	75,747,819	(49.3%)
Other revenues, expenses, gains, and losses	387,189,892	206,600,640	180,589,252	87.4%
Change in net position	309,243,729	52,906,658	256,337,071	484.5%
Net position at beginning of year - restated	(314,356,905)	1,778,213,927	(2,092,570,832)	(117.7%)
Cumulative effect of change in accounting principle		(2,145,477,490)	2,145,477,490	(100.0%)
Net position at beginning of year - restated	(314,356,905)	(367,263,563)	52,906,658	(14.4%)
Net position at end of year	($5,113,176)	($314,356,905)	$309,243,729	(98.4%)

Operating Revenues

Operating revenues for the System totaled $1.6 billion at June 30, 2015. Major components of operating revenues are hospital income, representing 8.8% of the total; sales and services of educational departments representing 14.2% of the total; auxiliary revenues representing 12.8% of the total; grants and contracts, representing 37.3%, and net tuition and fees, representing 24.8% of the total.

As of June 30, 2015, hospital income had decreased by $255.4 million from the previous year due to additional hospitals being managed under public/private hospital partnerships. In addition, net tuition and fee revenue increased by 9.0%, or approximately $33.0 million. This is mainly due to increases authorized under the Louisiana Granting Resources and Autonomy for Diplomas Act, which allows a 10% increase in resident tuition and fee rates and a 15% increase in non-resident tuition and fee rates.

The table on the following page summarizes the System's operating revenues for the year ending June 30, 2015, with comparative totals for the year ended June 30, 2014.

Louisiana State University System Operating Revenues

	As of June 30, 2015	As of June 30, 2014	Change	Percentage Change
Tuition and fees, net	$398,218,851	$365,212,779	$33,006,072	9.0%
Federal appropriations	11,658,449	12,935,478	(1,277,029)	(9.9%)
Grants and contracts	599,552,316	534,009,158	65,543,158	12.3%
Sales and services of educational departments	227,901,004	200,380,987	27,520,017	13.7%
Auxiliary enterprises, net	205,708,759	191,008,659	14,700,100	7.7%
Hospital income	140,655,265	396,046,189	(255,390,924)	(64.5%)
Other	22,678,917	21,402,632	1,276,285	6.0%
Total operating revenues	$1,606,373,561	$1,720,995,882	($114,622,321)	(6.7%)

Operating Expenses

Total operating expenses for the System amounted to approximately $2.1 billion for the year ended June 30, 2015. Instruction expenses represented 26.2% of all operating expenses and represented the largest functional component. Other major components are hospital expenses, 8.8%; research expenses, 15.4%; and public service expenses, 15.4%. Shown below in tabular format is a summary of the System's operating expenses for the fiscal year ended June 30, 2015, with comparative totals for the year ended June 30, 2014 (restated).

Louisiana State University System Operating Expenses

	As of June 30, 2015	As of June 30, 2014 (Restated)	Change	Percentage Change
Instruction	$548,584,451	$548,909,696	($325,245)	(0.1%)
Research	322,309,483	328,578,942	(6,269,459)	(1.9%)
Public service	322,254,463	360,237,685	(37,983,222)	(10.5%)
Academic support	168,498,338	128,822,951	39,675,387	30.8%
Student services	40,223,561	39,341,512	882,049	2.2%
Institutional support	126,187,821	127,724,102	(1,536,281)	(1.2%)
Operation and maintenance of plant	162,487,644	148,568,468	13,919,176	9.4%
Scholarships and fellowships	35,730,861	34,389,426	1,341,435	3.9%
Auxiliary enterprises	182,752,065	174,044,117	8,707,948	5.0%
Hospital	183,010,961	396,648,694	(213,637,733)	(53.9%)
Total operating expenses	$2,092,039,648	$2,287,265,593	($195,225,945)	(8.5%)

CHANGE IN ACCOUNTING PRINCIPLE

The System adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB No. 68*.

These statements required the System to recognize its proportionate share of the net pension liability for the defined benefit pension plans in which its employees participate as of the beginning of the 2015 fiscal year. The effects of the implementation were applied directly to net position as of June 30, 2014.

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2015, the System had $1.7 billion invested in a broad range of capital assets including land, buildings and improvements, equipment, construction in progress, and infrastructure, which is net of accumulated depreciation of $2.1 billion (see table below).

Louisiana State University System Capital Asset Summary

	As of			
	June 30, 2015	June 30, 2014 (Restated)	Change	Percentage Change
Land and Non-depreciable Easements	$70,981,474	$68,039,763	$2,941,711	4.3%
Other Capital Assets:				
Buildings and Improvements	2,378,197,733	2,273,769,677	104,428,056	4.6%
Machinery and Equipment	1,090,453,385	1,060,178,396	30,274,989	2.9%
Infrastructure	43,565,593	43,565,593	NONE	0.0%
Intangible Assets	100,358,459	21,467,316	78,891,143	367.5%
Construction/Development in Progress	95,144,154	886,777,805	(791,633,651)	(89.3%)
Total cost of capital assets	3,778,700,798	4,353,798,550	(575,097,752)	(13.2%)
Less accumulated depreciation and amortization	(2,104,168,561)	(2,002,487,617)	(101,680,944)	5.1%
Capital assets, net	$1,674,532,237	$2,351,310,933	($676,778,696)	(28.8%)

Land and Non-depreciable Easements total $71.0 million. The increase in Machinery and Equipment is mainly attributable to new equipment purchases at the Health Care Services Division in anticipation of the opening of the new Academic Medical Center in New Orleans. The Health Science Center in New Orleans increased capital assets primarily as a result of acquisitions including a $14.0 million donation by Our Lady of the Lake to the Medical Innovation Center; a $4.8 million increase in the Human Development Center; and a $4.0 million increase in the Resource Center. In addition, non-cash philanthropic donations at LSU A&M in the Colleges of Science and Engineering attributed to the increase in intangibles.

The decrease in construction/development in progress is mainly due to a credit of the cost of the new Academic Medical Center in New Orleans of $980.2 million offset by new construction and other capital construction projects under the direction of the Health Care Services Division.

At LSU, major capital expenditures that were recorded in fiscal year 2014-2015 were $15.9 million for the University Recreation expansion; $13.3 million for a new residence hall (Cypress Hall); $9.0 million for the Ag Chemistry building that was transferred to LSU from the state; $5.6 million for the renovation of the Patrick F. Taylor building for Engineering; $2.1 million for the Animal and Food Science Laboratory; $2.0 million for South Campus land; $2.0 million for the Maison Francaise (French House) renovations; $1.9 million for Tiger Stadium improvements; $1.8 million for the LSU Press building renovations; $1.7 million for the Union renovation for Career Services; $1.4 million for the Natatorium renovations; and $1.1 million for the Field House upgrades.

Long-term Debt

At June 30, 2015, the System had $477.7 million in bonds outstanding, $8.2 million in notes payable outstanding, $26.8 million in capital lease obligations outstanding, $893.9 million in OPEB obligations, $1.6 billion in pension obligations, and $2.1 billion in unearned revenues. Bonds outstanding decreased from June 30, 2014, mainly due to retirement of $85.2 million of the 2006 issue offset by the issuance of $81.9 million of the 2014 issue. In addition to the repayment of principal in accordance with scheduled debt service requirements, $6.4 million of the 2002 issue at LSU Eunice was retired. The OPEB liability increased by approximately $62.8 million as the actuarial computed cost of retiree health care continues to exceed the amount currently funded. As noted previously, implementation of GASB 68 addressed the accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through defined benefit pension plans that are administered through trusts. This implementation had the effect of increasing the System's liabilities by $2.3 and $1.6 billion as of the end of the 2014 and 2015 fiscal years, respectively.

ECONOMIC OUTLOOK

As Louisiana's economy declined, the state imposed several budget reductions to the System since the beginning of fiscal year 2008-2009. A mid-year budget reduction that occurred in fiscal year 2008-2009 has since been followed by beginning of the year reductions in fiscal year 2009-2010, fiscal year 2010-2011, fiscal year 2011-2012, and fiscal year 2012-2013; and mid-year reductions in fiscal year 2009-2010, fiscal year 2010-2011, fiscal year 2011-2012, fiscal year 2012-13, and fiscal year 2014-2015 in addition to end of the year reductions in fiscal year 2009-2010 and fiscal year 2011-2012. These reductions were mitigated to some extent by a combination of additional state support from one-time funds, federal stimulus funds, and additional authority to increase student tuition and fees.

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

- Changes in current enrollment

- Changes in tuition and fee charges
- Changes in state appropriations
- Significant or new capital appropriations
- Changes in the healthcare arrangements

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 the System's finances and to show the System'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, Suite 109, Baton Rouge, LA 70808.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Net Position, June 30, 2015

ASSETS	
Current Assets:	
Cash and cash equivalents (note 2)	$45,555,269
Investments (note 3)	475,817,955
Receivables, net (note 4)	287,318,910
Due from State Treasury, net (note 14)	3,340,620
Due from federal government, net (note 4)	13,934,367
Inventories	10,863,220
Prepaid expenses and advances	9,584,863
Notes receivable	3,274,269
Other current assets	2,334,939
Total current assets	852,024,412
Noncurrent Assets:	
Restricted Assets:	
Cash and cash equivalents (note 2)	153,447,306
Investments (note 3)	314,767,891
Receivables, net (note 4)	278,250
Notes receivable	23,512,221
Other restricted assets (note 12)	173,786,048
Investments (note 3)	4,938,577
Lease receivable (note 12)	2,592,470,866
Other noncurrent assets	577,140
Capital assets, net (note 5)	1,674,532,237
Total noncurrent assets	4,938,310,536
Total assets	5,790,334,948
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on debt refunding	7,107,276
Deferred outflows related to pensions (note 7)	286,625,304
Total deferred outflows of resources	293,732,580
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$6,084,067,528

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Net Position, June 30, 2015

LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities (note 6)	$120,492,377
Unearned revenues	111,555,342
Amounts held in custody for others	7,977,380
Compensated absences (note 10 and 13)	7,875,752
Capital lease obligations (note 13)	3,101,309
Notes payable (note 13)	622,437
Bonds payable (note 13)	15,795,910
Other current liabilities	2,045,027
Total current liabilities	269,465,534
Noncurrent Liabilities:	
Compensated absences (note 10 and 13)	76,465,933
Capital lease obligations (note 13)	23,688,663
Notes payable (note 13)	7,554,731
Net pension liability (note 7 and 13)	1,642,372,398
Other postemployment benefits payable (note 8 and 13)	893,924,245
Bonds payable (note 13)	461,923,270
Unearned revenues (notes 12 and 13)	2,107,754,198
Other noncurrent liabilities (note 13)	632,070
Total noncurrent liabilities	5,214,315,508
Total liabilities	5,483,781,042
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions (note 7)	605,399,662
Total deferred inflows of resources	605,399,662
NET POSITION	
Net investment in capital assets	1,247,811,694
Restricted for:	
Nonexpendable (note 15)	219,855,567
Expendable (note 15)	335,642,986
Unrestricted	(1,808,423,423)
Total net position	(5,113,176)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$6,084,067,528

(Concluded)

The accompanying notes are an integral part of this statement.

Statement B

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

COMPONENT UNITS
Statement of Financial Position, June 30, 2015

	LSU Foundation	Tiger Athletic Foundation*	The Foundation for the LSU Health Sciences Center	LSU Health Sciences Foundation in Shreveport	Total Foundations
ASSETS					
Current Assets:					
Cash and cash equivalents (note 2)	$19,497,661	$1,294,524	$535,540	$1,211,306	$22,539,031
Restricted cash and cash equivalents (note 2)	8,599,039	65,982,760			74,581,799
Investments (note 3)		745,900	10,768,405	7,654,346	19,168,651
Accrued interest receivable	623,668				623,668
Accounts receivable, net	260,471	329,018	482,780	149,283	1,221,552
Unconditional promises to give (note 27)	15,954,799	14,281,838	149,945	6,000	30,392,582
Deferred charges and prepaid expenses		966,474			966,474
Other current assets	206,207	22,580,601	54,666		22,841,474
Total current assets	45,141,845	106,181,115	11,991,336	9,020,935	172,335,231
Noncurrent Assets:					
Restricted assets:					
Cash and cash equivalents (note 2)		2,816,688	122,004	871,795	3,810,487
Investments (note 3)	539,295,074	72,716,196		179,300,851	791,312,121
Other	1,293,943				1,293,943
Investments (note 3)	16,171,855		125,068,816		141,240,671
Unconditional promises to give (note 27)	15,672,141	6,644,658	380,076	3,000	22,699,875
Property and equipment, net (note 5)	8,237,130	224,843,395	8,268,424	3,769,621	245,118,570
Other noncurrent assets	747,273	51,586,649		35,520	52,369,442
Total noncurrent assets	581,417,416	358,607,586	133,839,320	183,980,787	1,257,845,109
Total assets	$626,559,261	$464,788,701	$145,830,656	$193,001,722	$1,430,180,340
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	$4,836,159	$3,309,632	$708,127	$885,242	$9,739,160
Amounts held in custody for others (note 25)	26,454,367	3,726,143	6,975	64,284,223	94,471,708
Compensated absences payable	331,294				331,294
Current portion of deferred revenues (note 13)		35,820,191			35,820,191
Current portion of notes payable (note 13)		377,724		113,001	490,725
Current portion of bonds payable (note 13)		4,215,000	105,000		4,320,000
Total current liabilities	31,621,820	47,448,690	820,102	65,282,466	145,173,078
Noncurrent Liabilities:					
Amounts held in custody for others (note 25)	111,679,066	3,440,542	28,479,337		143,598,945
Notes payable (note 13)		21,904,943		202,966	22,107,909
Bonds payable (note 13)		174,545,000	805,682		175,350,682
Deferred revenues (note 13)		37,399,432			37,399,432
Other noncurrent liabilities	663,300	5,972,716			6,636,016
Total noncurrent liabilities	112,342,366	243,262,633	29,285,019	202,966	385,092,984
Total liabilities	$143,964,186	$290,711,323	$30,105,121	$65,485,432	$530,266,062
NET ASSETS					
Unrestricted	$39,495,614	$103,511,528	$11,236,189	$14,569,402	$168,812,733
Temporarily restricted (note 15)	207,430,332	58,751,310	53,406,248	99,743,999	419,331,889
Permanently restricted (note 15)	235,669,129	11,814,540	51,083,098	13,202,889	311,769,656
Total net assets	482,595,075	174,077,378	115,725,535	127,516,290	899,914,278
Total liabilities and net assets	$626,559,261	$464,788,701	$145,830,656	$193,001,722	$1,430,180,340

*As of December 31, 2014

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015

OPERATING REVENUES	
Student tuition and fees	$478,392,898
Less scholarship allowances	(80,174,047)
Net student tuition and fees	398,218,851
Federal appropriations	11,658,449
Federal grants and contracts	142,303,653
State and local grants and contracts	76,601,459
Nongovernmental grants and contracts	380,647,204
Sales and services of educational departments	227,901,004
Hospital income	140,655,265
Auxiliary enterprise revenues (including revenues pledged to secure debt per note 23)	221,773,581
Less scholarship allowances	(16,064,822)
Net auxiliary revenues	205,708,759
Other operating revenues	22,678,917
Total operating revenues	1,606,373,561
OPERATING EXPENSES	
Educational and general:	
Instruction	548,584,451
Research	322,309,483
Public service	322,254,463
Academic support	168,498,338
Student services	40,223,561
Institutional support	126,187,821
Operation and maintenance of plant	162,487,644
Scholarships and fellowships	35,730,861
Auxiliary enterprises	182,752,065
Hospital	183,010,961
Total operating expenses (note 18)	2,092,039,648
Operating Loss	(485,666,087)

(Continued)

The accompanying notes are an integral part of this statement.

Statement C

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Position
For the Year Ended June 30, 2015

NONOPERATING REVENUES (Expenses)	
State appropriations	$374,123,141
Gifts	31,883,857
Federal nonoperating revenues	49,889,747
Net investment income	15,596,832
Interest expense	(19,874,414)
Other nonoperating expenses	(43,899,239)
Net nonoperating revenues	407,719,924
Loss Before Other Revenues, Expenses, Gains, and Losses	(77,946,163)
Capital appropriations	250,684,201
Capital gifts and grants	139,363,474
Additions to permanent endowments	3,890,125
Other deductions, net	(6,747,908)
Change in Net Position	309,243,729
Net Position at Beginning of Year, Restated (note 16)	(314,356,905)
Net Position at End of Year	($5,113,176)

(Concluded)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

COMPONENT UNITS
Statement of Activities
For the Year Ended June 30, 2015

	LSU Foundation	Tiger Athletic Foundation*	The Foundation for the LSU Health Sciences Center	LSU Health Sciences Foundation in Shreveport	Total Foundations
Changes in unrestricted net assets:					
Contributions	$1,270,638	$37,065,106	$25,249	$478,492	$38,839,485
Investment earnings (loss), net	2,025,443	1,198,077	190,720	363,363	3,777,603
Service fees	1,365,998		1,552,376	2,097,981	5,016,355
Other revenues	807,377	11,475,693	98,989	85,698	12,467,757
Total unrestricted revenues	5,469,456	49,738,876	1,867,334	3,025,534	60,101,200
Net assets released from restrictions:					
Reclassification in net assets				(59,100)	(59,100)
Satisfaction of program expenses	58,462,628	9,286,336	5,788,137	4,557,320	78,094,421
Total unrestricted revenues and other support	63,932,084	59,025,212	7,655,471	7,523,754	138,136,521
Expenses:					
Amounts paid to benefit Louisiana State University for:					
Projects specified by donors	54,588,125		4,835,898	4,557,320	63,981,343
Projects specified by the Board of Directors	1,205,362	11,817,552		1,311,221	14,334,135
Other:					
Grants and contracts			2,110,315		2,110,315
Property operations			58,272	156,422	214,694
Other		13,447,479	418,341		13,865,820
Total program expenses	55,793,487	25,265,031	7,422,826	6,024,963	94,506,307
Supporting services:					
Salaries and benefits	3,155,853	2,931,214	842,735	799,563	7,729,365
Occupancy	187,369	179,501	141,955	65,063	573,888
Office operations	780,406	150,402	191,141	71,164	1,193,113
Travel	81,688	105,175	2,596	6,763	196,222
Professional services	835,531	100,427	316,691	357,107	1,609,756
Dues and subscriptions	49,279	30,708	78,528	6,718	165,233
Meetings and development	74,880	25,078	9,685	52,821	162,464
Depreciation	21,675		250,024	75,444	347,143
Other		994,099	867,249	3,014	1,864,362
Total supporting services	5,186,681	4,516,604	2,700,604	1,437,657	13,841,546
Fund-raising expenses	4,709,730	1,938,436	NONE	111,071	6,759,237
Total expenses	65,689,898	31,720,071	10,123,430	7,573,691	115,107,090
Change in unrestricted net assets	(1,757,814)	27,305,141	(2,467,959)	(49,937)	23,029,431

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
COMPONENT UNITS
Statement of Activities
For the Year Ended June 30, 2015

	LSU Foundation	Tiger Athletic Foundation*	The Foundation for the LSU Health Sciences Center	LSU Health Sciences Foundation in Shreveport	Total Foundations
Changes in temporarily restricted net assets:					
Contributions	$21,880,613	$12,079,537	$11,592,762	$2,537,606	$48,090,518
Investment earnings	1,812,144	142,427	1,783,246	2,679,973	6,417,790
Changes in value of split interest agreements	(112,452)				(112,452)
Other	(8,142)		(4,406)	404	(12,144)
Total temporarily restricted revenues	23,572,163	12,221,964	13,371,602	5,217,983	54,383,712
Net assets released from restrictions:					
Reclassification in net assets				836,352	836,352
Satisfaction of program expenses	(58,455,358)	(9,286,336)	(5,788,137)	(4,414,546)	(77,944,377)
Change in temporarily restricted net assets	(34,883,195)	2,935,628	7,583,465	1,639,789	(22,724,313)
Changes in permanently restricted net assets:					
Contributions	17,063,599	1,104,993	2,768,196	159,076	21,095,864
Investment earnings				439,776	439,776
Net assets released from restrictions:					
Reclassification in net assets				(777,252)	(777,252)
Released from donor restrictions	(7,270)			(142,774)	(150,044)
Change in permanently restricted net assets	17,056,329	1,104,993	2,768,196	(321,174)	20,608,344
Change in net assets	(19,584,680)	31,345,762	7,883,702	1,268,678	20,913,462
Net assets at beginning of year	502,179,755	142,731,616	107,841,833	126,247,612	879,000,816
Net assets at end of year	$482,595,075	$174,077,378	$115,725,535	$127,516,290	$899,914,278

*For the period ending December 31, 2014

(Concluded)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Cash Flows
For the Year Ended June 30, 2015

Cash flows from operating activities:	
Student tuition and fees	$396,257,496
Federal appropriations	15,270,547
Grants and contracts	578,119,572
Sales and services of educational departments	216,598,071
Hospital income	174,046,454
Auxiliary enterprise receipts	204,267,768
Payments for employee compensation	(1,035,509,044)
Payments for benefits	(361,523,935)
Payments for utilities	(43,294,073)
Payments for supplies and services	(615,747,483)
Payments for scholarships and fellowships	(35,541,048)
Loans to students	(4,994,208)
Collection of loans to students	3,813,007
Other receipts	28,610,494
Net cash used by operating activities	(479,626,382)
Cash flows from noncapital financing activities:	
State appropriations	379,197,617
Gifts and grants for other than capital purposes	29,256,542
Private gifts for endowment purposes	2,172,702
Taylor Opportunity Program for Students (TOPS) receipts	99,162,348
TOPS disbursements	(99,183,312)
Federal Emergency Management Association (FEMA) receipts	19,054,500
FEMA disbursements	(7,194,752)
Direct lending receipts	203,043,961
Direct lending disbursements	(203,075,995)
Other disbursements	(66,719,811)
Net cash provided by noncapital financing activities	355,713,800
Cash flows from capital financing activities:	
Proceeds from issuance of debt	97,957,152
Capital gifts and grants received	49,174,491
Proceeds from sale of capital assets	92,982
Purchase of capital assets	(145,887,718)
Principal paid on capital debt and leases	(109,249,930)
Interest paid on capital debt and leases	(19,535,972)
Other sources	123,204,572
Net cash used by capital financing activities	(4,244,423)

(Continued)

The accompanying notes are an integral part of this statement.

Statement E

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2015

Cash flows from investing activities:	
Proceeds from sales and maturities of investments	$159,313,293
Interest received on investments	17,844,871
Purchase of investments	(156,877,534)
Net cash provided by investing activities	20,280,630
Net decrease in cash and cash equivalents	(107,876,375)
Cash and cash equivalents at the beginning of the year	306,878,950
Cash and cash equivalents at the end of the year	$199,002,575
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	($485,666,087)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	147,718,516
Noncash gifts	2,507,690
Pension expense	6,675,278
Current year pension contributions made subsequent to the measurement date	(186,732,352)
Changes in assets and liabilities:	
(Increase) in accounts receivable, net	(2,385,980)
(Increase) in inventories	(128,922)
Decrease in prepaid expenses and advances	11,719,260
(Increase) in notes receivable	(498,947)
Decrease in other assets	1,811,804
(Decrease) in accounts payable and accrued liabilities	(521,740)
(Decrease) in unearned revenue	(42,930,337)
(Decrease) in amounts held in custody for others	(107,852)
Increase in compensated absences	426,160
Increase in other postemployment benefits payable	62,764,188
Increase in other liabilities	5,722,939
Net cash used by operating activities	($479,626,382)

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2015

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Cash and cash equivalents classified as current assets	$45,555,269
Cash and cash equivalents classified as noncurrent assets	153,447,306
Cash and cash equivalents at end of the year	$199,002,575
Schedule of Noncash Investing, Capital and Financing Activities:	
Capital appropriations	$250,684,201
Capital gifts and grants	$93,273,552
Noncash gifts	$2,507,690

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

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

The System is comprised of nine campuses in five cities and one state hospital. In addition, the System has established public/private partnership cooperative endeavors for the management of six additional hospitals. The System includes LSU and A&M College (LSU), the Paul M. Hebert Law Center, and the Pennington Biomedical Research Center, all 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 Alexandria; LSU Eunice, a two-year institution; the LSU Health Sciences Center in New Orleans, which includes schools of Medicine, Dentistry, Nursing, 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. Student enrollment as of the fourteenth class day for the System for the 2014 fall semester totaled approximately 44,449. As of November 1, 2014, the System had approximately 4,247 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 and account for more than one million inpatient and outpatient visits each year. 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.

As of the end of fiscal year 2013, LSU decided to transition management and operations of its hospitals to private hospital partnerships. This major transformation of public healthcare in Louisiana occurred in a span of months, beginning in July 2012, when Congress reduced the state's disaster recovery Federal Medical Assistance Percentage (FMAP) rate from 71.92 percent to a projected 65.51 percent, the lowest reimbursement rate Louisiana has had in more than

25 years. The FMAP was a major source of funding for the hospitals. Congress made the cut to correct a mistake in Louisiana's FMAP calculation.

Under cooperative agreements, the Interim LSU Public Hospital in New Orleans is now under the management of Louisiana Children's Medical Center (LCMC). LCMC will also manage the new University Medical Center once construction is complete in 2015. Leonard J. Chabert Medical Center in Houma has joined with Terrebonne General Medical Center and Southern Regional Medical Center, which will deliver services through the Ochsner Health System. University Medical Center in Lafayette has partnered with 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 are now managed by Our Lady of the Lake Regional Medical Center. Beginning in October 2013, E.A. Conway Medical Center in Monroe and LSU Medical Center in Shreveport transitioned to management by the Biomedical Research Foundation of Northwest Louisiana (BRF). In July 2015, the System provided written notice that BRF had failed to perform its public purpose obligations as set forth in the cooperative endeavor agreement. The System has provided BRF an opportunity to present a corrective action plan detailing its plan to cure these failures. If the parties are unable to agree on the corrective action plan, LSU is committed, and it is LSU's expectation that BRF is also committed, to a smooth transition to a solution that will fulfill the Public Purpose, with no disruption in access or to the level or quality of patient care or graduate medical education programs.

Washington-St. Tammany Regional Medical Center is now operated by Franciscan Missionaries of Our Lady Health System through Our Lady of Angels. Huey P. Long Medical Center closed June 30, 2014. Outpatient clinic and inpatient hospital services are now delivered by Christus St. Frances Cabrini Hospital and Rapides Regional Medical Center.

Currently, the Lallie Kemp Medical Center in Independence will remain under the management of the System.

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 Foundation for the LSU Health Sciences Center, 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 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

The Louisiana State University School of Medicine in New Orleans Faculty Group Practice (a Louisiana nonprofit corporation doing business as LSU Healthcare Network - LSUHN) is considered a blended component unit of the System and is included in the financial statements. The component unit is included in the reporting entity because of the significance of its operational and financial relationships with the LSU System and the LSU Health Sciences Center in New Orleans. Although LSUHN is legally separate, it is reported as a part of the System because its purpose is to assist the LSU Health Sciences Center in carrying out its medical, educational, and research functions.

The governing board of LSUHN was established in August 1995 and is comprised of 15 members, seven of whom are appointed by LSU and eight of whom are from the community and not members or employees of the LSU Board of Supervisors. LSUHN began operations in March 1997, providing health care to the general public.

A cooperative endeavor agreement dated November 1, 2000, documents the relationship between the LSU Health Sciences Center and LSUHN. The agreement provides for the LSU Health Sciences Center and LSUHN to continue as autonomous organizations with separate but complimentary missions. The agreement establishes a relationship in which the LSU Health Sciences Center will lease certain faculty, staff, and specific office space and equipment to LSUHN as its part of the agreement. LSUHN will reimburse the LSU Health Sciences Center (LSUHSC) for the use of its employees, facilities, and equipment; provide support to the academic programs; and provide access to a patient base that would not otherwise be available, as its part of the agreement. Both parties have the right to terminate the cooperative endeavor agreement with or without cause upon 60 days written notice. The agreement expired October 31, 2005, and has continued to be renewed on a quarterly basis since its expiration.

In August 2011, LSUHN and LSUHSC (through the Board of Supervisors of LSU) entered into a restated and amended agreement and pursuant to the Uniform Affiliation Agreement. The agreement establishes support of university 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.

To obtain the latest audit report of the LSU Healthcare Network, write to the LSU Healthcare Network, 1542 Tulane Ave., Suite HCN-123, New Orleans, Louisiana 70112.

The Eunice Student Housing Foundation (the ESH Foundation), a nonprofit corporation with an August 31 fiscal year-end, is considered a blended component unit of the System and is included in the basic financial statements. The component unit is included in the reporting entity because of the significance of its operational and financial relationships with the LSU System and LSU Eunice. Although the ESH Foundation is a legally separate, not-for-profit organization as outlined in the Internal Revenue Code Section 501(c)(3), it is reported as a part of the System because its purpose is to assist LSU Eunice in carrying out its educational functions.

The ESH Foundation constructed a student apartment complex, known as Bengal Village, on the LSU Eunice campus. Bengal Village consists of 58 units and is managed by Campus Living Villages. The management agreement between the ESH Foundation and Campus Living Villages commenced August 1, 2002, and ends July 31, 2017. Thereafter, the agreement shall be automatically renewed for one-year periods unless terminated. All personnel employed in the leasing, management, maintenance, and operations of Bengal Village are employees of Campus Living Villages.

To obtain the latest audit report of the ESH Foundation, write to the Eunice Student Housing Foundation, 2048 Johnson Highway, Eunice, Louisiana 70535.

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 of the significance of its operational and financial relationships with the LSU System and the LSU Health Care Services Division. HCSF is a nonprofit organization incorporated in the state of Louisiana that provides support and appropriate services to the Health Care Services Division, 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 Health Care Services Division. 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 the Health Care Services Foundation, Post Office Box 91308, Baton Rouge, Louisiana 70821-1308.

Discretely Presented Component Units

The LSU Foundation, the Tiger Athletic Foundation, the LSU Health Sciences Foundation in Shreveport, and The Foundation for the LSU Health Sciences Center 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 Statement 14, as amended by GASB Statement 39. The foundations are legally separate, tax-exempt organizations supporting the System. The foundations have been organized to solicit, receive, hold, invest, and transfer funds for the benefit of the System. In addition, the foundations assist the university in meeting the criteria for accreditation as outlined by the Commission on Colleges for the Southern Association of Colleges and Schools. The university and the LSU Foundation are also in management agreements related to endowed chairs and professorships. These agreements are in compliance with Board of Regents policy and allow the foundations to manage funds on behalf of the university.

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

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

Each discretely presented component unit is described as follows:

> The LSU Foundation supports LSU A&M. During the year ended June 30, 2015, the foundation made distributions to or on behalf of the university for both restricted and unrestricted purposes for $55,793,487. Complete financial statements for the foundation can be obtained at 3838 West Lakeshore Drive, Baton Rouge, Louisiana 70808 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, 2014, TAF made distributions to or on behalf of the university for both restricted and unrestricted purposes for

$11,817,552 with an additional $1,879,017 from booster clubs and $418,677 from affiliated chapters. Complete financial statements for TAF can be obtained from Post Office Box 711, Baton Rouge, Louisiana 70821 or from the foundation's website at www.lsutaf.org.

The LSU Health Sciences Foundation in Shreveport supports LSU HSC Shreveport. During the year ended June 30, 2015, the foundation made distributions to or on behalf of the university for either restricted or unrestricted purposes for $5,868,541. Complete financial statements for the foundation can be obtained at 920 Pierremont, Suite 407, Shreveport, Louisiana 71106 or from the foundation's website at www.lsuhsfoundation.org.

The Foundation for the LSU Health Sciences Center supports LSU Health Sciences Center. During the year ended June 30, 2015, the foundation made distributions to or on behalf of the university for either restricted or unrestricted purposes for $7,422,826. 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 System is a component unit of the state of Louisiana. Annually, the state of Louisiana issues a Comprehensive Annual Financial Report, which includes the activity contained in the accompanying financial statements. These financial statements are audited by the Louisiana Legislative Auditor.

C. BASIS OF ACCOUNTING

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

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

Discrete Component Units

The foundations follow the provisions of FASB ASC Topic 958, which establishes external financial reporting for not-for-profit organizations. This standard requires classifications of resources into three separate classes of net assets as follows:

- Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

- Temporarily Restricted - Net assets whose use by the foundation is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the foundation pursuant to those stipulations.

- Permanently Restricted - Net assets whose use by the foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the foundation.

D. BUDGET PRACTICES

The appropriations made for the General Fund of the LSU System are annual lapsing appropriations established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive agencies of state government. The Joint Legislative Committee on the Budget grants budget revisions. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave costs and other postemployment benefits 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	$1,105,938,196
Increases (Decreases):	
State General Fund	(2,996,170)
Self-generated	1,700,000
Interagency transfers	(1,499,831)
Final budget	$1,103,142,195

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.

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 R.S. 49:327, the System is authorized to invest funds in direct U.S. government obligations, U.S. government agency obligations, mutual funds, direct security repurchase agreements, and time certificates of deposit. In addition, funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture. The majority of these investments are U.S. Treasury securities, mutual funds, and investments held by private foundations and are reported at fair value on the balance sheet. Changes in the carrying value of investments, resulting in unrealized gains or losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

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

F. INVENTORIES

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

G. NONCURRENT RESTRICTED ASSETS

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

H. CAPITAL ASSETS

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

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

I. UNEARNED REVENUES

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

J. NONCURRENT LIABILITIES

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

K. COMPENSATED ABSENCES

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

L. NET POSITION

The System's net position is classified as follows:

(1) Net Investment in Capital Assets

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

(2) Restricted Net Position - Expendable

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

(3) Restricted Net Position - Nonexpendable

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

(4) Unrestricted Net Position

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

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

M. CLASSIFICATION OF REVENUES

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

(a) Operating Revenue - Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) hospital income; and (4) most federal, state, and local grants and contracts and federal appropriations.

(b) Nonoperating Revenue - Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, investment income, and grants that do not have the characteristics of exchange transactions.

N. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

O. ELIMINATING INTERFUND ACTIVITY

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

P. USE OF ESTIMATES

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

Q. DEFERRED OUTFLOWS AND DEFERRED INFLOWS

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

R. PENSION PLANS

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

S. ACCOUNTING CHANGES

Accounting Standards

Three new GASB standards are being implemented this year.

GASB Statement 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and GASB Statement 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* The implementation of these standards resulted in the recording of net pension liabilities, deferred outflows of resources, and deferred inflows of resources for the System's proportionate share of the total of those amounts reported by the defined benefit pension plans in which it participates. These standards were applied retroactively. The net effect to the prior year as a result of adoption of GASB Statements 68 and 71 was a reduction of net position of $2,145,477,490.

GASB Statement 69, *Government Combinations and Disposals of Government Operations*, addresses issues related to mergers, acquisitions, and disposals of operations of the System. This statement had no effect on the financial statements of the System.

2. CASH AND CASH EQUIVALENTS

At June 30, 2015, the System has cash and cash equivalents (book balances) of $199,002,575 as follows:

Petty cash	$280,509
Demand deposits	181,779,094
Certificates of deposit	3,255,689
Money market funds	10,645,996
Open-end mutual fund	965,621
Cash held in foundation bond funds	2,075,666
Total	$199,002,575

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, 2015, $16,700,640 of the System's bank balance of $245,250,283 was exposed to custodial credit risk, as these balances were uninsured and uncollateralized.

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

CASH AND CASH EQUIVALENTS - COMPONENT UNITS

Cash and cash equivalents of the component units totaling $100,931,317, as shown on the Statement of Financial Position, are reported under FASB ASC Topic 958, *Financial Reporting for Not-for-Profit Organizations*, which does not require the disclosures of GASB Statement 40, *Deposit and Investment Risk Disclosures*.

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

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

The Foundation for the LSU Health Sciences Center 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.

The LSU Health Sciences Foundation in Shreveport considers cash to include amounts on hand and amounts on deposit at financial institutions. The Foundation in Shreveport, at times, may have deposits in excess of FDIC insured limits. Management believes the credit risk associated with these deposits is minimal.

3. INVESTMENTS

At June 30, 2015, the System has investments totaling $795,524,423.

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.

A summary of the System's investments follows:

	Investments	Carrying Value	Investment Maturity in Years: Less Than 1	1-5	6-10	11-20	21-30
Type of Investment:							
Negotiable certificates of deposit	0.01%	$100,200	$100,200				
Repurchase agreements	0.15%	1,174,640	1,174,640				
U.S. Treasury securities	1.84%	14,666,359	3,141,585	$4,001,240	$7,523,534		
U.S. Government Agency securities:							
Bonds and Notes:							
Federal Home Loan Mortgage Corporation	0.82%	6,511,251		6,511,251			
Federal National Mortgage Association	9.86%	78,464,904	6,650,712	13,230,013	4,427,065	$54,157,114	
Federal Home Loan Bank	7.31%	58,143,506	809,162	29,069,034	24,352,710	3,912,600	
Federal Farm Credit Bank	3.12%	24,849,990		22,255,510	990,810	1,603,670	
Farmer Agriculture Mortgage Corporation	0.40%	3,193,400		3,193,400			
Collateralized Mortgage Obligations:							
Federal National Mortgage Association	0.06%	450,941		450,941			
Federal Home Loan Bank	0.12%	934,107	934,107				
Federal Home Loan Mortgage Corporation	0.09%	737,583		737,583			
Government National Mortgage Association	0.05%	407,528		407,528			
Mortgage-backed Securities:							
Federal National Mortgage Association	2.28%	18,165,573		14,368,689	1,754,883		$2,042,001
Federal Home Loan Mortgage Corporation	0.10%	833,193		833,193			
Small Business Administration	1.42%	11,279,297		2,696,650	7,535,462		1,047,185
Corporate debt obligations	22.82%	181,555,247	9,181,770	94,500,462	62,060,260	15,812,755	
Municipal obligations	5.69%	45,248,236		4,095,671	19,206,708	19,535,637	2,410,220
Fixed income mutual funds	5.63%	44,751,722			44,751,722		
Money market mutual funds	13.15%	104,627,487					
Equity mutual funds	3.72%	29,563,409					
Investments held through foundations (total balance)	18.75%	149,144,530					
Investments in external investment pools	0.62%	4,938,577					
Common and preferred stock	0.14%	1,090,959					
Realty investments	1.14%	9,029,356					
Interest receivable	0.39%	3,131,215					
New Orleans Regional Physician Hospital Organization	0.32%	2,531,213					
Total investments	100.00%	$795,524,423	$21,992,176	$196,351,165	$172,603,154	$95,021,776	$5,499,406

Interest rate risk is the risk applicable to debt instruments with fair values that are sensitive to changes in interest rate. One indicator of the measure of interest rate risk is the dispersion of maturity dates of debt instruments. The above table shows the System's fixed-income investments and maturities at June 30, 2015.

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:

Rating Agency Used	Rating	Fair Value
	Unrated	$211,880,918
Fitch	A	5,011,025
Fitch	A-	6,788,905
Fitch	A+	9,513,565
Fitch	AA+	2,585,128
Fitch	BBB	2,713,150
Fitch	BBB+	509,595
Moody's	A1	13,764,875
Moody's	A2	12,229,580
Moody's	A3	15,852,943
Moody's	Baa1	5,408,190
Moody's	Baa2	3,132,200
Moody's	Baa3	2,554,195
Moodys	Aa1	3,213,727
Moodys	Aa2	926,679
Moodys	Aa3	7,317,855
S&P	A	28,057,068
S&P	A+	4,143,729
S&P	A-	24,058,505
S&P	AA	15,476,232
S&P	AA+	180,866,860
S&P	AA-	20,886,233
S&P	AAA	17,969,572
S&P	BBB	2,029,110
S&P	BBB+	10,594,921
S&P	BBB-	2,145,400
S&P	AAAm	69,443,205
S&P	Af	1,443,837
S&P	AAf	43,307,885
Total		$723,825,087

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

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

The System's concentrations are as follows:

Issuer	Amount	Percent of Total
Federal Home Loan Bank	$59,077,613	7.4%
Federal National Mortgage Association	97,081,418	12.2%
Total	$156,159,031	

The open-end mutual fund amount of $965,621, included in cash and cash equivalents, consists of $616,008 invested in Federated Prime Obligations Fund; $36,563 invested in JP Morgan Treasury Money Market; and $313,050 of other investments. The holdings for the JP Morgan Treasury Money Market Fund consist primarily of short-term U.S. Treasury securities, including repurchase agreements collateralized fully by U.S. Treasury and government agency securities. The holdings for the Federated Prime Obligations Fund consist primarily of a portfolio of short-term, high quality, fixed income securities issued by banks, corporations, and the U.S. government. These funds all minimize interest rate risk with the purchase of short-term securities.

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 $129.69 million invested in highly-sensitive investments, such as step-up notes, variable notes, and floating rate notes.

The step-up securities are comprised of $77.15 million in U.S. government agency (Federal National Mortgage Association, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation) bonds and notes, and $4.01 million in corporate debt obligations. The investments in step-ups are highly sensitive to changes in interest rates due to the increasing coupons combined with the call feature embedded within the notes. The call feature grants the issuer the option to call the investment on certain specified dates. The "step-up" refers to the coupon rate of the note increasing to rates specified at inception and on specified dates. The next "step" dates for these step-up notes range from November 2015 to October 2022, with corresponding coupon rates ranging from 1.25% to 3.00%. Final "step" dates range from September 2018 to November 2032, with final coupon rates ranging from 2.50% to 12.00%.

The variable and floating-rate securities are comprised of $1.51 million in Federal Home Loan Bank bonds and notes, and $47.02 million in corporate debt obligations. Variable and Floating Rate Notes are debt obligations that have variable interest rates. These types of securities have coupon payments that correlate to a benchmark such as LIBOR and Treasury Bill rates for example. In many instances, the coupon paid is based on a spread to or as a percentage of a specified benchmark and may include a "floor and cap" rate. The investments in variable and floating-rate notes are highly sensitive to changes in interest rates due to the coupons regularly changing in relation to the corresponding benchmark. In addition, variable and floating-rate notes may include a call feature. These variable and floating-rate notes had coupons ranging from 1.29% to 4.75%. The maturity dates range from February 2020 to September 2029. $7.45 million of the total in variable and floating-rate notes are callable quarterly, with the next call date in September 2015, while the remainder are not callable.

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. All of these investments are held by the universities' discretely presented component units.

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, 2015, follows:

Type of Investment	LSU Foundation	Tiger Athletic Foundation*	The Foundation for the LSU Health Sciences Center	LSU Health Sciences Foundation in Shreveport	Total Investments
Money markets/certificates of deposit			$18,338,025	$162,910	$18,500,935
Debt obligations	$91,187,970	$61,549,194	45,641,306		198,378,470
Corporate stocks, common stocks, and indexed mutual funds	17,047,354	460,678			17,508,032
Shaw Center for the Arts, LLC	16,171,855				16,171,855
Royalty interest	154,084				154,084
Mutual funds	278,466,887		62,349,284	131,053,433	471,869,604
LSU Foundation investment pool[1]		11,452,224			11,452,224
Private equity	49,374,836				49,374,836
Hedged funds	87,703,213		9,508,606		97,211,819
Group variable annuity	10,987,770				10,987,770
Municipal bonds	4,372,960				4,372,960
Agency investments for LSUHSC Shreveport				55,738,854	55,738,854
Total investments	$555,466,929	$73,462,096	$135,837,221	$186,955,197	$951,721,443

*As of December 31, 2014

[1]Investments consist primarily of equity funds, corporate bonds, collateralized mortgage obligations, and government agency securities.

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 $16,171,855 at June 30, 2015, is accounted for by the equity method. The summarized unaudited financial information of the Shaw Center for the Arts, LLC, is as follows:

Total assets	$32,515,774
Total liabilities	$172,064
Net income (loss)	($1,036,561)

The LSU Foundation serves as trustee for various charitable remainder trusts for which the Foundation is not the irrevocable beneficiary. The funds are held and administered by a third-party financial institution as an agent of the Foundation. The fair market value of the funds held is reported as an asset and corresponding liability in the statements of financial position. As of June 30, 2015, the fair market value of these charitable remainder trusts totaled $417,898.

The LSU Foundation is the irrevocable beneficiary of two split-interest agreements for which the funds are held and administered by third parties. The Foundation's interest in the funds held by the third parties is measured at its present value and reported as an asset in the statements of financial position as other restricted noncurrent assets. As of June 30, 2015, the fair value of the beneficial interests totaled $876,095.

The LSU Foundation has several charitable gift annuity arrangements with donors in which the Foundation has received assets from a donor in exchange for the Foundation's promise to pay the donor or his or her designee a fixed amount over a specified period of time. The assets are held as investments of the LSU Foundation and are reported as investments on the statements of financial position at their fair value of $3,726,462 as of June 30, 2015. The present value of the amount due to these donors or their designees as of June 30, 2015, totaled $2,019,116 and is included in the amounts held in custody liability.

The Foundation for the LSU Health Sciences Center has entered into two charitable gift annuity agreements. In consideration of the contribution, the Foundation shall pay an annual annuity of $6,795 paid in quarterly installments to the donor so long as they are living. The Foundation's obligation will terminate upon the donor's death. The present value of the estimated future payments ($46,871 at June 30, 2015) is calculated using a discount rate of 1.2% and the applicable mortality rates. The Foundation made payments to the donor in the amount of $6,975 for the year ended June 30, 2015.

4. RECEIVABLES

Receivables and amounts due from the federal government (net) are scheduled for collection within one year and are shown on Statement A net of an allowance for doubtful accounts, as follows:

	Receivables	Doubtful Accounts	Net Receivables
Student tuition and fees	$28,874,760	$141,426	$28,733,334
Auxiliary enterprises	5,807,673	345,176	5,462,497
Contributions and gifts	3,662,930		3,662,930
Federal grants and contracts (net)	13,934,550	183	13,934,367
State and private grants and contracts	124,132,995	63,323	124,069,672
Sales and services/other	30,951,322		30,951,322
Clinics	103,418,872	69,089,628	34,329,244
Hospital	370,804,760	365,666,611	5,138,149
Other - uncompensated care	55,250,012		55,250,012
Total	$736,837,874	$435,306,347	$301,531,527

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

LSU SYSTEM

	Balance June 30, 2014	Prior Period Adjustment	Restated Balance June 30, 2014	Additions	Transfers	Retirements	Balance June 30, 2015
Capital assets not being depreciated:							
Land	$68,039,763		$68,039,763	$2,945,084		($3,373)	$70,981,474
Capitalized collections	4,589,712	($15,500)	4,574,212	130,875			4,705,087
Construction-in-progress	886,914,228	(136,423)	886,777,805	269,417,753	($78,348,496)	(982,702,908)	95,144,154
Total capital assets not being depreciated	$959,543,703	($151,923)	$959,391,780	$272,493,712	($78,348,496)	($982,706,281)	$170,830,715
Other capital assets:							
Infrastructure	$43,565,593		$43,565,593				$43,565,593
Less accumulated depreciation	(18,203,397)		(18,203,397)	($1,120,317)			(19,323,714)
Total infrastructure	25,362,196	NONE	25,362,196	(1,120,317)	NONE	NONE	24,241,879
Land improvements	114,108,905		114,108,905	889,554	$790,120	($865,980)	114,922,599
Less accumulated depreciation	(64,104,190)		(64,104,190)	(3,876,030)		623,724	(67,356,496)
Total land improvements	50,004,715	NONE	50,004,715	(2,986,476)	790,120	(242,256)	47,566,103
Buildings	2,158,739,617	$921,155	2,159,660,772	43,518,288	72,437,693	(12,341,619)	2,263,275,134
Less accumulated depreciation	(1,042,476,299)	6,629	(1,042,469,670)	(56,482,702)		8,164,032	(1,090,788,340)
Total buildings	1,116,263,318	927,784	1,117,191,102	(12,964,414)	72,437,693	(4,177,587)	1,172,486,794
Equipment (including library books)	1,054,191,448	1,412,736	1,055,604,184	68,667,346	5,120,683	(43,643,915)	1,085,748,298
Less accumulated depreciation	(858,179,590)	(630,345)	(858,809,935)	(57,275,007)		36,002,187	(880,082,755)
Total equipment	196,011,858	782,391	196,794,249	11,392,339	5,120,683	(7,641,728)	205,665,543
Software (internally generated and purchased)	18,762,217		18,762,217	79,806,419		(1,247,629)	97,321,007
Other intangibles	2,705,099		2,705,099	332,353			3,037,452
Less accumulated amortization - software	(16,312,343)		(16,312,343)	(28,904,479)		1,247,629	(43,969,193)
Less accumulated amortization - other intangibles	(2,588,082)		(2,588,082)	(59,981)			(2,648,063)
Total intangible assets	2,566,891	NONE	2,566,891	51,174,312	NONE	NONE	53,741,203
Total other capital assets	$1,390,208,978	$1,710,175	$1,391,919,153	$45,495,444	$78,348,496	($12,061,571)	$1,503,701,522
Capital asset summary:							
Capital assets not being depreciated	$959,543,703	($151,923)	$959,391,780	$272,493,712	($78,348,496)	($982,706,281)	$170,830,715
Other capital assets, at cost	3,392,072,879	2,333,891	3,394,406,770	193,213,960	78,348,496	(58,099,143)	3,607,870,083
Total cost of capital assets	4,351,616,582	2,181,968	4,353,798,550	465,707,672	NONE	(1,040,805,424)	3,778,700,798
Less accumulated depreciation and amortization	(2,001,863,901)	(623,716)	(2,002,487,617)	(147,718,516)	NONE	46,037,572	(2,104,168,561)
Capital assets, net	$2,349,752,681	$1,558,252	$2,351,310,933	$317,989,156	NONE	($994,767,852)	$1,674,532,237

COMPONENT UNITS

	Balance June 30, 2014	Additions	Transfers	Retirements	Balance June 30, 2015
Capital assets not being depreciated:					
Land	$10,505,552	$270,000		($2,613,942)	$8,161,610
Capitalized collections	4,227,043	18,478		(934)	4,244,587
Construction-in-progress	47,167,302	51,382,252	($96,021,049)	(970,454)	1,558,051
Total capital assets not being depreciated	$61,899,897	$51,670,730	($96,021,049)	($3,585,330)	$13,964,248
Other capital assets:					
Land improvements	$6,177,198				$6,177,198
Less accumulated depreciation	(749,018)	($97,932)			(846,950)
Total land improvements	5,428,180	(97,932)	NONE	NONE	5,330,248
Buildings	157,910,326	366,674	$95,958,276		254,235,276
Less accumulated depreciation	(24,430,025)	(4,275,562)			(28,705,587)
Total buildings	133,480,301	(3,908,888)	95,958,276	NONE	225,529,689
Equipment	2,156,690	58,464		($36,377)	2,178,777
Less accumulated depreciation	(1,803,325)	(117,444)		36,377	(1,884,392)
Total equipment	353,365	(58,980)	NONE	NONE	294,385
Total other capital assets	$139,261,846	($4,065,800)	$95,958,276	NONE	$231,154,322
Capital asset summary:					
Capital assets not being depreciated	$61,899,897	$51,670,730	($96,021,049)	($3,585,330)	$13,964,248
Other capital assets, at cost	166,244,214	425,138	95,958,276	(36,377)	262,591,251
Total cost of capital assets	228,144,111	52,095,868	(62,773)	(3,621,707)	276,555,499
Less accumulated depreciation	(26,982,368)	(4,490,938)		36,377	(31,436,929)
Capital assets, net	$201,161,743	$47,604,930	($62,773)	($3,585,330)	$245,118,570

6. DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2015, were as follows:

Activity	Amount
Vendors	$57,613,954
Salaries and benefits	58,539,531
Accrued interest	172,839
Other payables	4,166,053
Total	$120,492,377

7. DEFINED BENEFIT PENSION PLANS

The System is a participating employer in several cost-sharing 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:	LASERS:
8401 United Plaza Blvd.	8401 United Plaza Blvd.
P. O. Box 94123	P. O. Box 44213
Baton Rouge, Louisiana	Baton Rouge, Louisiana
70804-9123	70804-4213
(225) 925-6446	(225) 925-0185
www.trsl.org	www.lasersonline.org

The System implemented Government Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68*. These standards require the System to record its proportional share of each of the pension plans' net pension liabilities, deferred outflows and deferred inflows, and report the following disclosures:

Plan Descriptions

Teachers' Retirement System of Louisiana (TRSL)

The Teachers' Retirement System of Louisiana (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 LRS 11:701. Statutory changes closed existing, and created new, sub-plans for members hired on or after January 1, 2011. The System has participants in TRSL's Regular Plan and in Plan A. Eligibility for retirement benefits for these plans and the calculation of retirement benefits are provided for in LRS 11:761. Most members are eligible to receive retirement benefits (1) at the age of 60 with five years of creditable service, (2) at the age of 55 with at least 25 years of creditable service, or (3) at any age with at least 30 years of creditable service. Retirement benefits are calculated by applying a percentage ranging from 2% to 3% of final average salary multiplied by years of service. Final average salary is based upon the member's highest successive 36 months (highest successive 60 months for members employed after January 1, 2011).

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the third anniversary of retirement eligibility. Delayed participation reduces the three-year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP, the member can continue employment and earn additional accruals to be added to the fixed pre-

DROP benefit. Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based upon the account balance.

Under LRS 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011, and have five or more years creditable service, or if employed on or after January 1, 2011, and attained at least 10 years of creditable service. Members employed prior to January 1, 2011, receive disability benefits equal to 2½% of his average compensation multiplied by his years of creditable service, but not more than 50% of his average compensation subject to statutory minimums. Members employed on or after January 1, 2011, receive disability benefits equal to the regular retirement formula without reduction by reason of age.

Survivor benefits are provided for in LRS 11:762. In order for survivor benefits to be paid, the deceased member must have been in state service at the time of death and must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or must have had a minimum of 20 years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Survivor benefits are equal to 50% of the benefit to which the member would have been entitled if he had retired on the date of his death using a factor of 2½% regardless of years of service or age, or $600 per month, whichever is greater.

Louisiana State Employees' Retirement System (LASERS)

The Louisiana State Employees' Retirement System (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 LRS 11:411-414. 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 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 LRS 11:441 and vary depending on the member's hire date, employer, and job classification. The substantial majority of members may retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing five to 10 years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially-reduced benefit. The computation of retirement benefits are provided for in LRS 11:444. The basic annual retirement benefit for members is equal to a percentage (between 2.5% and 3.5%) of average compensation multiplied by the number of years of creditable service. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006, or highest 60 consecutive months of employment for members employed after that date. A member leaving service before attaining minimum retirement but after completing certain minimum service requirements, generally 10 years, becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw the accumulated contributions.

The state Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree, even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the system's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP), which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors. Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Eligibility requirements and benefit computations for disability benefits are provided for in LRS 11:461. All members with 10 or more years of creditable service or members aged 60 or older regardless of date of hire who become disabled may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation.

Provisions for survivor's benefits are provided for in LRS 11:471-478. Under these statutes, the deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of 20 years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18 or age 23 if the child remains a full-time student. The minimum service requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. 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. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

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, 2015, for the System and covered employees were as follows:

	System	Employees
Teachers' Retirement System:		
Higher Ed Regular Plan	26.4%	8.0%
K-12 Regular Plan	28.0%	8.0%
LA State Employees' Retirement System	37.0%	7.5% - 8.0%

The LSU System's contributions made to the Retirement Systems for 2015, which equaled the required contributions, were as follows:

Teachers' Retirement System:	
Regular Plan	$140,955,881
LA State Employees' Retirement System	$45,776,471

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 2015 is $4,273,655.

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 for based on the June 30, 2014, measurement date. The System uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2015, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2014, along with the change compared to the June 30, 2013, 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, 2015 (measured as of June 30, 2014)	Rate at June 30, 2014	Increase (Decrease) to June 30, 2013 Rate
Teachers' Retirement System	$1,215,849,099	11.90%	(.21%)
LA State Employees' Retirement System	426,523,299	6.82%	(5.43%)
Total	$1,642,372,398		

The following schedule lists the System's recognized pension expense for the year ended June 30, 2015, for each of the pension plans:

Teachers' Retirement System	($39,607,178)
LA State Employees' Retirement System	(140,449,896)
Total	($180,057,074)

At June 30, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$19,240,850
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		209,104,360
Changes in proportion and differences between Employer contributions and proportionate share of contributions	$99,892,952	377,054,452
Employer contributions subsequent to the measurement date	186,732,352	
Total	$286,625,304	$605,399,662

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Teachers' Retirement System	$208,981,779	$256,337,749
LA State Employees' Retirement System	77,643,525	349,061,913
Total	$286,625,304	$605,399,662

The System reported a total of $186,732,352 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2014, which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2016. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Teachers' Retirement System	$140,955,881
LA State Employees' Retirement System	45,776,471
Total	$186,732,352

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

Year	TRSL	LASERS	Total
2016	($47,077,955)	($145,107,612)	($192,185,567)
2017	(47,077,963)	(145,107,609)	(192,185,572)
2018	(47,077,964)	(13,489,819)	(60,567,783)
2019	(47,077,969)	(13,489,819)	(60,567,788)
Total	($188,311,851)	($317,194,859)	($505,506,710)

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, 2014, are as follows:

	TRSL	**LASERS**
Valuation Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Expected Remaining Service Lives	5 years	3 years
Investment Rate of Return	7.75% net of investment expenses	7.75% per annum.
Inflation Rate	2.5% per annum	3.0% per annum
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.	**Non-disabled members -** Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. **Disabled members -** Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

Salary Increases	3.50% - 10.0% varies depending on duration of service	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	4.00%	13.00%
Judges	3.00%	5.50%
Corrections	3.60%	14.50%
Hazardous Duty	3.60%	14.50%
Wildlife	3.60%	14.50%

Cost of Living Adjustments	None	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.
Experience	The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, and ending June 30, 2012.	

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

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, 2014:

Asset Class	Target Allocation TRSL	Target Allocation LASERS	Long-Term Expected Real Rate of Return TRSL	Long-Term Expected Real Rate of Return LASERS
Cash				0.50%
Domestic equity	31.0%	27.0%	4.71%	4.69%
International equity	19.0%	30.0%	5.69%	5.83%
Domestic fixed income	14.0%	11.0%	2.04%	2.34%
International fixed income	7.0%	2.0%	2.80%	4.00%
Alternatives	29.0%	23.0%	5.94%	8.09%
Global asset allocation		7.0%		3.42%
Total	100%	100%		5.78%

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 for both TRSL and LASERS was 7.75% for the year ended June 30, 2014.

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	6.75%	7.75%	8.75%
System's share of NPL	$1,548,561,275	$1,215,849,099	$932,694,605
LASERS			
Rates	6.75%	7.75%	8.75%
System's Share of NPL	$547,050,926	$426,523,299	$324,359,307

Payables to the Pension Plans

The System recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2015, 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, 2015, is as follows:

TRSL	$12,915,327
LASERS	3,672,648
	$16,587,975

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 2015 totaled $91,833,042, which represents pension expense for the System. Employee contributions totaled $26,280,665. The Active member and employer contribution rates were 8% and 5.2%, respectively, with an additional employer contribution of 22.7% 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.

The System offers its employees the opportunity to participate in one of two medical coverage plans. One plan is from the state's Office of Group Benefits (OGB), which also offers a life insurance plan, and the other plan is with the LSU System Health Plan (Health Plan). GASB Statement No. 45 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 would be subject to the provisions of this statement. Information about each of these two plans is presented below.

Plan Descriptions

LSU System Health Plan (Health Plan)

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. Within the Health Plan, members have a choice of selecting Option 1 or Option 2. Option 1, shown in the schedule of total monthly premium rates on page 63, is more costly, but features both lower yearly deductibles and out-of-network coinsurance requirements.

Employees in a limited number of other state agencies may also participate, but that participation is not material and, as such, the plan is identified as a single-employer defined benefit health care plan that is not administered as a trust or equivalent arrangement.

The System selects claim and pharmaceutical administrators to administer its program. Both claim and pharmacy administrators are selected through a formal Request for Proposals process followed by negotiations between the System administration and qualified vendors.

The Health Plan originally began as a pilot program within OGB, the office that provides health benefits to state employees pursuant to the provisions of R.S. 42:851. The Health Plan does not issue a publicly-available financial report, but it is included in the System's audited financial report.

State OGB Plan

System employees may also participate in the state's other OPEB Plan, an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. OGB administers the plan. 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 Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

LSU System 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 plan is financed on a pay-as-you-go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits. This expense includes all expected claims and related expenses and is offset by retiree contributions.

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. Contribution amounts vary depending on what health care provider is selected from the plan and if the member has Medicare coverage. OGB offers five self-insured healthcare plans and one fully insured plan for both active and retired employees: the Health Maintenance Organization (HMO) Plan, the Magnolia Open Access Plan, the Magnolia Local Plan, the Magnolia Local Plus Plan, the Pelican HSA 775, and the Pelican HRA 1000 Plan. Retired employees who have Medicare Part A and Part B coverage also have access to additional OGB Medicare Advantage plans (two HMO plans and one Zero-Premium HMO plan) during calendar years 2014 and 2015. The two HMO plans are Peoples Health HMO-POS Plan and Vantage HMO-POS Plan. There are also several plans offered under Extend Health with a state-funded health reimbursement account. The state contributes $200 a month for employee-only and $300 a month for employee and spouse coverage.

The plan is financed on a pay-as-you-go basis. As of June 30, 2015, the state does not use an OPEB trust. A trust was established with an effective date of July 1, 2008, but was not funded, has no assets, and hence has a funded ratio of zero.

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. Participating retirees paid $0.54 each month for each $1,000 of life insurance and $0.98 each month for each $1,000 of spouse life insurance.

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

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

The following table shows the rates in effect at June 30, 2015.

	LSU System Health Plan		State OGB Plans					
	Option 1	Option 2	HMO	Pelican HSA 775	Magnolia Open Access	Magnolia Local Plus	Magnolia Local	Pelican HRA 1000
Active								
Single	$594	$530	$561	$228	$594	$561	$535	$394
With Spouse	1,156	1,013	1,192	484	1,262	1,192	1,136	837
With Children	724	672	684	278	724	684	652	481
Family	1,325	1,167	1,257	511	1,331	1,257	1,198	883
Retired, No Medicare and Re-employed Retiree								
Single	$1,105	$1,065	$1,047	N/A	$1,105	$1,047	$995	$733
With Spouse	1,898	1,843	1,849	N/A	1,951	1,849	1,756	1,295
With Children	1,231	1,181	1,167	N/A	1,231	1,167	1,108	817
Family	1,942	1,877	1,841	N/A	1,942	1,841	1,748	1,288
*Retired, with 1 Medicare								
Single	$357	$309	$347	N/A	$359	$347	$323	$238
With Spouse	1,267	1,096	1,266	N/A	1,328	1,266	1,195	881
With Children	622	610	596	N/A	622	596	560	413
Family	1,749	1,529	1,686	N/A	1,769	1,686	1,592	1,174
*Retired, with 2 Medicare								
With Spouse	$635	$549	$621	N/A	$646	$621	$581	$429
Family	800	740	769	N/A	800	769	720	531

*All members who retire on or after July 1, 1997, must have Medicare Parts A and B to qualify for the reduced premium rates.

	Calendar Year 2015		Calendar Year 2014	
	Retired with		Retired with	
Medicare Supplemental Rates	1 Medicare	2 Medicare	1 Medicare	2 Medicare
People's Health HMO	$242	$484	$251	$502
Vantage HMO	$195	$390	$151	$301

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of each plan's annual OPEB cost for the year ending June 30, 2015, the amount actually contributed to the plan, and changes in the plan's net OPEB obligation to the retiree health plan.

	LSU System Health Plan	State OGB Plan	Total
Annual Required Contribution (ARC)	$63,795,555	$58,460,517	$122,256,072
Interest on Net OPEB Obligation (NOO)	14,305,703	18,940,695	33,246,398
ARC adjustment	(13,666,399)	(18,094,253)	(31,760,652)
Annual OPEB cost	64,434,859	59,306,959	123,741,818
Employer contributions	(23,019,409)	(37,958,221)	(60,977,630)
Increase in net OPEB obligation	41,415,450	21,348,738	62,764,188
Net OPEB obligation - beginning of year	357,642,624	473,517,433	831,160,057
Net OPEB obligation - end of year	$399,058,074	$494,866,171	$893,924,245

Funding Trend

	LSU System Health Plan			State OGB Plan		
	2015	2014	2013	2015	2014	2013
OPEB cost	$64,434,859	$75,456,599	$79,676,979	$59,306,959	$57,992,100	$54,862,900
Percent contributed	35.72%	28.96%	20.78%	64.00%	64.55%	59.03%
Ending NOO	$399,058,074	$357,642,624	$304,035,565	$494,866,171	$473,517,433	$452,956,670

Funded Status and Funding Progress

The funded status of the plans as of July 1, 2014, was as follows:

	LSU System Health Plan	State OGB Plan
Actuarial accrued liability (AAL)	$1,066,641,482	$1,020,954,400
Actuarial value of plan assets	NONE	NONE
Unfunded actuarial accrued liability (UAAL)	$1,066,641,482	$1,020,954,400
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Annual covered payroll (active plan members)	$476,171,534	$180,774,079
UAAL as a percentage of covered payroll	224.0%	564.8%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Furthermore, actuarially-determined amounts are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

A summary of the actuarial assumptions are presented as follows:

	LSU System Health Plan	State OGB Plan
Actuarial valuation date	July 1, 2014	July 1, 2014
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of payroll	Level percentage of payroll
Amortization period	30 years, open	30 years, open
Asset valuation method	None	None
Actuarial assumptions:		
Discount rate	4% annual rate	4% annual rate
Projected salary increases	3% per annum	3% per annum
Health care inflation rate	8.5% initial	8% initial
	4.5% ultimate	4.5% ultimate

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 17 lawsuits that are handled by contract attorneys at June 30, 2015. The attorneys have estimated a reasonably possible unfavorable outcome to the System of $59,000 relating to two of the lawsuits. All other lawsuits are handled by either ORM or the Attorney General’s Office. The System’s risks of loss are financed by a mix of commercial insurance and participation in a public entity risk pool (ORM). Covered risks include property, casualty, and workers compensation. LSU also retains a portion of these losses through high deductible insurance programs. Retained losses are fully funded based on actuarial analysis.

In addition, the System is exposed to various risks of losses related to the self-insured and self-funded LSU System Health Plan, which provides health insurance benefits to active and retired System employees and which began as a pilot program for the fiscal year ended June 30, 2003. Beginning in fiscal year 2011-12, estimated incurred but not reported (IBNR) claim reserve is as of December 31. This is a change in time period due to coordination with a change to LSU’s health plan year. Historically, IBNR was calculated as of June 30 each year. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. According to the requirements of GASB Statement No. 10, as amended by Statements 17 and 30, total claims expenditures were $103,943,234. Changes in the reported liability for the last three periods are summarized as follows:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Recoveries From Settled and Unsettled Claims	Balance at Fiscal Year-End
2012-13	$11,456,000	$136,221,415	($130,704,315)	($7,085,100)	$9,888,000
2013-14	$9,888,000	$102,903,234	($98,653,835)	($6,603,703)	$8,869,000
2014-15	$8,869,000	$100,115,308	($103,943,234)	$3,438,926	$8,480,000

CONTINGENCIES - COMPONENT UNITS

The LSU Foundation has contractual commitments associated with projects for construction of a new Foundation office building, the Nicholson Gateway Project, restoration projects for certain LSU buildings, and an equine lameness unit facility. The total contract amounts for these projects total approximately $12,974,000, and the remaining commitment as of June 30, 2015, totals approximately $11,502,400.

The LSU Foundation committed $1,350,000 to Louisiana Fund I, L.P., a Delaware Limited Partnership in October 2004. As of June 30, 2015, capital contributions have totaled $1,296,000. The Foundation also committed a total of approximately $85,520,500 to various Private Equity Funds during 2005 through 2015. As of June 30, 2015, capital contributions have totaled approximately $49,830,000.

During the fiscal year ended June 30, 2011, the LSU Health Sciences Foundation in Shreveport was asked by the Chancellor of the LSU Health Sciences Center Shreveport to consider an infusion into the Otolaryngology Department for growth and development. The Board of Directors voted and approved to donate up to $2.5 million over the next five years. The first year's funding allocation of $500,000 will come from the Feist-Weiller Investment account, with the remainder from the Feist Legacy account going forward. As of June 30, 2015, the Foundation segregated $1,500,000 for the Otolaryngology Department, of which $1,339,987 remained as of June 30, 2015, and is included as temporarily restricted net assets.

On July 15, 2009, the Board of Directors approved an Operating Reserve Policy to establish guidelines for achieving an operating reserve sufficient for the LSU Health Sciences Foundation in Shreveport to adequately support its annual budget, ensure continued growth of current and future programs, fulfill its mission even during times of harsh economic conditions, and provide financial stability and the means for development of its principal activity. The policy states that the operating reserve of $1 million shall be established beginning in fiscal year ending June 30, 2011, and shall be fully funded by the end of the fiscal year ending June 30, 2016, through designation of unrestricted funds given to the LSU Health Sciences Foundation in Shreveport.

The reserve shall be invested in highly-liquid U.S. Treasury obligations or FDIC-insured accounts and may be used only for unanticipated and unbudgeted expenses or loss of revenue. Reserves may not be accessed in the absence of a plan for their replenishment over a reasonable period of time. On October 19, 2011, the Executive Committee of the Board of Directors voted to fully fund the Operating Reserve of $1 million from unrestricted funds of the LSU Health Sciences Foundation in Shreveport rather than partially funding the reserve between the remaining fiscal years ending June 30, 2012, through June 30, 2016.

During the year ended June 30, 2015, the LSU Health Sciences Center Shreveport received approximately $1.0 million from the state of Louisiana Workforce and Innovation for a Stronger Economy fund, which is dedicated to funding Louisiana's public higher education institutions. In order to receive such funds, the Center was required to submit an implementation plan on how the funds will be used, and required to obtain a minimum industry match of at least 20%. The LSU Health Sciences Foundation in Shreveport provided a written commitment of $400,000 to satisfy the match requirement.

10. COMPENSATED ABSENCES

At June 30, 2015, employees of the System have accumulated and vested annual, sick, and compensatory leave benefits of $55,411,316, $28,557,759, and $372,610, respectively, which were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

11. OPERATING LEASES

For the year ended June 30, 2015, the total rental expenses for all operating leases, except those with terms of a month or less that were not renewed is $17,174,319. The following is a schedule by years of future minimum annual rental payments required under operating leases that have initial or noncancelable lease terms in excess of one year as of June 30, 2015:

	Fiscal Year						
Nature of Operating Lease	2016	2017	2018	2019	2020	2021-2025	2026-2030
Office space	$12,116,196	$8,975,670	$8,443,446	$8,353,755	$8,196,288	$40,786,180	$40,292,880
Equipment	19,961						
Land	132,374	132,374	132,374	132,374	132,374	661,871	661,871
Other	331,719	45,686	37,605	28,808	30,248	136,891	
Total	$12,600,250	$9,153,730	$8,613,425	$8,514,937	$8,358,910	$41,584,942	$40,954,751

Nature of Operating Lease	Fiscal Year 2031-2035	2036-2040	2041-2045	2046-2050	2051-2055	2056-2060	2061-2065	Total Future Mimimum Rental Payments
Office space	$40,292,880	$40,292,880	$26,190,372					$233,940,547
Equipment								19,961
Land	661,871	661,871	661,871	$661,871	$661,871	$661,871	$308,875	6,265,713
Other								610,957
Total	$40,954,751	$40,954,751	$26,852,243	$661,871	$661,871	$661,871	$308,875	$240,837,178

The lease agreements have non-appropriation exculpatory clauses that allow lease cancellation if the legislature does not make an appropriation for its continuation during any future fiscal period.

OPERATING LEASES - COMPONENT UNITS

LSU Foundation - The Foundation leases office space from the LSU Alumni Association under an agreement which has options for renewal periods extending through November 30, 2016, and also leases office space from LAETC Management Company, LLC through May 2016. For the year ended June 30, 2015, rent expense incurred under these agreements totaled $184,401.

LSU Health Sciences Foundation in Shreveport - The Foundation leases office space under an operating lease which expires on March 31, 2017. In addition, the Foundation leases a copier/printer/scanner under an operating lease which expires on November 30, 2019, and a postage machine which expires on July 9, 2017. Included in management and general expense is $71,737 in rent and equipment rental expense for the year ended June 30, 2015.

12. LESSOR LEASES

Operating Leases

The System's operating leases consist primarily of leasing property for the purposes of providing food services to students; bookstore operations; land for fraternity and sorority houses and parking spaces to foundations; office space for postal services, banking services, and university affiliated organizations; space on rooftops for communication towers; and mineral leases. As noted previously, the System has entered into public/private partnerships for the management of its hospitals, and in some cases those partnerships included leasing of the associated assets.

The following schedule provides an analysis of the cost and carrying amount of the System's investment in property on operating leases and property held for lease as of June 30, 2015:

Nature of Lease	Cost	Accumulated Depreciation	Carrying Amount
Office space	$3,510,779	($1,914,266)	$1,596,513
Buildings	208,320,646	(129,185,661)	79,134,985
Equipment	113,578,627	(103,456,825)	10,121,802
Total	$325,410,052	($234,556,752)	$90,853,300

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2015:

	Nature of Lease					
Fiscal Year Ending June 30,	Office Space	Buildings	Equipment	Land	Other	Total
2016	$236,028	$29,766,052	$4,104,469	$400,803	$1,586,506	$36,093,858
2017	33,880	29,577,260	811,530	387,413	1,482,316	32,292,399
2018	33,880	29,073,280	641,109	379,540	127,180	30,254,989
2019	33,880	26,874,665		376,540	49,855	27,334,940
2020	33,880	26,533,890		284,102	37,923	26,889,795
2021-2025	33,880	77,992,974		990,098		79,016,952
2026-2030				938,700		938,700
2031-2035				941,713		941,713
2036-2040				2,943,816		2,943,816
2041-2045				10,873,864		10,873,864
2046-2050				7,828,320		7,828,320
2051-2055				784,887		784,887
2056-2060				678,220		678,220
2061-2065				114,623		114,623
2066-2070				32,350		32,350
2071-2075				32,300		32,300
2076-2080				32,300		32,300
2081-2085				32,300		32,300
2086-2090				28,090		28,090
2091-2095				250		250
Total	$405,428	$219,818,121	$5,557,108	$28,080,229	$3,283,780	$257,144,666

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. These contingent rental payments occur as a result of sales volume, customer usage of services provided, or the drilling operations on mineral leases. Contingent rentals amounted to $4,370,722 for the year ended June 30, 2015.

Direct Financing Type Lease

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

- Collectibility of the minimum lease payments is reasonably predictable.

- No important uncertainties surround the amount of unreimbursable costs yet to be incurred by the lessor under the lease.

The System has entered into a lease agreement for the Academic Medical Center in New Orleans for its hospital building. The term of the lease agreement is from April 24, 2015, to April 23, 2055. As a direct-financing type lease, the System records the lease payments as receivable and that portion of capital lease payments attributable to interest income as unearned revenue.

	Date of Lease	Minimum Lease Payments Receivables	Remaining Interest to End of Lease	Remaining Principal to End of Lease
Minimum Lease payments	04/24/2015	$2,734,804,839	NONE	$2,734,804,839
Less - amounts representing executor costs		NONE		
Minimum lease payments receivables		2,734,804,839		
Less - allowance for uncollectibles		NONE		
Net Minimum lease payments receivables		2,734,804,839		
Estimated residual value of leased property		NONE		
Subtotal		2,734,804,839		
Less - unearned income		(1,923,666,065)		
Net investment in direct financing-type leases		$811,138,774		

The following is a schedule by year of minimum lease receivables as of June 30, 2015:

Year	
2016	$8,284,863
2017	67,335,243
2018	67,335,243
2019	67,335,243
2020	67,335,243
2021-2025	336,676,217
2026-2030	336,676,217
2031-2035	337,728,727
2036-2040	364,923,750
2041-2045	364,923,750
2046-2050	364,923,750
2051-2055	351,326,593
Total	$2,734,804,839

Unearned Revenue

In connection with the lease mentioned above, other amounts are also accounted for as unearned revenue in relation to this lease transaction as further described herein. Unearned Revenues reflected on the Statement of Net Position in the long-term portion of noncurrent liabilities are related to the public/private partnerships as discussed in the Introduction and note 29 of the Notes to the Financial Statements: (1) $28,326,531 for advance operating lease payments for the final periods of the leases; (2) $142,333,973 for an advance capital lease payment for the

Academic Medical Center in New Orleans (AMCNO) Ambulatory Care Building (ACB) and Garage; and (3) $1,937,093,694 for the AMCNO Hospital building capital lease; for a total of $2,107,754,198 Unearned Revenues. The newly constructed AMCNO is under the management of Louisiana Children's Medical Center (LCMC). While construction of the AMCNO was not complete in 2015, it was substantially complete and the Division of Administration's Office of Facility Planning and Control granted access to the premises to LCMC effective April 24, 2015. The 40-year Cooperative Endeavor Agreement between LSU and LCMC resulted in a capital lease for the new hospital, as well as a separate capital lease for the new ACB and Garage. Per Act 420 of the 2013 Regular Session, these advance lease payments are deposited with the State Treasury.

Restricted Other Asset

Because the LCMC made an advance payment of $143,000,000, representing all future rents of the ACB and Garage for the 40-year lease agreement, the asset was classified as an Other Asset rather than a Lease Receivable in the financial statements. $666,027 was recognized for the 68 days effective in FY15, leaving a balance of $142,333,973 in Restricted Other Assets at June 30, 2015.

13. LONG-TERM LIABILITIES

The following is a summary of bonds and other long-term liability transactions of the System and its component units for the year ended June 30, 2015:

System

	Restated Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Notes and bonds payable:					
Notes payable	$1,904,494	$6,750,000	$477,326	$8,177,168	$622,437
Bonds payable	497,007,620	91,207,152	110,495,592	477,719,180	15,795,910
Subtotal	498,912,114	97,957,152	110,972,918	485,896,348	16,418,347
Other liabilities:					
Compensated absences payable	83,915,525	15,863,517	15,437,357	84,341,685	7,875,752
Capital lease obligations	31,272,669		4,482,697	26,789,972	3,101,309
Unearned revenues (advance lease payments)	281,326,533	1,953,014,958	126,587,293	2,107,754,198	
Other liabilities	748,470	545,562	661,962	632,070	
Net pension liability	2,338,340,793	272,707,470	968,675,865	1,642,372,398	
OPEB payable	831,160,057	123,741,818	60,977,630	893,924,245	
Subtotal	3,566,764,047	2,365,873,325	1,176,822,804	4,755,814,568	10,977,061
Total long-term liabilities	$4,065,676,161	$2,463,830,477	$1,287,795,722	$5,241,710,916	$27,395,408

Component Units

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Notes and bonds payable:					
Notes payable	$5,866,308	$19,044,780	$2,312,454	$22,598,634	$490,725
Bonds payable	164,759,092	24,000,000	9,088,410	179,670,682	4,320,000
Subtotal	170,625,400	43,044,780	11,400,864	202,269,316	4,810,725
Other liabilities					
Deferred revenues	85,859,731	22,197,482	34,837,590	73,219,623	35,820,191
Total long-term liabilities	$256,485,131	$65,242,262	$46,238,454	$275,488,939	$40,630,916

Notes Payable

The universities have entered into a number of installment purchase agreements for the purchase of computer equipment, copiers, vehicles, et cetera. The agreements require scheduled payments either on a monthly, semiannual, or annual basis and have interest rates ranging from 2.70% to 4.75%.

The following is a summary of future minimum installment payments as of June 30, 2015:

Fiscal Year Ending June 30:	
2016	$976,750
2017	976,750
2018	938,551
2019	464,865
2020	464,813
2021-2025	2,324,370
2026-2030	2,324,369
2031-2035	2,324,370
2036-2040	2,286,148
Total minimum installment payments	13,080,986
Less - amount representing interest	(4,903,818)
Total	$8,177,168

The majority of the installment purchase agreements have non-appropriation exculpatory clauses that allow for lease cancellation if the Louisiana Legislature does not make an appropriation for its continuation during any future fiscal period.

NOTES PAYABLE - COMPONENT UNITS

The component units have entered into a number of notes payable agreements for various purposes. These agreements require scheduled payments either on a monthly, semiannual, or annual basis with interest rates ranging from 0.00% up to 5.00%. The following is a summary of notes payable by component unit as of June 30, 2015:

Component Unit	Principal Outstanding June 30, 2014	Issued	Reductions	Principal Outstanding June 30, 2015	Amounts Due Within One Year
LSU Foundation	$2,204,284		($2,204,284)		
TAF	3,237,887	$19,044,780		$22,282,667	$377,724
LSU HS Foundation in Shreveport	424,137		(108,170)	315,967	113,001
Total	$5,866,308	$19,044,780	($2,312,454)	$22,598,634	$490,725

In January 2010, the LSU Foundation borrowed $2,720,839 in connection with the construction of the new business education complex. The note accrues interest at a variable rate equal to the greater of one-month LIBOR plus 175 basis points or 1% plus 175 basis points (2.75% at June 30, 2014), required quarterly interest payments. This note matured during the year ended June

30, 2015. The note was secured by pledges related to the new complex, and the LSU Foundation applied all pledges received against the outstanding balance on the note payable.

On October 1, 2011, the LSU Foundation converted a line of credit to a note payable in the amount of $7,742,414. The note accrues interest at a fixed rate equal to 3.00% and is uncollateralized. The note payable was paid in full during the year ended June 30, 2015.

The LSU Health Sciences Foundation in Shreveport has one note payable agreement. The agreement has principal outstanding of $315,967 at June 30, 2015, with a 5% fixed interest rate. Monthly installments of $10,600, including interest, began on March 31, 2011, with principal and interest due in full on March 31, 2018.

The Tiger Athletic Foundation (TAF) committed to expending $100,000,000 on the financing, design, development, performance, and construction of the Facilities/South and Olympic Sports Improvements in accordance with the plans and specifications approved by LSU. In order to finance this commitment, the TAF initiated two different debt instruments in October 2012. To finance the balance of the commitment, the TAF issued a non-revolving taxable term loan for a principal amount of $25,000,000. In 2014, the loan agreement was amended to a principal amount of $30,000,000. As security for the payments to be made by the TAF, the TAF has entered into an Act of Assignment of Pledged Revenues and Security Agreement on parity with the Series 1999 and 2004 revenue bonds. As of December 31, 2014, the TAF had drawn $22,282,667 of funds provided by this term loan. The term loan will bear interest at an Elective Interest Rate, which was initially set at the 30-day LIBOR Index Rate plus 3.00%. The TAF has the right to change the Elected Interest Rate to the greater of the New York Prime Rate or the Federal Funds Rate plus 3.50%. The interest rate at December 31, 2014, was 3.155%. Interest only shall be payable through October 1, 2015. Beginning November 1, 2015, the TAF will pay regular monthly installments of accrued interest, plus monthly installments of principal. This term loan matures no later than November 1, 2024.

The following is a summary of future minimum installment payments on all component unit notes payable, net of unamortized discount for the component units as of June 30, 2015:

Fiscal Year Ending June 30:	
2016	$504,929
2017	2,416,047
2018	2,511,080
2019	2,566,270
2020	2,722,442
2021 - 2025	11,902,881
Total minimum installment payments	22,623,649
Less - amount representing interest	(25,015)
Total	$22,598,634

Bonds and Contracts Payable - System

Detailed summaries, by issues, of all bond and reimbursement contract debt outstanding at June 30, 2015, including future interest payments, follow:

Bonds Payable - LSU System

Issue	Date of Issue	Original Issue	Outstanding July 1, 2014	Redeemed/Issued	Outstanding June 30, 2015	Maturities	Interest Rates	Future Interest Payments June 30, 2015
LSU								
2004 Auxiliary Revenue Refunding Bonds	April 6, 2004	$16,035,000	$1,975,000	($1,975,000)			5.25%	$0
2005 Auxiliary Revenue Bonds - Series A	June 2, 2005	18,905,000	2,950,000	(1,965,000)	$985,000	2016-2017	3.7% to 5%	55,635
2006 Auxiliary Revenue Bonds	August 9, 2006	97,095,000	87,345,000	(85,205,000)	2,140,000	2016	4% to 5%	87,740
2007 Auxiliary Revenue Bonds	December 11, 2007	71,130,000	56,415,000	(1,590,000)	54,825,000	2016-2037	4% to 5%	33,213,484
2008 Auxiliary Revenue Bonds	June 27, 2008	52,815,000	41,535,000	(810,000)	40,725,000	2016-2034	4% to 5%	14,996,150
2010 Auxiliary Revenue Bonds - Series A and B	June 24, 2010	118,875,000	112,650,000	(2,510,000)	110,140,000	2016-2040	3% to 5.25%	79,737,255
2012 Auxiliary Revenue Bonds - Series A and B	August 7, 2012	41,615,000	41,465,000	(1,535,000)	39,930,000	2016-2034	3% to 5%	15,795,838
2013 Auxiliary Revenue Bonds - Series A and B	April 25, 2013	101,180,000	101,180,000		101,180,000	2016-2043	3% to 5%	77,667,750
2014 Auxiliary Revenue Bonds - Series A and B	October 16, 2014	81,880,000		80,860,000	80,860,000	2016-2036	3% to 5%	47,330,663
LSU Health Sciences Center								
New Orleans - Building Revenue Bonds - Series 2013	September 4, 2013	12,830,000	12,830,000		12,830,000	2016-2031	2% to 4.75%	5,269,649
Health Care Services Division								
Bogalusa Community Medical Center Project Series 2007 A & B	September 28, 2007	17,500,000	17,500,000	(4,860,000)	12,640,000	2016-2038	.2466% - 7.88%	9,660,319
Health Care Services Mid-City Clinic Project Series 2003B	December 19, 2003	2,500,000	290,000	(290,000)			1.20%	
LSU at Alexandria								
2008 Auxiliary Revenue Bonds	March 18, 2008	4,200,000	3,700,000	(100,000)	3,600,000	2016-2034	4.0% - 5.5%	2,179,656
LSU at Eunice								
1998 Auxiliary Revenue Bonds	June 1, 1998	1,650,000	460,833	(110,416)	350,417	2016-2018	5%	35,000
2002 Auxiliary Revenue Bonds	January 17, 2002	7,000,000	6,390,000	(6,390,000)			7.375%	
Total		645,210,000	486,685,833	(26,480,416)	460,205,417			$286,029,139
Premium/discounts, net		20,954,481	10,321,787	7,191,976	17,513,763			
Total Bonds Payable		$666,164,481	$497,007,620	($19,288,440)	$477,719,180			

Bonds Payable - Component Units

Issue	Date of Issue	Original Issue	Outstanding July 1, 2014	Issued (Redeemed)	Outstanding June 30, 2015	Maturities	Interest Rates	Future Interest Payments June 30, 2015
LSU Foundation								
Pooled Loan Program Revenue Bonds, Series 2003A	May 1, 2003	$12,725,000	$4,970,000	($4,970,000)		2016-2022	Variable	
The Foundation for the LSU Health Sciences Center								
Equipment and Capital Facilities Pooled Loan Program	January 1, 2002	2,035,000	1,004,092	(93,410)	$910,682	2016-2023	Variable	
Tiger Athletic Foundation*								
Revenue Bonds, Series 1999	March 4, 1999	43,575,000	37,255,000	(1,770,000)	35,485,000	2016-2033	Variable	
Revenue Bonds, Series 2004	March 23, 2004	90,000,000	75,530,000	(2,255,000)	73,275,000	2016-2039	Variable	
Series 2012 Bonds	October 23, 2012	46,000,000	46,000,000	24,000,000	70,000,000	2018-2037	Variable	
Total Bonds Payable		$194,335,000	$164,759,092	$14,911,590	$179,670,682			NONE

*As of December 31, 2014

In April 2013, the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College issued $101,180,000 of auxiliary revenue bonds - Series 2013. The purpose of the issues was to provide monies to (1) finance or reimburse the costs of the planning, design, acquisition, construction and equipping of expansions and additions to the University Recreation Center; (2) a portion of the planning, design, acquisition, construction, and equipping of a new residence hall; (3) the planning and design of the acquisition, construction, and equipping of renovations to Evangeline Residence Hall; (4) fund a deposit to the Series 2013 capitalized interest account; and (5) pay cost of issuance.

In September 2013, the Board of Supervisors of Louisiana State University and Agricultural Mechanical College issued $12,830,000 of nontaxable Bonds - Series 2013. The purpose of the issue was to provide monies to refund portions of Series 2000 bonds. In order to refund the bonds, portions of the proceeds of the new issue ($12,562,031), plus an additional $1,394,754 million of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated September 4, 2013, between the Board of Supervisors of Louisiana State University and Agricultural Mechanical College and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost $3,345,000 and gave the LSU Health Science Center New Orleans an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,201,175.

In October 2014, the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College issued $81,880,000 of auxiliary revenue bonds - Series 2014. The purpose of the issues was to provide funds to refund portions of Series 2006 bonds. In order to refund the bonds, portions of the proceeds of the new issue ($81,880,000), plus an additional $8,715,718 million of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated October 16, 2014, between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, (redemption premium), and interest when due. The refunding resulted in reducing the total debt service payments by almost $9,342,595 and gave the university an economic gain (difference between the present values of the debt service payments on the old and new debt) of $6,778,753. Of the debt considered defeased in substance, $84,475,000 is outstanding as of June 30, 2015.

In 1999, the Tiger Athletic Foundation issued $43,575,000 in revenue bonds for financing or reimbursing a portion of the cost of certain improvements and renovations to the East Side Upper Deck of Tiger Stadium at LSU.

In March 2004, the Tiger Athletic Foundation issued Revenue Bonds Series 2004 for a principal amount of $90,000,000. The bonds are secured by the pledged revenues on parity with the Series 1999 bonds. The bonds have a floating interest rate based on the SIFMA Index. The proceeds of the loan are being used to finance or reimburse a portion of the costs of the acquisition and construction of certain improvements and renovations to Tiger Stadium and a football operations center at LSU, including funding the interest and costs associated with the project. On March 15, 2007, an amendment was made to the original loan agreement which waived the principal due on September 1, 2007, and extended the payment schedule an additional year, through 2034, with the intent that the 2007 principal payment will be paid on September 1, 2034. Effective November 2009, the bonds were reissued as a single fully registered bond without coupons and shall mature September 2039.

The Tiger Athletic Foundation committed to expending $100,000,000 on the financing, design, development, performance, and construction of the Facilities/South and Olympic Sports Improvements in accordance with the plans and specifications approved by LSU. In October 2012, the Tiger Athletic Foundation initiated two different debt instruments to finance this commitment. It entered into a Bond Purchase Agreement, and resulting Loan Agreement, so that it could borrow from the proceeds of the sale of Revenue Bonds, an aggregate principal of $75,000,000. The bond purchase agreement was amended in 2014 to an aggregate principal of $70,000,000. These bond indentures contain requirements for annual debt service and flow of funds through various restricted accounts. Beginning in 2018, the Tiger Athletic Foundation must establish a mandatory sinking fund, with annual installments due through 2037. The annual installments range from a low of $2,762,000 in 2018 to a high of $4,350,000 in 2037. As security for payments to be made by the Tiger Athletic Foundation, pursuant to the Loan Agreement, it has entered into an Act of Assignment of Pledged Revenues and Security Agreement, on parity with the Series 1999 and 2004 revenue bonds. The Tiger Athletic Foundation will draw down, through the term of the Loan Agreement, as construction progresses and as construction draws are presented to the Foundation, with the last draw to occur in 2014. At December 31, 2014, the Tiger Athletic Foundation has drawn $70,000,000 of funds against its aggregate principal. For the period from loans closing date in 2012 through, but not including, October 1, 2022, this loan shall bear interest at the Special Bank Variable rate. This variable rate is equal to 65% of the 90-day LIBOR Index rate plus 2.25% or, the higher of 65% of the Federal Funds rate plus 2.625% or 65% of the Prime Rate on the Adjustment Date. At December 31, 2014, that interest rate was 2.4028%.

On May 1, 2003, the LSU Foundation participated in borrowing, along with several other organizations, the proceeds of revenue bonds totaling $31,555,000 issued by the Louisiana Public Facilities Authority (LPFA). The Foundation's portion of the borrowing was $12,725,000. The borrowed proceeds from the issuance were used to help fund several construction projects, including the Shaw Center for the Arts. The bonds, which were scheduled to be paid by June 30, 2022, were paid in full on October 9, 2014. Interest was being paid using a weekly rate as determined by the remarketing agent. The interest rate at June 30, 2014, was 1.01%. Total interest expense incurred on the bonds for the year ended June 30, 2015, was $9,810.

The Foundation for the LSU Health Sciences Center financed the renovation of a building (2000 Tulane Avenue) purchased on May 15, 2003, with bond proceeds of $2,035,000 over a 20-year period through the LPFA Capital Facilities Pool Program. The bond issue is supported by a bank letter of credit.

The Foundation for the LSU Health Sciences Center issued bonds in January 2002 totaling $2,035,000 with a variable interest rate. The interest rate for fiscal year 2015 amounted to approximately 0.75%. The bond issuance costs of $35,000 are being amortized over the life of the bonds beginning July 1, 2002. Bond amortization expense for the fiscal year ended June 30, 2015, was $1,591.

Debt Service Requirements

The annual requirements to amortize all System bonds outstanding at June 30, 2015, are presented in the following schedule. The schedule uses rates as of June 30, 2015, 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.

Fiscal Year	Principal	Interest	Total
2016	$13,370,417	$20,896,034	$34,266,451
2017	14,555,418	20,356,994	34,912,412
2018	14,759,582	19,839,936	34,599,518
2019	15,340,000	19,277,654	34,617,654
2020	16,000,000	18,584,325	34,584,325
2021-2025	90,560,000	81,182,453	171,742,453
2026-2030	103,390,000	58,571,869	161,961,869
2031-2035	104,700,000	33,695,986	138,395,986
2036-2040	69,800,000	12,186,888	81,986,888
2041-2045	17,730,000	1,437,000	19,167,000
Subtotal	460,205,417	286,029,139	746,234,556
Unamortized premium/discount	17,513,763	NONE	17,513,763
Total	$477,719,180	$286,029,139	$763,748,319

The annual requirements to amortize all component unit bonds outstanding at June 30, 2015, are as follows:

Fiscal Year	Principal	Interest*	Total
2016	$4,320,000		$4,320,000
2017	4,530,000		4,530,000
2018	4,750,000		4,750,000
2019	7,737,000		7,737,000
2020	8,039,000		8,039,000
2021-2025	43,919,000		43,919,000
2026-2030	46,784,000		46,784,000
2031-2035	41,858,000		41,858,000
2036-2040	17,748,000		17,748,000
Subtotal	179,685,000	NONE	179,685,000
Unamortized bond issuance cost	(14,318)	NONE	(14,318)
Total	$179,670,682	NONE	$179,670,682

*Excludes floating interest rate amounts for Tiger Athletic Foundation Revenue Bond Series 1999, Series 2004, and Series 2012 and for the Foundation for the LSU Health Sciences Center 2002 Series.

The following is a summary of the System debt service reserve requirements of the various bond issues at June 30, 2015:

Bond Issue	Cash/ Investment Reserves Available	Reserve Requirement	Excess/ (Deficiency)
Auxiliary Plant:			
LSU A&M	$7,836,727	$7,500,000	$336,727
LSU at Alexandria	313,050	313,050	
Total	$8,149,777	$7,813,050	$336,727
Educational Plant:			
LSU Health Sciences Center - New Orleans	$1,174,025	$1,174,025	
Health Care Services Division	2,075,656	2,075,581	$75
Total	$3,249,681	$3,249,606	$75

As permitted by the Bond Resolution for the auxiliary revenue Bonds of 2014, 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.

As permitted by the Bond Resolution for the Revenue (Auxiliary, Revenue) Bonds, Series 2013, the LSU Health Sciences Center New Orleans (campus) obtained a surety bond issued by an insurance company (surety bond issued by an insurance company, municipal bond debt service reserve fund policy, irrevocable letter of credit issued by a bank) as a substitute for the reserve requirement for the bonds. The Surety Bond meets the definition as a "Reserve Fund Investment" and guarantees payment of principal and interest on the bonds when they are due in the event of nonpayment.

As permitted by the Bond Resolution for the Auxiliary Bonds of 2012 and 2013, LSU established no debt service reserve accounts. Neither surety bonds from an insurance company or an irrevocable letter of credit were required as a substitute for the reserve accounts.

As permitted by the Bond Resolution for the Auxiliary Bonds of 2008, LSU obtained a municipal bond debt service reserve fund policy as a substitute for the Reserve Requirement for the bonds. The municipal bond debt service reserve fund policy meets the definition as a "Reserve Fund Investment" and guarantees payment of an amount not to exceed $3,955,306 to fund the Reserve Requirement.

As permitted by the Bond Resolution for the Auxiliary Bonds of 2007, LSU obtained a municipal bond debt service reserve fund policy as a substitute for the Reserve Requirement for the bonds. The municipal bond debt service reserve fund policy meets the definition as a "Reserve Fund Investment" and guarantees payment of an amount not to exceed $4,590,705 to fund the Reserve Requirement.

As permitted by the Bond Resolution for the Auxiliary Revenue Bonds of 2006, LSU obtained a municipal bond debt service reserve fund policy as a substitute for the Reserve Requirement for the bonds. The municipal bond debt service reserve fund policy meets the definition as a "Reserve Fund Investment" and guarantees payment of an amount not to exceed $6,825,940 to fund the Reserve Requirement.

As permitted by the Bond Resolution for the Auxiliary Revenue Bonds of 2005 Series A, LSU obtained a surety bond issued by an insurance company as a substitute for the Reserve Requirement for the bonds. The surety bond meets the definition as a "Reserve Fund Investment" and guarantees payment of principal and interest on the bonds when they are due in the event of nonpayment.

As permitted by the Bond Resolution for the Auxiliary Revenue Refunding Bonds, Series 2004, LSU obtained a surety bond issued by an insurance company as a substitute for the Reserve Requirement for the bonds. The surety bond meets the definition as a "Reserve Fund Investment" and guarantees payment of principal and interest on the bonds when they are due in the event of nonpayment.

As permitted by the Bond Resolution for the Auxiliary Revenue Bonds, Series 1998 (LSU at Eunice Project), the System obtained a surety bond issued by an insurance company as a substitute for the Reserve Requirement for the bonds. The surety bond meets the definition as a "Reserve Fund Investment" and guarantees payment of an amount not to exceed $134,750 to fund the Reserve Requirement.

Capital Leases

The System records items under capital leases as assets and obligations in the accompanying financial statements. Assets under capital lease are included as capital assets in note 5. The following is a schedule of future minimum lease payments under capital leases, together with the present value of minimum lease payments at June 30, 2015:

Fiscal Year Ending June 30:	
2016	$3,736,887
2017	3,844,961
2018	3,875,834
2019	3,903,639
2020	3,507,619
2021-2025	10,595,553
Total minimum lease payments	29,464,493
Less - amount representing interest	(2,674,521)
Present value of net minimum lease payments	$26,789,972

14. DUE FROM STATE TREASURY

As shown on Statement A, the System has a total of $3,340,620 (net) due from the State Treasury at June 30, 2015. This amount consists of the following:

Description	Due (to)/from
Tobacco Tax funds	$1,498,119
Statutory dedications - Support Education in Louisiana First	1,895,851
Due from State Treasury	3,393,970
Unclaimed property	(53,350)
Due to State Treasury	(53,350)
Total	$3,340,620

15. RESTRICTED NET POSITION

The System's restricted nonexpendable net position of $219,855,567 as of June 30, 2015, is comprised of endowment funds and prepaid assets.

The System had the following restricted expendable net position as of June 30, 2015:

Restricted Expendable Net Position

Account Title	Amount
Student fees	$19,122,154
Grants and contracts	60,125,106
Gifts	26,684,242
Endowment earnings	43,457,950
Auxiliary enterprises	1,921,037
Student loan funds	35,336,115
Capital construction	102,374,347
Debt service	8,150,153
Sponsored projects	578,176
LSU System Health Plan	34,510,623
Foundation Restricted Funds	6,606
Academic Medical Center New Orleans FEMA advance payment for UMCMC	3,376,477
Total	$335,642,986

Of the total restricted net position reported on Statement A for the year ended June 30, 2015, a total of $3,062,113 is restricted by enabling legislation.

LSU Health Sciences Center in Shreveport has donor-restricted endowments. If a donor has not provided specific instructions, state law permits the Board of Regents to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established. At June 30, 2015, net appreciation of $1,775,786 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 GASB 31, 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. 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 (as per the terms of the agreement). Therefore, in FY 2015, the total earnings available to spend were $97,500. This endowment is not part of the university's endowment pool. It is invested separately. At June 30, 2015, net appreciation of $97,500 is available to be spent and is restricted to specific purposes.

RESTRICTED NET ASSETS - COMPONENT UNITS

Restricted net assets for the LSU Foundation, the Tiger Athletic Foundation, The Foundation for the LSU Health Sciences Center, and the LSU Health Sciences Foundation in Shreveport are as follows:

	LSU Foundation	Tiger Athletic Foundation*	The Foundation for the LSU Health Sciences Center	LSU Health Sciences Foundation in Shreveport	Total
Temporarily restricted:					
Chairs and professorships	$54,593,444		$39,489,704	$3,591,498	$97,674,646
Scholarships and fellowships	33,485,779		2,181,545		35,667,324
Academic support	73,832,808		259,715	3,819,203	77,911,726
Capital outlay and improvements	37,919,851			68,103	37,987,954
Research support	4,884,280			89,880,314	94,764,594
Institutional support	2,714,170		117,776	2,174,078	5,006,024
Donor restrictions		$58,751,310	11,357,508	210,803	70,319,621
Total temporarily restricted	$207,430,332	$58,751,310	$53,406,248	$99,743,999	$419,331,889

	LSU Foundation	Tiger Athletic Foundation*	The Foundation for the LSU Health Sciences Center	LSU Health Sciences Foundation in Shreveport	Total
Permanently restricted:					
Chairs and professorships	$119,238,770		$43,163,685	$10,152,600	$172,555,055
Scholarships and fellowships	62,121,494		3,817,498		65,938,992
Academic support	52,087,160		242,110		52,329,270
Capital outlay and improvements	185,925				185,925
Research support	2,035,780				2,035,780
Institutional support			193,856		193,856
Endowment funds		$11,814,540	3,665,949	3,050,289	18,530,778
Total permanently restricted	$235,669,129	$11,814,540	$51,083,098	$13,202,889	$311,769,656

*As of December 31, 2014

16. RESTATEMENT OF BEGINNING NET POSITION

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

UNIVERSITIES

Net position at June 30, 2014	$1,830,130,587
LSU and Related:	
Implementation of GASBs 68 and 71 (change in accounting principle)	(914,540,689)
Correct cost and accumulated depreciation for equipment acquired prior to FY 2013	766,891
Deposit from state correction	640
LSU facility capitalization	1,192,930
LSU of Shreveport:	
Implementation of GASBs 68 and 71 (change in accounting principle)	(39,041,337)
Health Sciences Center Shereveport:	
Implementation of GASBs 68 and 71 (change in accounting principle)	(663,681,983)
Health Sciences Center New Orleans:	
Implementation of GASBs 68 and 71 (change in accounting principle)	(353,477,954)
Liabilities related to prior year clinical trial patient lab servics	(157,348)
Centers for Medicare and Medicaid Services recoupment at University Medical Group Independent Physcian Association	(411,546)
Facility Planning construction in progress identified as New Orleans Adolescent Hospital	(401,569)
Health Care Services Division:	
Implementation of GASBs 68 and 71 (change in accounting principle)	(174,735,527)
Net position at June 30, 2014, as restated	($314,356,905)

The restatements decreased the System's beginning net position by $2,144,487,492. Of this amount, $2,145,477,490 was attributable to a change in accounting principle; GASB's 68 and 71 for pension accounting. The other restatements were due to corrections of errors. Had the error corrections affecting fiscal year 2014 been included in the June 30, 2014, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of $52,282,622 would have been $52,906,658.

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 follows:

Condensed Statement of Net Position

	Eunice Student Housing Foundation*	LSU Healthcare Network
Assets:		
Current assets	$297,413	$28,913,184
Capital assets	3,321,465	1,891,785
Other assets	454,282	7,702,766
Total Assets	4,073,160	38,507,735
Liabilities:		
Current liabilities	620,011	14,408,422
Long-term liabilities	6,595,373	
Total liabilities	7,215,384	14,408,422
Net Position:		
Net investment in capital assets	(3,417,405)	1,891,785
Restricted net position - nonexpendable	454,282	
Unrestricted net position	(179,101)	22,207,528
Total Net Position	($3,142,224)	$24,099,313

	Health Care Services Foundation	Bogalusa Community Medical Center
Assets:		
Current assets	$1,073,575	$2,437,687
Capital assets	2,881,817	
Other assets	959,359	15,624,366
Total Assets	4,914,751	18,062,053
Liabilities:		
Current liabilities	487,216	912,441
Long-term liabilities	1,055,002	13,198,505
Total liabilities	1,542,218	14,110,946
Net Position:		
Net investment in capital assets	2,881,817	
Restricted net position - expendable	3,148	3,458
Unrestricted net position	487,568	3,947,649
Total Net Position	$3,372,533	$3,951,107

* as of August 31, 2014

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

	Eunice Student Housing Foundation	LSU Healthcare Network
Operating revenues	$1,154,779	$104,582,043
Operating expenses	1,071,267	105,191,557
Depreciation expense	292,049	828,240
Net operating income	(208,537)	(1,437,754)
Nonoperating revenues (expenses):		
Investment income	245	(53,533)
Interest expense	(465,160)	
Changes in net position	(673,452)	(1,491,287)
Net Position, beginning of the year	(2,468,772)	25,590,600 *
Net Position, end of the year	($3,142,224)	$24,099,313

	Health Care Services Foundation	Bogalusa Community Medical Center
Operating revenues	$404,466	$6,156,357
Operating expenses	257,249	5,985,989
Depreciation expense	121,576	
Net operating income	25,641	170,368
Nonoperating revenues (expenses):		
Investment income	50,889	590,280
Interest expense	(45,680)	(729,593)
Changes in net position	30,850	31,055
Net Position, beginning of the year	3,341,683	3,920,052
Net Position, end of the year	$3,372,533	$3,951,107

* restated from $26,002,146

Condensed Statement of Cash Flows

	Eunice Student Housing Foundation	LSU Healthcare Network
Net cash flows provided (used) by:		
Operating activities	$188,578	($1,680,916)
Capital and related financing	(390,586)	(524,416)
Investing activities	455,844	(4,993,110)
Net increase (decrease) in cash	253,836	(7,198,442)
Cash, beginning of the year	270,417	22,320,428
Cash, end of the year	$524,253	$15,121,986

	Health Care Services Foundation	Bogalusa Community Medical Center
Net cash flows provided (used) by:		
Operating activities	$576,019	$529,594
Noncapital financing	(594,517)	
Capital and related financing		(235,000)
Investing activities		375,000
Net increase (decrease) in cash	(18,498)	669,594
Cash, beginning of the year	604,251	2,672,456
Cash, end of the year	$585,753	$3,342,050

18. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Function	Employee Compensation	Benefits	Utilities	Supplies and Services	Scholarships and Fellowships	Depreciation	Compensated Absences	OPEB Expense	Total
Instruction	$372,749,915	$69,494,414	$111,813	$67,637,836		$18,560,016	$118,065	$19,912,392	$548,584,451
Research	155,583,191	42,226,168	1,782,342	78,702,018		33,781,138	172,545	10,062,081	322,309,483
Public service	217,444,413	13,320,970	8,712,399	62,638,534		9,122,103	351,515	10,664,529	322,254,463
Academic support	81,146,571	23,619,383	411,852	51,577,429		6,002,817	8,438	5,731,848	168,498,338
Student services	22,018,619	6,374,166	406,096	9,272,720		364,554	39,954	1,747,452	40,223,561
Institutional support	67,602,347	17,560,174	403,625	30,473,118		3,811,281	61,586	6,275,690	126,187,821
Operations and maintenance of plant	36,554,168	14,533,274	26,680,477	40,271,974		41,954,100	48,625	2,445,026	162,487,644
Scholarships and fellowships				(13,726)	$35,744,587				35,730,861
Auxiliary enterprises	53,778,945	16,121,134	7,023,453	101,562,627		1,099,297	(175,958)	3,342,567	182,752,065
Hospital	35,934,915	(21,164,002)	1,703,355	130,685,372		33,023,210	245,508	2,582,603	183,010,961
Total operating expenses	$1,042,813,084	$182,085,681	$47,235,412	$572,807,902	$35,744,587	$147,718,516	$870,278	$62,764,188	$2,092,039,648

19. FOUNDATIONS

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

- LSU Alumni Association
- Pennington Biomedical Research Foundation
- Pennington Medical Foundation
- LSU Medical Alumni Association
- LSU School of Dentistry Alumni Association
- LSU School of Nursing Alumni Association
- LSU in Shreveport Foundation
- LSU in Shreveport Alumni Association
- LSU in Shreveport Realty, L.L.C.
- Medical Center of Louisiana Foundation
- Louisiana State University at Alexandria Foundation
- Louisiana State University at Eunice Foundation
- Louisiana State University System Research and Technology Foundation
- Biomedical Research Foundation of Northwest Louisiana
- LSU 4-H Foundation

These foundations 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. The amount of on-behalf payments for fringe benefits and salaries included in Statement C for fiscal year ended June 30, 2015, was $512,000. There were no on-behalf payments made as contributions to a pension plan for which the System is legally responsible.

22. IMPROVEMENTS TO PLANT ON BEHALF OF THE UNIVERSITY

Expansion of Tiger Stadium

On December 21, 1998, LSU entered into a cooperative endeavor agreement with the Tiger Athletic Foundation (TAF) for an addition to the east side of Tiger Stadium. TAF agrees to lease a parcel of land located adjacent to Tiger Stadium for up to 50 years and to construct additional seats on the land as part of Tiger Stadium, including approximately 70 sky boxes. LSU will lease these stadium improvements from TAF for $2 million per year for a 35-year lease term or until TAF donates such improvements to LSU. The estimated value to LSU of this addition over the term of the agreement is approximately $49,000,000. The cooperative endeavor agreement will end on April 4, 2049.

On September 26, 2003, LSU entered into a cooperative endeavor agreement with TAF for the expansion and renovation of the west side of Tiger Stadium. TAF agrees to lease land and certain existing improvements for expanding and renovating facilities and to complete general stadium improvements. Effective September 1, 2005, LSU leased these improvements from TAF for $2.5 million per year for a 35-year lease term or until TAF donates such improvements to LSU. The estimated value to LSU of this addition over the term of the agreement is approximately $100,000,000. This agreement is scheduled to expire on March 31, 2041.

TAF entered into a Cooperative Endeavor and Lease Agreement with the Board of Supervisors of LSU. The Lease Agreement stipulates that TAF will lease from LSU certain land (Ground Lease) and existing improvements thereon (Facilities Lease) in order to provide necessary, new, expanded, and renovated Facilities/South, South End Zone Scoreboards and Olympic Sports Improvements, all as defined by LSU. TAF entered into the Cooperative Endeavor for the purpose of, and shall have the continuing obligation of, developing and constructing the Facilities/South and South End Zone Scoreboards in accordance with plans and specifications approved by LSU, and shall ensure the maintenance, operation, management and replacement of the Facilities/South and South End Zone Scoreboards. TAF shall expend a total amount, including for both hard and soft costs, of $100,000,000 for the financing, design, development, performance, and construction of the Facilities/South and Olympic Sports Improvements in accordance with the plans and specifications approved by LSU. The expenditures necessary for the South End Zone Scoreboards will be outside of and in addition to the $100,000,000.

The term of the Ground Lease between LSU and TAF is 50 years; however, it will terminate with the Cooperative Endeavor, when, and if, the Facilities/South are donated by TAF to LSU. The Facilities Lease is scheduled to terminate June 30, 2049; however, LSU may terminate the lease at any time after the Bonds, referred to in note 13, are paid in full or legally defeased. TAF is committed to an annual rent of $25,000 for the land. Upon completion of the Facilities/South, TAF will lease to LSU a portion of that Facilities/South. Under the terms of this lease, and with anticipated completion of the construction prior to the start of the 2014 LSU football season, LSU will pay TAF $4,000,000, annually, beginning September 1, 2014.

LSU Health Sciences Center - New Orleans
Cooperative Endeavor for District Energy Services

Effective November 1, 1998, the LSU Board of Supervisors, on behalf of the LSU Health Sciences Center (LSUHSC) - New Orleans, entered into a cooperative endeavor agreement with Entergy Thermal (Entergy), a division of Entergy Business Solutions, Inc., and New Orleans Medical Complex, Inc. (NORMC), a Louisiana private, nonprofit corporation. The term of the agreement ends September 30, 2020, with options to renew the lease for two five-year periods.

Under the agreement, LSUHSC - New Orleans leases to NORMC a parcel of land located in New Orleans at the northeastern corner of South Claiborne Avenue and Gravier Street. NORMC pays LSUHSC - New Orleans $51,346 annually for the lease, which may be adjusted every five years for inflation. NORMC is responsible for the construction of a combined use facility, which is comprised of its office, a multi-level parking garage, and a thermal energy production facility. For the period of the agreement, LSUHSC - New Orleans and NORMC entered into a reciprocal lease, which, in lieu of rent, gives each the right of occupancy of the combined use facility. Upon the expiration or sooner termination of the ground lease, the title to the combined use facility will automatically become vested in the LSU Board of Supervisors.

NORMC is subleasing the combined use facility to Entergy, which is responsible for the construction and financing of the thermal energy production facility within the combined use facility. Under the terms of the reciprocal lease, Entergy is also responsible for the operations, repair, replacement, and maintenance of the central plants located at the Medical Center of Louisiana at New Orleans and LSUHSC - New Orleans (the central plants). For the term of the agreement, LSUHSC - New Orleans is obligated to purchase its thermal energy from Entergy. The LSUHSC - New Orleans total monetary obligation is not determinable since the obligation will be based on energy consumption.

During the term of the agreement, title to the thermal equipment within the combined use facility is vested in Entergy. Upon the expiration or termination of the agreement, Entergy will have the right, but not the obligation, to remove equipment it has installed provided that the removal of the equipment does not materially damage the thermal energy production facility space in the combined use facility. The LSU Board of Supervisors has the option to purchase the equipment upon expiration or termination of the agreement. The title to the thermal equipment installed within the central plants is vested in NORMC until the expiration or termination of the agreement, at which time title shall automatically pass to and become vested in the LSU Board of Supervisors. Subsequent to the original agreement, the scope has been expanded to include the purchase of thermal energy by LSUHSC for the Human Development Center.

Effective March 1, 2013, the cooperative endeavor agreement between the LSU Board of Supervisors on behalf of LSU HSC - New Orleans with Entergy and NORMC was amended. The amendment provided for an extension of terms for another 30 years to September 30, 2050. Modifications include the relocation of Thermal Services from the Charity Plant and LSU Health Sciences Center - New Orleans Plant to a newly-constructed boiler plant on the University Medical Center site in order to provide the New Orleans Regional Medical Center area better economies of scale and increased efficiencies by use of Centralized Thermal Services.

23. REVENUE USED AS SECURITY FOR REVENUE BONDS

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

LSU, LSUA, and LSUE have pledged future auxiliary revenues of approximately $705,834,588 to secure outstanding debt of $612,380,000 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 $219,415,805. All LSUA Union, Bookstore, and athletic revenues, totaling $1,665,971 for the current period, are pledged to secure the debt of the 2008 bond, which matures in 2034. All LSUE Union and Bookstore revenues, totaling $1,840,097 for the current period, are pledged to secure the debt of the auxiliary revenue bonds payable through 2033. Required principal and interest payments for the current year on the bonds were $33,333,524.

LSUHSC - New Orleans has pledged future auxiliary revenues, dedicated student fee revenues, and University Enterprise Revenues of approximately $18,053,060 to secure its 2013 Series Bond. Proceeds from the bonds were used to refund the 2000 series bonds. Proceeds from the bonds provided for the planning, financing, design, construction, operation, maintenance, equipping, and renewal and replacement for the Wellness Center, Day Care Center, Campus Health Services, and Student Housing in the Old Charity Nursing School Building. The bonds are payable through 2031. Principal and interest paid for the current year were $507,506. Pledged auxiliary revenues recognized during the period were $8,174,833.

24. COOPERATIVE ENDEAVOR AGREEMENTS

On October 1, 2003, LSUHSC - New Orleans entered into two cooperative endeavor agreements with the Louisiana Cancer Research Center of LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center. These agreements are for research and smoking cessation programs.

The Louisiana Cancer Research Center of LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center was authorized by Act 41 of the First Extraordinary Session of 2002.

The funds that are passed through to the consortium are available as a result of an increase in tobacco taxes enacted into law via Act 19 of the Regular Session of 2002. Act 19 has specific provisions including:

> *Subject to an annual appropriation by the legislature, 42.8% of the monies collected under authority of R.S. 47:841(B)(4) in the fund shall be used solely for the purpose of providing funding for the Louisiana Cancer Research Center of LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center, and 29.2% of monies collected under authority of R.S. 47:841(B)(4) shall be used solely for the purposes of funding for the creation of smoking prevention mass media programs and evidence-based tobacco control programs within the public hospital system and the public school system and community development programs directed at cessation among children and pregnant women and the screening, prevention, and treatment of tobacco use and dependence among individuals with diseases caused or exacerbated by tobacco use.*

The funds are budgeted in Other Charges for flow through to the Louisiana Cancer Research Center via cooperative endeavor agreement. The Louisiana Cancer Research Center is responsible for spending the funds in accordance with the General Appropriations Act, Act 19 of the 2002 Regular Session, Act 41 of the First Extraordinary Session of 2002, and the terms and conditions of the cooperative endeavor. The two cooperative endeavor agreements will expire on June 30, 2020.

On February 5, 2010, Our Lady of the Lake (OLOL) and LSUHSC New Orleans executed a cooperative endeavor agreement establishing terms and conditions of a public/private collaboration. This plan includes the construction and subsequent donation of a premier 41,000 square foot Medical Education building in close proximity to the OLOL hospital. LSUHSC New Orleans will lease the land from OLOL until the expiration of the lease agreement in 2063.

LSUHSC New Orleans will continue efforts to expand GME programs, fellowship opportunities, and research activities. Also included are the plans whereby Earl K. Long Medical Center inpatient services and LSU-sponsored GME will be transferred to Our Lady of the Lake. Newly-constructed clinic space at OLOL's Medical Office Building will be leased to LSU to help support the terms of the agreement.

COOPERATIVE ENDEAVOR AGREEMENTS - COMPONENT UNITS

Tiger Athletic Foundation

In 1999, the Tiger Athletic Foundation (TAF) entered into a cooperative endeavor agreement with LSU that obligated TAF to acquire, construct, and maintain new scoreboards in LSU athletic venues at a total cost of approximately $5.2 million. In return for its fulfillment of this obligation, TAF was given an eight-year license to solicit certain qualified corporate sponsorship contracts. In connection with its issuance of the Series 2004 Revenue Bonds, LSU extended TAF's rights to solicit qualified corporate sponsorship contracts for a period of approximately 35 years. Effective July 1, 2005, TAF, with approval of LSU, entered into a 10-year lease agreement with Viacom Outdoor Advertising, Inc., d/b/a LSU Sports Properties, whereby TAF leased its rights to the scoreboards to Viacom in return for an annual guaranteed rental payment. The rental payment, which was $1.4 million in year one and year two and will increase by $25,000 annually each year during the life of the lease agreement, is due in two equal installments payable in July and October of each year. In November 2010, this lease agreement was amended. The amendment extends the agreement for a period of one year, through June 30, 2016, and increases the compensation paid to TAF by $500,000 annually. In addition, under this amendment, TAF will be requested to expend an additional $3-$5 million over the next three years to construct, install, upgrade, maintain, service, and replace scoreboards. As of December 31, 2014, TAF has fulfilled this commitment.

LSU Health Sciences Foundation in Shreveport

Intermodal Transit Facility, LLC was formed in March 2007 to purchase property and construct an intermodal transit oriented facility as a ride link for the City of Shreveport's SporTran passengers and the Center's patients, employees, students, and customers. Intermodal Transit Facility, LLC entered into a Cooperative Endeavor Agreement with the City of Shreveport which governed the use of $1,235,949 of Section 5309 Federal Transit Administration (FTA) funds earmarked as an 80% match for construction of the intermodal transit facility. In order to receive these grant funds, Intermodal Transit Facility, LLC was required to provide a match equal to 20% of the project cost. In addition, Intermodal Transit Facility, LLC was required to pay the City of Shreveport an administrative fee in the amount of 10% of the total FTA grant funds used for the project. Construction of the Intermodal Transit Facility was completed in June 2009, and the total cost of the facility including the purchase of property and administrative fees of $1,609,160 net of accumulated depreciation is reflected in property and equipment, net within Statement B of the financial Statements. A summary of the project's activity follows:

Year Ended June 30,	Capitalized Expenditures	Expensed Expenditures	Capitalized Administrative Fees	Total Project Cost	Less Grant Income	Intermodal's Match Plus Administrative Fees
2007	$748,749		$59,900	$808,649	$598,999	$209,650
2008	110,402		8,832	119,234	88,322	30,912
2009	630,515	$4,016	50,762	685,293	507,624	177,669
Total	$1,489,666	$4,016	$119,494	$1,613,176	$1,194,945	$418,231

In 2013, Intermodal Transit Facility, LLC was merged into the LSU Health Sciences Building Foundation in Shreveport, a wholly owned subsidiary of the LSU Health Sciences Foundation in Shreveport.

25. AMOUNTS HELD IN CUSTODY FOR OTHERS - COMPONENT UNITS

The discretely presented component units reported amounts held in custody for others as follows:

Entity	LSU Foundation	Tiger Athletic Foundation*	The Foundation for the LSU Health Sciences Center	LSU Health Sciences Foundation in Shreveport	Total
LSU at Alexandria Foundation	$23,247,283				$23,247,283
LSU at Eunice Foundation	2,216,806				2,216,806
State matching funds	98,219,031		$28,439,441		126,658,472
Split-interest agreements	2,437,014		46,871		2,483,885
Tiger Athletic Foundation	12,013,299				12,013,299
Coaches' escrow accounts		$1,831,377			1,831,377
LSU Athletic Department		5,207,611			5,207,611
LSUHSC Shreveport				$64,284,223	64,284,223
Other miscellaneous		127,697			127,697
Total amounts held in custody	$138,133,433	$7,166,685	$28,486,312	$64,284,223	$238,070,653

*As of December 31, 2014

26. RELATED PARTY TRANSACTIONS - COMPONENT UNIT

LSU pays annual rental fees of $8,500,000 to the Tiger Athletic Foundation for rental of facilities at LSU Tiger Stadium.

In the normal course of business, The Foundation for the LSU Health Sciences Center reimburses the LSU Health Sciences Center - New Orleans (Health Sciences Center) for certain expenses and makes distributions to or on behalf of the Health Sciences Center. The Foundation also provides certain services for the Health Sciences Center. Included in expenses for the year ended June 30, 2015, is $5,870,450, representing payments on behalf of the Health Sciences Center. At June 30, 2015, there were no funds due to or from the Health Sciences Center.

The LSU Foundation has certain transactions in the normal course of operations with LSU. The transactions consist of reimbursement for salaries, which are processed by LSU and reimbursement for certain expenses paid by LSU on behalf of the Foundation, such as payments of scholarships. The amount owed to LSU at June 30, 2015, for these types of expenses was $3,662,931.

27. UNCONDITIONAL PROMISES TO GIVE - COMPONENT UNITS

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

	LSU Foundation	Tiger Athletic Foundation*	The Foundation for the LSU Health Sciences Center	LSU Health Sciences Foundation in Shreveport	Total
Promises to give expected to be collected in:					
Less than one year	$16,112,799	$14,281,838	$230,684	$6,000	$30,631,321
One to five years	15,578,062	10,055,440	581,900	3,000	26,218,402
More than five years	689,670	1,058,715	4,734		1,753,119
Subtotal	32,380,531	25,395,993	817,318	9,000	58,602,842
Less discount on promises to give	(595,591)	(1,679,473)	(1,237)		(2,276,301)
Less allowance for uncollectible accounts	(158,000)	(2,790,024)	(286,060)		(3,234,084)
Subtotal	(753,591)	(4,469,497)	(287,297)		(5,510,385)
Net unconditional promises to give	$31,626,940	$20,926,496	$530,021	$9,000	$53,092,457

*as of December 31, 2014

Total unconditional promises to give (current and noncurrent) of $53,092,457 are reported on Statement B.

28. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the state. The LSU System recognizes the cost of providing these benefits as expenditures when paid during the year. For the fiscal year ending June 30, 2015, the cost of providing these benefits for five involuntary terminations totaled $378,653.

29. PRIVATIZATION OF PUBLIC HOSPITALS

As previously stated, the System implemented public/private partnerships for the management and/or the services of nine of the 10 hospitals previously under the management of the Louisiana State University Health Care Services Division and the Louisiana State University Health Sciences Center in Shreveport. In consideration for these partnerships, the System will receive periodic lease payments ranging from $2,487,000 to $69,409,750 (adjusted for inflation) per year over lease terms ranging from five to 40 years associated with the Health Care Services Division hospitals. Additionally, the System will receive monthly lease payments at a minimum of $3,725,000 (adjusted for inflation) over lease terms ranging from five to 99 years associated with the Louisiana State University Health Sciences Center in Shreveport hospitals. Per Act 420 of the 2013 Regular Session, these periodic lease payments are to be deposited with the State Treasury.

30. SUBSEQUENT EVENTS

In 2013, the LSU Board of Supervisors embarked on an LSU2015 planning initiative appointing a 10-member panel (Transition Advisory Team) tasked with providing information to the LSU Board of Supervisors to facilitate the reshaping of the LSU System. The goal of LSU2015 was to bring together the resources of the various units of the current LSU System to create a single, globally competitive LSU with statewide reach that is more efficient and more productive in the areas of educating its students, creating robust collaborative research, delivering effective health care, impacting economic development and conducting public service activities. In keeping with the spirit and intent of these planning efforts, an organizational and budgetary alignment of the current Board and System Administration with the LSU A&M organizational structure was pursued during the fiscal year and was effective July 1, 2015.

Similarly, the Board of Supervisors also approved the realignment of the Paul M. Hebert Law Center with the LSU A&M campus. While the Law Center and LSU A&M have a number of shared services, this organizational and budgetary realignment fostered greater unity and provided additional interdisciplinary academic and research opportunities for students and faculty. The realignment aimed to provide cost savings, creative coordination of academic programming; enhancement of both educational opportunities for current students and undergraduate and law student recruitment; greater unity of institutional communications and messaging; development of additional opportunities for coordination of funded research; improved coordination of international programs; broadening funding opportunities; international student recruitment and student educational experiences.

On August 14, 2015, the Joint Legislative Committee on the Budget enacted a $4.6 million reduction to the FY 2015-2016 postsecondary education budget as a result of the latest general fund projection by the Revenue Estimating Conference. The amount of the general fund reduction assigned to LSU was $1,807,252.

On January 30, 2015, the LSU Board of Supervisors adopted a resolution providing initial approval for the issuance of Auxiliary Revenue and Refunding Bonds in one or more series in an amount not to exceed $175,000,000. Subsequently, on March 20, 2015, the LSU Board of Supervisors adopted a resolution granting final approval for the issuance of the bonds in an amount not to exceed $155,000,000 as previously approved by the Louisiana State Bond Commission on March 19, 2015. The issuance of the bonds is for the purpose of financing or reimbursing the costs of (i) (a) the planning, design, acquisition, construction and equipping of a Family Housing Complex, (b) a portion of the costs of the planning, design, acquisition, construction and equipping of a New Residence Hall, (c) a portion of the planning and design of the acquisition, construction and equipping of renovations to Evangeline Residence Hall , (ii) refunding all or a portion of the Board's outstanding Auxiliary Revenue Bonds, Series 2007 (the “Series 2007 Bonds”) and Auxiliary Revenue Bonds, Series 2008 (the “Series 2008 Bonds” and collectively with the Series 2007 Bonds, the “Prior Bonds”), (iii) funding a capitalized interest fund, if necessary, (iv) funding a reserve fund or paying the premium for a reserve fund insurance policy or surety bond, if necessary, and (v) paying the costs of issuance of the Series 2015 Bonds. The refunding is for the purpose of debt service savings estimated at net present value of $2,686,096. The bonds are anticipated to be issued later in the Spring of 2016.

Subsequent to the financial statement date, there has been turnover in key executive employees at both the Paul M. Hebert Law Center and the LSU Health Science Center in New Orleans.

SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for the Other Postemployment Benefits Plans

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

Schedule of the LSU System's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Defined Benefit Pension Plans

The Schedule of the System's Proportionate Share of the Net Pension Liabilities 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 the LSU System's Contributions to Cost-Sharing Defined Benefit Pension Plans

The Schedule of the System's 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.

Schedule 1

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Schedule of Funding Progress for the
Other Postemployment Benefits Plans
Fiscal Year Ended June 30, 2015

LSU System Health Plan

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit Method (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
FY 2013	07/01/2012	NONE	$1,027,332,050	$1,027,332,050	0.0%	$553,351,008	185.7%
FY 2014	07/01/2013	NONE	$1,151,178,440	$1,151,178,440	0.0%	$404,113,470	284.9%
FY 2015	07/01/2014	NONE	$1,066,641,482	$1,066,641,482	0.0%	$476,171,534	224.0%

State Office of Group Benefits Plan

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Unit Credit Method (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
FY 2013	07/01/2012	NONE	$873,339,300	$873,339,300	0.0%	$334,926,194	260.8%
FY 2014	07/01/2013	NONE	$913,877,900	$913,877,900	0.0%	$206,968,278	441.6%
FY 2015	07/01/2014	NONE	$1,020,954,400	$1,020,954,400	0.0%	$180,774,079	564.8%

Factors contributing to the decrease in the LSU System Health Plan were:

1. A change in the demographics of the population as there are fewer actives subject to the LASERS criteria and fewer actives overall compared to the last valuation
2. An update to the retirement and termination assumptions for both TRSL and LASERS
3. A change in the mortality tables used
4. A change in the discount rate from 4.25% to 4%

Factors contributing to the increase in the Office of Group Benefits plans were:

1. A change in the retiree benefit plans for those retiring past 3/31/15
2. A change in the mortality tables used
3. An update to the retirement and termination assumptions
4. A change in the different age graded claim curve and updated per capita health claim costs

(Both the LSU System Health Plan and the Office of Group Benefits Plan actuarial valuations were completed by a different actuary than in the prior year.)

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Schedule of the LSU System's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Defined Benefit Pension Plans For the Year Ended June 30, 2015 (*)

	TRSL **2015**
Employer's Proportion of the Net Pension Liability (Asset)	11.90%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$1,215,849,099
Employer's Covered-Employee Payroll	$556,683,404
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	218.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.7%

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

(*) The amounts presented have a measurement date of June 30, 2014.

	LASERS **2015**
Employer's Proportion of the Net Pension Liability (Asset)	6.82%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$426,523,299
Employer's Covered-Employee Payroll	$171,094,505
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	249.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.0%

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

(*) The amounts presented have a measurement date of June 30, 2014.

LASERS = Louisiana State Employees' Retirement System
TRSL = Teachers' Retirement System of Louisiana

Schedule 3

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Schedule of the LSU System's Contributions to Cost-Sharing Defined Benefit Pension Plans
For the Year Ended June 30, 2015

	TRSL 2015
Contractually-Required Contribution	$140,955,881
Contributions in Relation to Contractually-Required Contribution	140,955,881
Contribution Deficiency (Excess)	NONE
Covered Employee Payroll	$565,220,879
Contributions as a % of Covered Employee Payroll	24.94%

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

	LASERS 2015
Contractually Required Contribution	$45,776,471
Contributions in Relation to Contractually Required Contribution	45,776,471
Contribution Deficiency (Excess)	NONE
Covered Employee Payroll	$124,007,452
Contributions as a % of Covered Employee Payroll	36.91%

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

LASERS = Louisiana State Employees' Retirement System
TRSL = Teachers' Retirement System of Louisiana

Notes to Required Supplementary Information
for Cost-Sharing Defined Benefit Pension Plans
For the Year Ended June 30, 2015

Changes of Benefit Terms include:

Teachers Retirement System of Louisiana

- A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session.

Louisiana State Employees' Retirement System.

- A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session; and

- Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections as established by Act 852 of 2014.

Changes of Assumptions

Teachers Retirement System of Louisiana

There were no changes of benefit assumptions for the year ended June 30, 2015.

Louisiana State Employees' Retirement System

There were no changes of benefit assumptions for the year ended June 30, 2015.

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, for the Year Ended June 30, 2015

Schedule 4 presents the current and long-term portions of assets and liabilities and net position for each university within the LSU System. Included in Schedule 4 are amounts due to and due from the other campuses, the state treasury, and the federal government. While these due to and due from amounts have been reported at net or 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 Year Ended June 30, 2015

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 Year Ended June 30, 2015

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

Combining Schedule of Net Position, by University, for the Year Ended June 30, 2014

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

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University, for the Year Ended June 30, 2014

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

Combining Schedule of Cash Flows, by University, for the Year Ended June 30, 2014

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

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Net Position, by University
June 30, 2015

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
ASSETS					
Current assets:					
Cash and cash equivalents	$9,921,614	$4,660,388	($130,031,799)	$480,453	$1,307,410
Investments	30,107,033		429,260,297	152,165	91,886
Receivables (net)	1,904,798	2,233,940	50,210,447	8,347,556	4,058,521
Due from other campuses	9,596,362	4,614,529	610,965	462,974	1,259,847
Due from State Treasury		6,295	698,054	116,986	87,302
Due from federal government		825,405	8,061,926	3,579	37,441
Inventories		162,220	861,677	412	229,931
Prepaid expenses and advances			7,336,105		3,450
Notes receivable (net)			2,238,529		6,441
Other current assets			2,045,027		
Total current assets	51,529,807	12,502,777	371,291,228	9,564,125	7,082,229
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	1,471,314	127,012	130,031,799	659,400	663,897
Investments		7,115,760	182,152,624	2,593,262	387,119
Receivables (net)			278,250		
Notes receivable (net)			12,598,177		6,256
Other			31,431,793		
Investments					
Lease receivable					
Other noncurrent assets					
Capital assets (net)	105,836	78,991,757	959,407,861	28,540,329	24,308,361
Total noncurrent assets	1,577,150	86,234,529	1,315,900,504	31,792,991	25,365,633
Total assets	53,106,957	98,737,306	1,687,191,732	41,357,116	32,447,862
Deferred outflow of resources					
Deferred amounts on debt refunding			7,107,276		
Deferred outflows related to pensions	883,403	7,293,077	134,497,208	3,341,390	2,267,431
Total deferred outflows of resources	883,403	7,293,077	141,604,484	3,341,390	2,267,431
Total assets and deferred outflow of resources	53,990,360	106,030,383	1,828,796,216	44,698,506	34,715,293
LIABILITIES					
Current liabilities:					
Accounts payable and accruals	9,000,493	282,312	43,649,339	192,292	456,466
Due to other campuses	152,632	458,333	100,711,912		
Due to state treasury					
Due to federal government			96,453	2,627	
Unearned revenues		8,441,879	63,047,374	5,948,406	3,566,219
Amounts held in custody for others	563,355		6,188,667	608,699	94,172
Compensated absences payable	131,637	293,170	3,065,278	88,274	44,528
Capital lease obligations			2,500,256		
Notes payable					143,497
Bonds payable			15,277,581	100,000	115,417
Other current liabilities			2,045,027		
Total current liabilities	9,848,117	9,475,694	236,581,887	6,940,298	4,420,299

(Continued)

Schedule 4

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
$297,098	$9,273,144	$2,189,121	$35,712,753	$73,082,223	$38,662,864		$45,555,269
549,129	331,968	100,200	1,423,872		13,801,405		475,817,955
1,056,708	6,971,478	1,623,909	71,592,330	26,625,209	112,694,014		287,318,910
286,290	8,935,797	1,251,581	75,429,702	290,437	1,011,628	($103,750,112)	
33,019	320,554	67,863	1,412,164		651,733		3,393,970
	1,435,967	507,346	5,508,875	220,598	2,927,991		19,529,128
	5,660,002	765,113	1,608,041	1,151,702	424,122		10,863,220
64,176	27,619	675,883	1,212,440	43,276	221,914		9,584,863
			805,772		223,527		3,274,269
				289,912			2,334,939
2,286,420	32,956,529	7,181,016	194,705,949	101,703,357	170,619,198	(103,750,112)	857,672,523
995,150	6,186,450	331,304		5,840,479	7,140,501		153,447,306
5,048,055	3,376,142	6,824,929	32,224,626	9,482,366	65,563,008		314,767,891
							278,250
			9,404,890		1,502,898		23,512,221
	20,282			142,333,973			173,786,048
			4,938,577				4,938,577
				2,592,470,866			2,592,470,866
			232,976	344,164			577,140
12,215,007	44,747,873	20,815,742	224,689,389	191,356,440	89,353,642		1,674,532,237
18,258,212	54,330,747	27,971,975	271,490,458	2,941,828,288	163,560,049	NONE	4,938,310,536
20,544,632	87,287,276	35,152,991	466,196,407	3,043,531,645	334,179,247	(103,750,112)	5,795,983,059
							7,107,276
4,843,273	26,362,413	4,253,400	43,126,636	26,480,017	33,277,056		286,625,304
4,843,273	26,362,413	4,253,400	43,126,636	26,480,017	33,277,056	NONE	293,732,580
25,387,905	113,649,689	39,406,391	509,323,043	3,070,011,662	367,456,303	(103,750,112)	6,089,715,639
48,251	541,077	1,187,854	28,612,751	16,824,495	19,697,047		120,492,377
		102,699	419,113	1,703,667	201,756	(103,750,112)	
				1,945	51,405		53,350
			5,495,681				5,594,761
442,433	7,773,881	1,677,203	12,324,746	5,480,549	2,852,652		111,555,342
96,913	58,849	143,143	122,499	10,015	91,068		7,977,380
41,061	793,763	122,213	1,733,677	587,858	974,293		7,875,752
					601,053		3,101,309
				478,940			622,437
			52,912	250,000			15,795,910
							2,045,027
628,658	9,167,570	3,233,112	48,761,379	25,337,469	24,469,274	(103,750,112)	275,113,645

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Position, by University
June 30, 2015

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
Noncurrent liabilities:					
Compensated absences payable	$226,836	$2,686,991	$29,015,454	$720,528	$654,412
Capital lease obligations			21,429,997		
Notes payable					6,595,373
Net pension liability	8,116,568	57,392,124	697,331,674	22,436,566	16,491,186
Other postemployment benefits payable	764,151	20,634,601	247,308,310	14,167,510	8,664,125
Bonds payable			432,606,777	3,500,000	235,000
Unearned revenues					
Other noncurrent liabilities			621,873		7,486
Total noncurrent liabilities	9,107,555	80,713,716	1,428,314,085	40,824,604	32,647,582
Total liabilities	18,955,672	90,189,410	1,664,895,972	47,764,902	37,067,881
Deferred Inflows of Resources					
Deferred inflows related to pensions	2,717,009	8,149,638	98,306,988	3,157,358	2,321,615
Total deferred inflows of resources	2,717,009	8,149,638	98,306,988	3,157,358	2,321,615
NET POSITION					
Net investment in capital assets	107,880	78,991,757	570,275,230	24,959,571	17,219,075
Restricted for:					
Nonexpendable		6,004,068	81,719,715	2,470,168	398,859
Expendable	34,510,686	3,886,920	182,676,118	1,569,265	2,620,227
Unrestricted	(2,300,887)	(81,191,410)	(769,077,807)	(35,222,758)	(24,912,364)
Total net position	$32,317,679	$7,691,335	$65,593,256	($6,223,754)	($4,674,203)

(Concluded)

Schedule 4

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
$1,037,163	$8,046,987	$1,916,489	$17,532,624	$3,406,126	$11,222,323		$76,465,933
					2,258,666		23,688,663
				959,358			7,554,731
22,138,198	122,781,965	36,987,568	339,733,885	83,531,352	235,431,312		1,642,372,398
6,777,303	63,634,725	14,770,174	119,137,684	189,235,925	208,829,737		893,924,245
			12,730,498	12,850,995			461,923,270
				2,107,754,198			2,107,754,198
	2,711						632,070
29,952,664	194,466,388	53,674,231	489,134,691	2,397,737,954	457,742,038	NONE	5,214,315,508
30,581,322	203,633,958	56,907,343	537,896,070	2,423,075,423	482,211,312	($103,750,112)	5,489,429,153
3,118,089	17,272,099	5,256,365	48,981,155	92,276,743	323,842,603		605,399,662
3,118,089	17,272,099	5,256,365	48,981,155	92,276,743	323,842,603	NONE	605,399,662
12,215,007	44,760,077	20,815,742	213,080,619	178,892,814	86,493,922		1,247,811,694
5,231,003	3,373,124	6,532,765	32,088,284	16,128,652	65,908,929		219,855,567
838,177	7,632,514	2,411,128	19,799,574	12,565,038	67,133,339		335,642,986
(26,595,693)	(163,022,083)	(52,516,952)	(342,522,659)	347,072,992	(658,133,802)		(1,808,423,423)
($8,311,506)	($107,256,368)	($22,757,317)	($77,554,182)	$554,659,496	($438,597,612)	NONE	($5,113,176)

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University For the Fiscal Year Ended June 30, 2015

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
OPERATING REVENUES					
Student tuition and fees			$357,823,920	$12,582,283	$7,368,256
Less scholarship allowances			(62,554,300)	(2,846,717)	(2,196,998)
Net student tuition and fees	NONE	NONE	295,269,620	9,735,566	5,171,258
Federal appropriations					
Federal grants and contracts		$19,255,572	67,548,132	133,800	541,080
State and local grants and contracts		6,077,258	41,721,466	608,307	238,271
Nongovernmental grants and contracts		7,372,111	22,120,722	130,483	21,925
Sales and services of educational departments		356,867	23,111,610	156,664	25,977
Hospital income					
Auxiliary enterprise revenues (including revenues pledged to secure debt)		34,803	199,331,518	2,639,967	3,403,184
Less scholarship allowances			(15,265,320)	(303,681)	(188,939)
Net auxiliary revenues	NONE	34,803	184,066,198	2,336,286	3,214,245
Other operating revenues	$1,459,884	(11,055)	9,293,846	34,590	38,231
Total operating revenues	1,459,884	33,085,556	643,131,594	13,135,696	9,250,987
OPERATING EXPENSES					
Educational and general:					
Instruction			265,750,774	9,202,361	7,386,362
Research		33,828,919	150,741,505	(2,760)	1,000
Public service		1,835,889	29,443,340	11,479	9,122
Academic support		6,351,112	82,128,558	2,210,910	645,334
Student services			25,938,226	1,633,055	1,716,155
Institutional support	4,239,718	6,968,858	27,897,204	3,239,907	2,363,017
Operations and maintenance of plant	164,323	7,180,312	102,294,217	3,474,365	3,082,778
Scholarships and fellowships	6,172	2,421	19,234,762	2,705,689	2,966,894
Auxiliary enterprises		81,832	159,759,849	2,161,855	3,368,880
Hospital					
Total operating expenses	4,410,213	56,249,343	863,188,435	24,636,861	21,539,542
OPERATING LOSS	(2,950,329)	(23,163,787)	(220,056,841)	(11,501,165)	(12,288,555)
NONOPERATING REVENUES (Expenses)					
State appropriations	3,486,750	12,322,039	126,804,512	5,436,163	4,862,040
Gifts	4,472	2,996,062	21,035,626	589,307	361,623
Federal nonoperating revenues (expenses)			22,726,102	4,713,906	4,709,605
Net investment income	255,916	(231,597)	10,314,216	87,321	38,694
Interest expense			(17,737,288)	(194,138)	(488,202)
Other nonoperating revenues (expenses)	18,252	168,756	1,937,563	78,349	39,634
Net nonoperating revenues (expenses)	3,765,390	15,255,260	165,080,731	10,710,908	9,523,394

(Continued)

Schedule 5

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
$15,678,004		$20,709,734	$48,064,371		$16,166,330		$478,392,898
(2,722,665)		(5,562,607)	(3,303,165)		(987,595)		(80,174,047)
12,955,339	NONE	15,147,127	44,761,206	NONE	15,178,735	NONE	398,218,851
	$11,658,449						11,658,449
	7,381,257	752,177	36,139,643		10,880,998	($329,006)	142,303,653
	13,802,496	4,670,654	15,591,295		(826,691)	(5,281,597)	76,601,459
31,409	5,685,619	2,120,513	202,724,585		140,439,837		380,647,204
103,562	7,341,083	95,253	113,952,246		82,761,717	(3,975)	227,901,004
				$120,360,602	20,294,663		140,655,265
		2,936,746	7,744,491		5,685,760	(2,888)	221,773,581
		(306,882)					(16,064,822)
NONE	NONE	2,629,864	7,744,491	NONE	5,685,760	(2,888)	205,708,759
111,132	10,551,318	115,099	802,655		290,651	(7,434)	22,678,917
13,201,442	56,420,222	25,530,687	421,716,121	120,360,602	274,705,670	(5,624,900)	1,606,373,561
10,425,286		15,820,362	182,141,435		57,857,871		548,584,451
708,869	63,132,775	588,585	49,765,542		25,640,562	(2,095,514)	322,309,483
75,496	49,728,652	976,487	183,010,624		57,163,374		322,254,463
2,026,966	3,785,959	3,274,407	18,303,018		49,772,074		168,498,338
1,447,648		2,273,942	6,432,840		781,695		40,223,561
3,639,953	15,029,391	6,000,661	34,098,099		23,712,809	(1,001,796)	126,187,821
1,532,172	5,774,987	2,697,425	29,505,516		6,781,549		162,487,644
2,385,477	166,878	5,389,900	1,925,239		947,429		35,730,861
		3,006,242	6,887,544		7,485,863		182,752,065
				137,886,167	47,652,384	(2,527,590)	183,010,961
22,241,867	137,618,642	40,028,011	512,069,857	137,886,167	277,795,610	(5,624,900)	2,092,039,648
(9,040,425)	(81,198,420)	(14,497,324)	(90,353,736)	(17,525,565)	(3,089,940)	NONE	(485,666,087)
5,128,441	69,419,219	7,689,823	89,653,783	3,860,659	45,459,712		374,123,141
1,671,002	2,781,106	285,562	1,879,760	276,280	3,057		31,883,857
	(105,497)	5,447,119	5,620,999	6,715,458	62,055		49,889,747
243,174	762,598	257,197	1,755,986	113,323	2,000,004		15,596,832
			(517,048)	(755,230)	(182,508)		(19,874,414)
70,778	223,658	102,005	1,021,178	(48,089,003)	529,591		(43,899,239)
7,113,395	73,081,084	13,781,706	99,414,658	(37,878,513)	47,871,911	NONE	407,719,924

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University
June 30, 2015

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	$815,061	($7,908,527)	($54,976,110)	($790,257)	($2,765,161)
Capital appropriations		996,412	6,460,298	233,267	200,685
Capital gifts and grants			124,914,747	39,119	114,323
Additions to permanent endowment		40,000	1,920,000	720,000	
Other additions (deductions)	(1,075,832)	132,317	(1,628,670)	(28,845)	(6,504)
CHANGE IN NET POSITION	(260,771)	(6,739,798)	76,690,265	173,284	(2,456,657)
NET POSITION - BEGINNING OF YEAR (Restated)	32,578,450	14,431,133	(11,097,009)	(6,397,038)	(2,217,546)
NET POSITION - END OF YEAR	$32,317,679	$7,691,335	$65,593,256	($6,223,754)	($4,674,203)

(Concluded)

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
($1,927,030)	($8,117,336)	($715,618)	$9,060,922	($55,404,078)	$44,781,971		($77,946,163)
			3,272,852	233,113,357	6,407,330		250,684,201
13,466	228,567		12,959,525		1,093,727		139,363,474
125		40,000	120,000		1,050,000		3,890,125
(84,817)	(50,624)	(162,354)			(3,842,579)		(6,747,908)
(1,998,256)	(7,939,393)	(837,972)	25,413,299	177,709,279	49,490,449	NONE	309,243,729
(6,313,250)	(99,316,975)	(21,919,345)	(102,967,481)	376,950,217	(488,088,061)	NONE	(314,356,905)
($8,311,506)	($107,256,368)	($22,757,317)	($77,554,182)	$554,659,496	($438,597,612)	NONE	($5,113,176)

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2015

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
CASH FLOWS FROM OPERATING ACTIVITIES:					
Student tuition and fees			$292,293,210	$9,476,046	$5,076,147
Federal appropriations					
Grants and contracts		$30,160,625	133,386,072	1,011,620	1,004,579
Sales and services of educational departments		291,453	23,749,620	155,609	25,977
Hospital income					
Auxiliary enterprise receipts		33,243	181,594,560	2,314,933	3,110,879
Payments for employee compensation	($1,370,425)	(26,832,423)	(384,154,490)	(10,398,419)	(7,297,764)
Payments for benefits	(3,290,400)	(10,295,679)	(140,342,298)	(4,791,334)	(3,634,824)
Payments for utilities	(67,114)	(1,883,051)	(16,528,513)	(717,461)	(590,343)
Payments for supplies and services	(2,808,152)	(10,244,651)	(203,886,143)	(3,256,962)	(4,640,696)
Payments for scholarships and fellowships	(6,172)	(2,421)	(19,370,831)	(2,706,456)	(2,966,894)
Loans to students			(2,635,180)	(401,762)	
Collection of loans to students			2,504,376		
Other receipts (payments)	2,163,608	103,195	14,357,185	37,233	(101,967)
Net cash used by operating activities	(5,378,655)	(18,669,709)	(119,032,432)	(9,276,953)	(10,014,906)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	3,486,750	12,322,868	126,731,790	5,339,471	4,793,627
Gifts and grants for other than capital purposes	50	2,872,381	18,618,266	623,922	357,684
Private gifts for endowment purposes		(132,317)	1,038,002	28,846	6,504
Taylor Opportunity Program for Students (TOPS) receipts			91,098,441	2,202,026	1,120,121
TOPS disbursements			(91,098,441)	(2,222,990)	(1,120,121)
Federal Emergency Management Agency (FEMA) receipts			367,769		
FEMA disbursements			(439,856)		
Direct lending receipts			116,182,215	7,295,517	6,289,245
Direct lending disbursements			(116,182,215)	(7,295,517)	(6,289,245)
Implicit loan (to)/from other campuses	(8,933,086)	(4,490,848)	24,368,842	(462,974)	(1,259,847)
Other receipts (disbursements)			22,852,916	4,737,896	4,709,605
Net cash provided (used) by noncapital financing activities	(5,446,286)	10,572,084	193,537,729	10,246,197	8,607,573
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from capital debt			91,207,152		6,750,000
Capital gifts and grants received			48,246,537	106,474	137,093
Proceeds from sale of capital assets					
Purchase of capital assets	(3,267)	(140,232)	(93,574,941)	(293,593)	(120,246)
Principal paid on capital debt and leases			(101,061,024)	(100,000)	(6,511,546)
Interest paid on capital debt and leases			(17,398,846)	(194,138)	(488,202)
Other sources (uses)	(1,075,832)	132,317	(9,074,390)	(28,845)	(6,504)
Net cash provided (used) by capital financing activities	(1,079,099)	(7,915)	(81,655,512)	(510,102)	(239,405)

(Continued)

Schedule 6

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
$12,828,171		$16,056,471	$45,463,556		$15,063,895		$396,257,496
	$15,270,547						15,270,547
247,628	26,176,562	7,318,097	251,802,374		132,622,618	($5,610,603)	578,119,572
103,446	7,339,501	95,253	120,989,216		63,851,971	(3,975)	216,598,071
				$124,052,341	49,994,113		174,046,454
		2,589,805	7,491,551		7,135,685	(2,888)	204,267,768
(10,696,374)	(68,533,387)	(17,559,650)	(282,503,593)	(35,030,130)	(191,132,389)		(1,035,509,044)
(3,875,699)	(31,177,480)	(7,337,075)	(67,690,816)	(33,927,100)	(55,161,230)		(361,523,935)
(438,577)	(2,392,816)	(669,682)	(11,049,323)	(1,422,374)	(7,534,819)		(43,294,073)
(3,128,772)	(29,583,188)	(7,097,593)	(142,739,181)	(99,877,004)	(114,110,041)	5,624,900	(615,747,483)
(2,370,568)	(166,878)	(5,403,626)	(1,599,773)		(947,429)		(35,541,048)
			(1,653,926)		(303,340)		(4,994,208)
			1,100,222		215,843	(7,434)	3,813,007
77,619	10,537,188	340,548	802,655		293,230		28,610,494
(7,253,126)	(72,529,951)	(11,667,452)	(79,587,038)	(46,204,267)	(100,011,893)	NONE	(479,626,382)
5,125,593	69,952,732	7,621,960	89,135,449	7,912,813	46,774,564		379,197,617
1,243,662	2,796,793	285,562	1,879,760	575,405	3,057		29,256,542
84,942	56,725	40,000			1,050,000		2,172,702
		3,319,108	1,319,003		103,649		99,162,348
		(3,319,108)	(1,319,003)		(103,649)		(99,183,312)
	(88,069)		5,914,782	12,860,018			19,054,500
	(17,428)		(293,783)	(6,443,685)			(7,194,752)
			55,005,830		18,271,154		203,043,961
			(55,037,864)		(18,271,154)		(203,075,995)
(286,290)	(8,935,797)						
	(75,454)	5,447,119	(4,981,624)	(104,628,009)	5,217,740		(66,719,811)
6,167,907	63,689,502	13,394,641	91,622,550	(89,723,458)	53,045,361	NONE	355,713,800
							97,957,152
13,466	120,906				550,015		49,174,491
	91,982		1,000				92,982
(207,976)	(2,663,647)	(377,707)	(9,006,773)	(31,362,319)	(8,137,017)		(145,887,718)
			2,912	(1,011,239)	(569,033)		(109,249,930)
			(517,048)	(755,230)	(182,508)		(19,535,972)
(84,817)	(50,624)	(162,354)		133,555,621			123,204,572
(279,327)	(2,501,383)	(540,061)	(9,519,909)	100,426,833	(8,338,543)	NONE	(4,244,423)

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2015

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments	$532,875		$105,564,832		$455,600
Interest received on investments	160,180	$45,943	12,180,205	$93,669	30,629
Purchase of investments	(844,081)		(110,594,822)		
Net cash provided (used) by investing activities	(151,026)	45,943	7,150,215	93,669	486,229
NET INCREASE (Decrease) IN CASH AND CASH EQUIVALENTS	(12,055,066)	(8,059,597)		552,811	(1,160,509)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	23,447,994	12,846,997		587,042	3,131,816
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$11,392,928	$4,787,400	NONE	$1,139,853	$1,971,307
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating loss	($2,950,329)	($23,163,787)	($220,056,841)	($11,501,165)	($12,288,555)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation and amortization expense	53,393	5,888,572	73,478,061	1,298,498	1,462,418
Noncash gifts			2,507,690		
Pension expense	249,125	5,294,643	75,175,442	2,159,361	1,513,963
Current year pension contributions made subsequent to the measurement date	(880,172)	(6,226,534)	(80,510,856)	(2,521,355)	(1,816,838)
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable, net	(1,518,282)	364,782	(3,353,499)	(1,740,936)	(45,147)
(Increase) decrease in inventories		79,854	132,986	8,745	5,928
(Increase) decrease in prepaid expenses and advances			668,087		
(Increase) decrease in notes receivable			163,967		(638)
(Increase) decrease in other assets	696,523		(507,454)		
Increase (decrease) in accounts payable and accrued liabilities	(1,079,156)	(183,182)	650,468	47,117	(159,058)
Increase (decrease) in unearned revenue		(2,888,816)	(293,518)	1,188,984	58,970
Increase (decrease) in amounts held in custody for others	31,344		(561,757)	493,525	(12,010)
Increase (decrease) in compensated absences	(57,829)	(191,822)	577,218	(17,484)	31,188
Increase in other postemployement benefits payable	69,443	2,255,443	27,117,792	1,307,757	1,364,965
Increase (decrease) in other liabilities	7,285	101,138	5,779,782		(130,092)
Net cash provided (used) by operating activities	($5,378,655)	($18,669,709)	($119,032,432)	($9,276,953)	($10,014,906)

(Continued)

Schedule 6

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
				$396,136	$52,363,850		$159,313,293
$242,684	$718,137	$257,197	$2,070,768	113,324	1,932,135		17,844,871
		(123,753)	(5,000,000)		(40,314,878)		(156,877,534)
242,684	718,137	133,444	(2,929,232)	509,460	13,981,107	NONE	20,280,630
(1,121,862)	(10,623,695)	1,320,572	(413,629)	(34,991,432)	(41,323,968)		(107,876,375)
2,414,110	26,083,289	1,199,853	36,126,382	113,914,134	87,127,333		306,878,950
$1,292,248	$15,459,594	$2,520,425	$35,712,753	$78,922,702	$45,803,365	NONE	$199,002,575
($9,040,425)	($81,198,420)	($14,497,324)	($90,353,736)	($17,525,565)	($3,089,940)		($485,666,087)
785,820	4,079,858	1,488,953	16,665,129	18,137,617	24,380,197		147,718,516
							2,507,690
2,602,193	13,669,109	3,172,018	30,391,880	(15,869,970)	(111,682,486)		6,675,278
(2,359,589)	(16,112,570)	(4,120,816)	(37,339,049)	(9,433,554)	(25,411,019)		(186,732,352)
(112,039)	2,355,759	(211,858)	(6,969,421)	3,725,011	5,119,650		(2,385,980)
	(1,761,753)	3,004	647,393	258,925	495,996		(128,922)
28,917	16,070	(47,821)	(169,837)	(3,090)	11,226,934		11,719,260
			(553,704)		(108,572)		(498,947)
		41,466	(183,250)	1,764,519			1,811,804
33,298	(212,615)	(122,078)	(1,329,657)	(159,748)	1,992,871		(521,740)
186,299	827,162	774,895	(2,967,031)	(29,331,288)	(10,485,994)		(42,930,337)
(18,468)	(16,254)	(47,185)	(3,015)	(20,360)	46,328		(107,852)
(16,921)	(106,505)	4,392	961,831	(35,221)	(722,687)		426,160
661,979	5,961,192	1,894,902	11,615,429	2,288,457	8,226,829		62,764,188
(4,190)	(30,984)						5,722,939
($7,253,126)	($72,529,951)	($11,667,452)	($79,587,038)	($46,204,267)	($100,011,893)	NONE	($479,626,382)

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2015

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:					
Cash and cash equivalents classified as current assets	$9,921,614	$4,660,388	($130,031,799)	$480,453	$1,307,410
Cash and cash equivalents classified as noncurrent assets	1,471,314	127,012	130,031,799	659,400	663,897
Cash and cash equivalents at end of the year	$11,392,928	$4,787,400	NONE	$1,139,853	$1,971,307
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital appropriations		$996,412	$6,460,298	$233,267	$200,685
Capital gifts and grants			$79,751,079		
Noncash gifts			$2,507,690		

(Concluded)

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
$297,098	$9,273,144	$2,189,121	$35,712,753	$73,082,223	$38,662,864		$45,555,269
995,150	6,186,450	331,304		5,840,479	7,140,501		153,447,306
$1,292,248	$15,459,594	$2,520,425	$35,712,753	$78,922,702	$45,803,365	NONE	$199,002,575
			$3,272,852	$233,113,357	$6,407,330		$250,684,201
			$12,959,525		$562,948		$93,273,552
							$2,507,690

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Net Position, by University
June 30, 2014

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
ASSETS					
Current assets:					
Cash and cash equivalents	$22,005,388	$12,719,985	($123,308,414)	($18,602)	$2,803,128
Investments	29,700,091		395,157,579	164,968	83,942
Receivables (net)	382,094	3,037,212	41,811,298	6,582,410	4,007,508
Due from other campuses	1,359,799		145,349		
Due from State Treasury		7,124	625,270	20,294	18,889
Due from federal government		386,915	12,673,365	41,440	39,368
Inventories		242,074	994,663	9,157	235,859
Prepaid expenses and advances			7,937,224		3,450
Notes receivable (net)			2,010,798		24,640
Other current assets			2,003,189		
Total current assets	53,447,372	16,393,310	340,050,321	6,799,667	7,216,784
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	1,442,606	127,012	123,308,414	605,644	328,688
Investments		7,220,983	212,194,181	1,895,653	849,102
Receivables (net)			311,450		
Notes receivable (net)			12,989,875		(12,581)
Other			11,563,247		
Investments					
Other noncurrent assets					
Capital assets (net)	155,962	83,743,685	875,204,607	29,311,967	25,414,184
Total noncurrent assets	1,598,568	91,091,680	1,235,571,774	31,813,264	26,579,393
Total assets	55,045,940	107,484,990	1,575,622,095	38,612,931	33,796,177
LIABILITIES					
Current liabilities:					
Accounts payable and accruals	10,079,649	465,494	47,022,106	147,802	615,524
Due to other campuses	145,347	357,195	70,488,206		130,000
Due to State Treasury			120		
Due to federal government			81,291		
Unearned revenues		11,330,695	59,766,810	4,692,067	3,484,479
Unearned revenues - advanced lease payment					
Amounts held in custody for others	532,011		6,750,424	115,174	106,182
Compensated absences payable	146,873	258,837	3,000,501	86,003	64,183
Capital lease obligations			2,332,979		
Claims and litigation payable					
Notes payable					
Bonds payable			13,761,069	100,000	245,417
Other current liabilities			2,003,191		
Total current liabilities	10,903,880	12,412,221	205,206,697	5,141,046	4,645,785

(Continued)

Schedule 7

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
$1,211,068	$19,052,054	$870,683	$36,126,382	$87,154,293	$75,566,427		$134,182,392
550,202	288,552	100,000	1,612,375	375,000	24,242,864		452,275,573
517,329	5,677,408	1,652,248	65,631,834	30,316,948	123,217,860		282,834,149
		1,221,942	70,221,486	356,236	1,315,575	($74,620,387)	
30,171	854,067	47,767	1,950,784	4,052,154	1,966,585		9,573,105
	5,019,815	267,149	4,428,760	188,072	2,547,032		25,591,916
	3,898,249	768,117	2,255,435	1,410,627	920,118		10,734,299
93,093	43,689	628,062	1,484,169	40,186	11,448,948		21,678,821
			921,597		240,822		3,197,857
				446,810			2,449,999
2,401,863	34,833,834	5,555,968	184,632,822	124,340,326	241,466,231	(74,620,387)	942,518,111
1,203,042	7,031,235	329,170		26,759,841	11,560,906		172,696,558
5,131,309	3,431,822	6,724,715	29,646,791	9,592,037	67,102,652		343,789,245
							311,450
			8,735,361		1,377,031		23,089,686
	19,314			1,462,955			13,045,516
			2,531,213				2,531,213
			229,726	488,830			718,556
12,773,294	46,189,467	21,926,988	215,891,689	935,052,558	104,088,280		2,349,752,681
19,107,645	56,671,838	28,980,873	257,034,780	973,356,221	184,128,869	NONE	2,905,934,905
21,509,508	91,505,672	34,536,841	441,667,602	1,097,696,547	425,595,100	(74,620,387)	3,848,453,016
14,953	773,093	1,390,933	28,291,364	16,497,615	16,883,524		122,182,057
		21,698	271,319	2,190,295	1,016,327	(74,620,387)	
			1,056,954	1,945	186,293		1,245,312
			6,542,514				6,623,805
256,134	6,972,712	902,308	15,291,777	34,811,835	2,163,646		139,672,463
					11,175,000		11,175,000
115,381	75,103	190,328	125,515	30,375	44,740		8,085,233
59,396	892,197	117,258	1,644,826	548,249	1,062,468		7,880,791
					1,571,731		3,904,710
							0
				466,196			466,196
				525,000			14,631,486
							2,003,191
445,864	8,713,105	2,622,525	53,224,269	55,071,510	34,103,729	(74,620,387)	317,870,244

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Position, by University
June 30, 2014

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
Noncurrent liabilities:					
Compensated absences payable	$269,429	$2,913,146	$28,503,013	$740,283	$603,569
Capital lease obligations			23,930,253		
Notes payable					
Other postemployment benefits payable	694,708	18,379,158	220,190,518	12,859,753	7,299,160
Bonds payable			441,644,182	3,600,000	6,605,416
Unearned revenues - advance lease payments					
Other noncurrent liabilities			738,671		(28,086)
Total noncurrent liabilities	964,137	21,292,304	715,006,637	17,200,036	14,480,059
Total liabilities	11,868,017	33,704,525	920,213,334	22,341,082	19,125,844
NET POSITION					
Net investment in capital assets	155,962	83,743,685	501,078,154	25,631,209	18,667,723
Restricted for:					
Nonexpendable		6,241,608	79,465,255	1,743,714	398,738
Expendable	35,490,141	4,174,744	169,653,775	1,233,884	3,161,663
Unrestricted	7,531,820	(20,379,572)	(94,788,423)	(12,336,958)	(7,557,791)
Total net position	$43,177,923	$73,780,465	$655,408,761	$16,271,849	$14,670,333

(Concluded)

Schedule 7

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
$1,035,749	$8,055,058	$1,917,052	$16,659,644	$3,480,956	$11,856,835		$76,034,734
					3,437,706		27,367,959
				1,438,298			1,438,298
6,115,324	57,673,533	12,875,272	107,522,255	186,947,468	200,602,908		831,160,057
			12,780,498	17,746,038			482,376,134
				281,326,533			281,326,533
4,190	33,695						748,470
7,155,263	65,762,286	14,792,324	136,962,397	490,939,293	215,897,449	NONE	1,700,452,185
7,601,127	74,475,391	17,414,849	190,186,666	546,010,803	250,001,178	(74,620,387)	2,018,322,429
12,773,294	46,189,467	21,926,988	204,293,352	917,261,448	99,078,843		1,930,800,125
5,229,315	3,372,078	6,437,246	31,954,770	16,246,067	65,928,593		217,017,384
1,049,732	8,375,463	1,828,411	19,651,219	31,081,881	45,942,303		321,643,216
(5,143,960)	(40,906,727)	(13,070,653)	(4,418,405)	(412,903,652)	(35,355,817)		(639,330,138)
$13,908,381	$17,030,281	$17,121,992	$251,480,936	$551,685,744	$175,593,922	NONE	$1,830,130,587

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by University
For the Fiscal Year Ended June 30, 2014

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
OPERATING REVENUES					
Student tuition and fees			$333,977,356	$10,019,240	$6,757,436
Less scholarship allowances			(58,342,892)	(1,954,012)	(1,837,680)
Net student tuition and fees	NONE	NONE	275,634,464	8,065,228	4,919,756
Federal appropriations					
Federal grants and contracts		$22,878,936	83,579,355	131,446	522,259
State and local grants and contracts		4,680,061	35,592,631	666,746	469,826
Nongovernmental grants and contracts		7,939,470	24,257,531	129,784	22,000
Sales and services of educational departments		322,794	20,971,677	174,289	26,759
Hospital income					
Auxiliary enterprise revenues (including revenues pledged to secure debt)		19,868	182,764,378	2,374,357	3,289,903
Less scholarship allowances			(15,504,361)	(212,472)	(175,693)
Net auxiliary revenues	NONE	19,868	167,260,017	2,161,885	3,114,210
Other operating revenues	$1,654,561	32,909	9,238,448	45,076	159,554
Total operating revenues	1,654,561	35,874,038	616,534,123	11,374,454	9,234,364
OPERATING EXPENSES					
Educational and general:					
Instruction			245,896,626	9,232,413	7,742,010
Research		35,711,672	133,574,826	25,076	740
Public service		2,395,492	31,325,102	14,460	11,674
Academic support		6,504,643	79,392,579	2,265,909	726,033
Student services			24,626,270	1,744,109	1,681,984
Institutional support	4,596,399	5,590,401	26,428,460	1,544,570	2,515,136
Operations and maintenance of plant	184,020	8,333,426	92,138,193	4,418,337	3,195,286
Scholarships and fellowships	2,500	4,954	19,715,062	2,287,649	2,935,470
Auxiliary enterprises		23,379	148,491,646	3,794,935	2,751,998
Hospital					
Total operating expenses	4,782,919	58,563,967	801,588,764	25,327,458	21,560,331
OPERATING INCOME (LOSS)	(3,128,358)	(22,689,929)	(185,054,641)	(13,953,004)	(12,325,967)
NONOPERATING REVENUES (Expenses)					
State appropriations	3,495,054	13,450,046	131,666,696	5,812,453	5,263,761
Gifts	3,425	2,359,212	21,858,447	611,452	167,854
Federal nonoperating revenues (expenses)			21,863,742	3,876,895	4,427,429
American Recovery and Reinvestment Act revenues					
Net investment income	479,878	474,863	22,799,857	140,036	67,791
Interest expense			(20,306,345)	(198,328)	(504,424)
Other nonoperating revenues (expenses)			(511,918)		
Net nonoperating revenues (expenses)	3,978,357	16,284,121	177,370,479	10,242,508	9,422,411

(Continued)

Schedule 8

	Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
	$15,724,903		$17,628,940	$41,419,574		$13,806,865		$439,334,314
	(2,742,113)		(5,481,276)	(3,176,712)		(586,850)		(74,121,535)
	12,982,790	NONE	12,147,664	38,242,862	NONE	13,220,015	NONE	365,212,779
		$12,935,478						12,935,478
		7,526,969	1,183,577	36,308,625		9,140,250		161,271,417
		12,520,138	4,543,018	11,949,147		4,526,389	($4,230,572)	70,717,384
	8,202	5,879,803	2,084,592	189,326,979		72,371,996		302,020,357
	122,713	6,901,721	110,767	105,948,040		66,297,996	(84,223)	200,792,533
					$207,523,612	188,522,577		396,046,189
			2,924,925	7,032,781		8,936,406	(23,249)	207,319,369
			(418,184)					(16,310,710)
	NONE	NONE	2,506,741	7,032,781	NONE	8,936,406	(23,249)	191,008,659
	7,721	8,906,240	111,278	1,221,990		24,855		21,402,632
	13,121,426	54,670,349	22,687,637	390,030,424	207,523,612	363,040,484	(4,338,044)	1,721,407,428
	10,626,262		16,186,746	171,941,604		87,284,035		548,909,696
	894,267	66,085,203	620,517	49,582,337		41,926,956		328,421,594
	89,299	46,583,867	1,426,536	187,879,460		90,511,795		360,237,685
	2,199,801	4,566,295	3,442,715	19,771,859		9,953,117		128,822,951
	1,365,048		2,394,050	5,884,043		1,646,008		39,341,512
	3,259,344	14,355,512	5,362,605	29,581,361		34,490,314		127,724,102
	1,755,330	5,842,600	3,095,085	25,171,944		5,627,177		149,761,398
	1,726,624	133,653	4,766,281	2,175,034		642,199		34,389,426
			3,135,583	6,781,744		9,064,832		174,044,117
				161,807	198,732,015	202,092,916	(4,338,044)	396,648,694
	21,915,975	137,567,130	40,430,118	498,931,193	198,732,015	483,239,349	(4,338,044)	2,288,301,175
	(8,794,549)	(82,896,781)	(17,742,481)	(108,900,769)	8,791,597	(120,198,865)	NONE	(566,893,747)
	5,164,068	70,407,638	8,506,999	91,134,808	27,612,504	48,851,516		411,365,543
	1,219,957	2,597,904	188,656	3,243,449		(25,630)		32,224,726
		4,288	5,276,623	(626,339)	22,724,580	65,577		57,612,795
					5,685,687			5,685,687
	348,040	897,069	969,749	4,252,413	268,928	6,914,282		37,612,906
				(803,957)	(824,431)	(331,929)		(22,969,414)
		1,271,039		1,916,298	(108,647,259)	(2,984,674)		(108,956,514)
	6,732,065	75,177,938	14,942,027	99,116,672	(53,179,991)	52,489,142	NONE	412,575,729

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by University
June 30, 2014

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	$849,999	($6,405,808)	($7,684,162)	($3,710,496)	($2,903,556)
Capital appropriations		1,353,929	4,730,127	157,546	857,937
Capital gifts and grants			26,308,126	115,091	10,720
Additions to permanent endowment			3,240,000		
Other additions (deductions)	3,817,164	40,153	2,650,565	78,210	16,401
Transfer (to)/from other system institution	(1,651,558)		1,651,558		
CHANGE IN NET POSITION	3,015,605	(5,011,726)	30,896,214	(3,359,649)	(2,018,498)
NET POSITION - BEGINNING OF YEAR (Restated)	40,162,318	78,792,191	624,512,547	19,631,498	16,688,831
NET POSITION - END OF YEAR	$43,177,923	$73,780,465	$655,408,761	$16,271,849	$14,670,333

(Concluded)

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
($2,062,484)	($7,718,843)	($2,800,454)	($9,784,097)	($44,388,394)	($67,709,723)		($154,318,018)
	247		16,988,149	143,190,301	1,251,054		168,529,290
9,534	277,623				1,342,327		28,063,421
		124,240	(1,383,208)		1,590,000		3,571,032
213,876	91,343	(156,872)			(313,943)		6,436,897
(1,839,074)	(7,349,630)	(2,833,086)	5,820,844	98,801,907	(63,840,285)	NONE	52,282,622
15,747,455	24,379,911	19,955,078	245,660,092	452,883,837	239,434,207	NONE	1,777,847,965
$13,908,381	$17,030,281	$17,121,992	$251,480,936	$551,685,744	$175,593,922	NONE	$1,830,130,587

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2014

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
CASH FLOWS FROM OPERATING ACTIVITIES:					
Student tuition and fees			$275,132,619	$7,595,413	$4,853,999
Federal appropriations					
Grants and contracts	$69,020	$41,877,498	133,010,361	1,054,689	938,988
Sales and services of educational departments		310,057	21,060,776	169,034	26,759
Hospital income					
Auxiliary enterprise receipts		17,707	168,181,351	2,208,070	3,075,285
Payments for employee compensation	(1,661,872)	(27,521,026)	(369,524,105)	(10,563,403)	(7,586,368)
Payments for benefits	(1,633,778)	(9,977,863)	(129,931,520)	(4,664,757)	(3,561,403)
Payments for utilities	(73,818)	(2,078,619)	(16,494,832)	(744,476)	(622,078)
Payments for supplies and services	(2,032,518)	(10,910,175)	(192,010,923)	(4,617,213)	(4,312,997)
Payments for scholarships and fellowships	(2,500)	(4,954)	(19,502,578)	(2,286,882)	(2,935,470)
Loans to students			(2,606,375)	(9,620)	
Collection of loans to students			2,023,472		(581)
Other receipts (payments)	1,600,002	19,467	10,381,868	43,416	169,986
Net cash used by operating activities	(3,735,464)	(8,267,908)	(120,279,886)	(11,815,729)	(9,953,880)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	3,495,054	13,446,805	131,385,795	5,803,221	5,255,168
Gifts and grants for other than capital purposes	5,805	2,359,212	21,854,244	556,664	182,406
Private gifts for endowment purposes		(40,153)	(3,232,737)	(78,209)	(16,401)
Taylor Opportunity Program for Students (TOPS) receipts			80,403,717	1,695,856	961,058
TOPS disbursements			(80,403,717)	(1,691,123)	(961,058)
Federal Emergency Management Agency (FEMA) receipts			91,059		
FEMA disbursements			(210,146)		
American Recovery and Reinvestment Act receipts					
Direct lending receipts			117,363,326	6,022,524	6,066,961
Direct lending disbursements			(117,363,326)	(6,022,524)	(6,066,961)
Transfer (to)/from other system institutions	(1,651,558)		1,651,558		
Implicit loan (to)/from other campuses	(627,590)		774,598		
Other receipts (disbursements)			21,353,773	3,891,478	4,427,429
Net cash provided by noncapital financing activities	1,221,711	15,765,864	173,668,144	10,177,887	9,848,602
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from capital debt					
Capital appropriations received					
Capital gifts and grants received			26,319,599	115,091	117,083
Proceeds from sale of capital assets			536,918		
Purchase of capital assets	(8,098)	(3,487,297)	(73,606,213)	(152,737)	(170,007)
Principal paid on capital debt and leases			(17,166,747)	(100,000)	(230,417)
Interest paid on capital debt and leases			(20,306,345)	(198,328)	(504,424)
Other sources (uses)	3,817,164	40,153	3,259,435	78,210	16,401
Net cash provided (used) by capital financing activities	3,809,066	(3,447,144)	(80,963,353)	(257,764)	(771,364)

(Continued)

Schedule 9

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total System
$12,999,223		$11,817,208	$37,845,464		$12,570,388		$362,814,314
	$12,650,354						12,650,354
	27,316,950	7,954,602	229,091,698		75,149,050	($4,230,572)	512,232,284
122,593	6,756,453	110,767	105,650,303		68,927,825	(84,223)	203,050,344
				250,855,724	186,229,699		437,085,423
		2,506,700	7,071,966		7,265,182	(23,249)	190,303,012
(10,933,431)	(66,851,384)	(17,761,696)	(275,308,233)	(74,661,171)	(250,465,925)		(1,112,838,614)
(3,839,808)	(30,589,880)	(7,138,610)	(64,339,339)	(40,510,864)	(68,993,297)		(365,181,119)
(504,189)	(2,374,893)	(771,510)	(10,369,561)	(2,833,316)	(8,501,743)		(45,369,035)
(3,698,436)	(27,479,266)	(7,253,650)	(122,680,116)	(335,993,793)	(143,582,763)	4,338,044	(850,233,806)
(1,758,250)	(133,653)	(4,781,089)	(1,742,457)		(642,199)		(33,790,032)
			(680,914)		(291,851)		(3,588,760)
			927,596		239,554		3,190,041
33,381	8,831,813	224,670	1,220,861		(739,591)		21,785,873
(7,578,917)	(71,873,506)	(15,092,608)	(93,312,732)	(203,143,420)	(122,835,671)	NONE	(667,889,721)
5,150,343	69,921,681	8,506,999	89,889,362	306,561,601	49,052,813		688,468,842
760,939	2,607,284	188,656	3,243,449		(25,630)		31,733,029
(213,876)	(143,040)	124,240			1,590,000		(2,010,176)
		3,057,314	1,387,453		67,368		87,572,766
		(3,057,314)	(1,360,087)		(67,368)		(87,540,667)
	9,500		86,269	26,082,717			26,269,545
	(5,212)		(33,490)	(3,358,137)			(3,606,985)
				5,685,687			5,685,687
			51,293,764		17,274,633		198,021,208
			(51,293,764)		(17,274,633)		(198,021,208)
		(147,008)					
	1,271,039	5,423,631	2,421,818	(108,159,119)	(1,509,366)		(70,879,317)
5,697,406	73,661,252	14,096,518	95,634,774	226,812,749	49,107,817	NONE	675,692,724
			12,780,498				12,780,498
	80,047						80,047
9,534	305,308				1,120,216		27,986,831
			5,000				541,918
(439,839)	(2,953,641)	(468,475)	(8,449,092)	(4,413,545)	(8,260,187)		(102,409,131)
			(12,365,000)	(1,425,755)	(1,497,845)		(32,785,764)
			(803,957)	(824,431)	(331,929)		(22,969,414)
213,876	91,343	(156,872)			21,438		7,381,148
(216,429)	(2,476,943)	(625,347)	(8,832,551)	(6,663,731)	(8,948,307)	NONE	(109,393,867)

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2014

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments	$10,072,491		$102,795,382		$35,843
Interest received on investments	264,070	$95,766	12,380,824	$85,706	54,048
Purchase of investments	(5,000,000)		(103,340,000)		
Net cash provided by investing activities	5,336,561	95,766	11,836,206	85,706	89,891
NET INCREASE (Decrease) IN CASH AND CASH EQUIVALENTS	6,631,874	4,146,578	(15,738,889)	(1,809,900)	(786,751)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	16,816,120	8,700,419	15,738,889	2,396,942	3,918,567
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$23,447,994	$12,846,997	NONE	$587,042	$3,131,816
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating income (loss)	($3,128,358)	($22,689,929)	($185,054,641)	($13,953,004)	($12,325,967)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:					
Depreciation expense	50,131	5,309,100	45,682,986	1,298,185	1,307,195
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable, net	93,335	234,099	(8,501,624)	(795,568)	(504,643)
(Increase) decrease in inventories		(20,025)	(10,353)	(276)	32,007
(Increase) decrease in prepaid expenses and advances		225	1,040,923		354
(Increase) decrease in notes receivable			(64,791)		3,918
(Increase) in other assets	(160,715)		(303,206)		
Increase (decrease) in accounts payable and accrued liabilities	(566,513)	(78,562)	(2,031,199)	(93,174)	(46,781)
Increase (decrease) in unearned revenue		6,124,254	(2,161,165)	484,804	325,442
Increase (decrease) in amounts held in custody for others	(32,110)		443,993	38,485	19,193
Increase (decrease) in compensated absences	(78,331)	310,674	1,425,464	17,576	26,249
Increase (decrease) in other postemployment benefits payable	(19,059)	2,542,256	27,994,659	1,187,243	1,209,153
Increase in other liabilities	106,156		1,259,068		
Net cash used by operating activities	($3,735,464)	($8,267,908)	($120,279,886)	($11,815,729)	($9,953,880)

(Continued)

Schedule 9

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
				$966,406	$101,261,680		$215,131,802
$177,712	$834,315	$969,749	$3,477,753	268,928	2,459,588		21,068,459
		1,851,541		(375,000)	(91,317,122)		(198,180,581)
177,712	834,315	2,821,290	3,477,753	860,334	12,404,146	NONE	38,019,680
(1,920,228)	145,118	1,199,853	(3,032,756)	17,865,932	(70,272,015)		(63,571,184)
4,334,338	25,938,171		39,159,138	96,048,202	157,399,348		370,450,134
$2,414,110	$26,083,289	$1,199,853	$36,126,382	$113,914,134	$87,127,333	NONE	$306,878,950
($8,794,549)	($82,896,781)	($17,742,481)	($108,900,769)	$8,791,597	($120,198,865)		($566,893,747)
808,593	3,806,745	1,507,693	16,160,155	18,761,500	24,246,183		118,938,466
45,468	(541,629)	(314,260)	(18,359,924)	44,170,511	(32,934,202)		(17,408,437)
	(232,924)	(326,070)	(23,320)	141,038	11,847,736		11,407,813
(89,067)	(19,742)	7,387	431,333	(481)	(11,116,586)		(9,745,654)
			246,682		(52,297)		133,512
			(6,800)	(377,654)			(848,375)
(379,430)	157,270	(39,781)	2,705,966	(283,529,361)	(9,643,340)		(293,544,905)
(24,644)	1,507,824	105,480	2,798,150	29,930,418	10,409,921		49,500,484
12,250	(72,539)	35,268	(77,506)	(449,892)	(808,757)		(891,615)
71,245	345,135	(91,920)	(29,999)	(22,953,118)	(13,121,481)		(34,078,506)
767,027	6,069,128	1,766,076	11,743,300	2,372,022	18,536,017		74,167,822
4,190	4,007						1,373,421
($7,578,917)	($71,873,506)	($15,092,608)	($93,312,732)	($203,143,420)	($122,835,671)	NONE	($667,889,721)

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2014

	Board and System Administration	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:					
Cash and cash equivalents classified as current assets	$22,005,388	$12,719,985	($123,308,414)	($18,602)	$2,803,128
Cash and cash equivalents classified as noncurrent assets	1,442,606	127,012	123,308,414	605,644	328,688
Cash and cash equivalents at end of the year	$23,447,994	$12,846,997	NONE	$587,042	$3,131,816
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital appropriations		$1,353,929	$4,730,127	$157,546	$857,937
Capital gifts and grants					

(Concluded)

Schedule 9

Paul M. Hebert Law Center	Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Services Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
$1,211,068	$19,052,054	$870,683	$36,126,382	$87,154,293	$75,566,427		$134,182,392
1,203,042	7,031,235	329,170		26,759,841	11,560,906		172,696,558
$2,414,110	$26,083,289	$1,199,853	$36,126,382	$113,914,134	$87,127,333	NONE	$306,878,950
			$16,988,149	$143,190,301	$1,251,054		$168,529,043
					$202,875		$202,875

OTHER REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Exhibit A

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

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 18, 2015

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

Independent Auditor's Report

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and 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, 2015, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 18, 2015. Our report was modified to include an emphasis of matters section regarding actuarial assumptions and financial statement comparability.

Our report includes a reference to other auditors. 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 Eunice Student Housing Foundation, Inc.; and the Health Care Services Foundation and its subsidiary, which are nonprofit corporations included as blended component units in the basic financial statements 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 Foundation for the LSU Health Sciences Center, which are discretely presented component units presented in the basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the LSU Foundation, the Tiger Athletic Foundation, and the LSU Health Sciences Foundation in Shreveport, which were audited by other auditors, were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Eunice Student Housing Foundation, Inc.; and the Health Care Services Foundation and its subsidiary, which are blended component units included in the System's basic financial statements for the year ended June 30, 2015. In addition, other external auditors audited the LSU Foundation, the Tiger Athletic Foundation, the LSU Health Sciences Foundation in Shreveport, and The Foundation for the LSU Health Sciences Center, 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.

Purpose of this Report

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

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

CST:JPT:WDG:EFS:aa

LSU 2015