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

FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2016
ISSUED DECEMBER 21, 2016

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 16, 2016

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, 2016, 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 1.0% of total assets, 0.6% of total liabilities, 4.5% of total revenues, and 4.9% 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 LSU Health Sciences Center Foundation, 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, 2016, 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, the net pension liability for the System was $1,715,196,040 at June 30, 2016, as determined by the Louisiana State Employees' Retirement System (LASERS) and Teachers' Retirement System of Louisiana (TRSL). The related actuarial valuation was performed by LASERS' 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, 2016, could be under or overstated.

Our opinion is not modified with respect to this matter.

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 19, the Schedule of Funding Progress for the Other Postemployment Benefits Plans on page 86, the Schedule of the LSU System's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Defined Benefit Pension Plans on page 87, and the Schedule of the LSU System's Contributions to Cost-Sharing Defined Benefit Pension Plans on page 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplementary information schedules including the Combining Schedule of Net Position; the Combining Schedule of Revenues, Expenses, and Changes in Net Position; and the Combining Schedule of Cash Flows on pages 91 through 104 for the year ended June 30, 2016, 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, 2016, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2016.

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, 2015, (not presented herein) and have issued our report thereon dated December 23, 2015, 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 105 through 118 for the year ended June 30, 2015, 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 2015 financial statements. The combining schedules for the fiscal year ended June 30, 2015, have been subjected to the auditing procedures applied in the audit of the 2015 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2016, 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 and 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

REW:JPT:BH:EFS:ch

LSU 2016

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, 2016. 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 LSU Health Sciences Center Foundation (New Orleans), and the LSU Health Sciences Foundation in Shreveport. The financial data of each of these foundations is presented separately in a Statement of Financial Position and a Statement of Activities. Additional information about the foundations is contained in the notes to the financial statements.

BACKGROUND

The 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 2015 semester was 45,626, which was an increase from the 44,449 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 over one million in-patient and out-patient 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 hospital 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 Louisiana Children's Medical Center (LCMC) manages the new University Medical Center. Leonard J. Chabert Medical Center in Houma is now operated by a partnership between Terrebonne General Medical Center and Southern Regional Medical Center, which 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 is 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.

Bogalusa 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.

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

Although these partnerships have been in place, it should be noted that the Governor and the LSU Board of Supervisors are in the process of renegotiating the original partnership agreements. In addition, the LSU Board of Supervisors approved memorandum of understandings, or MOU's with six additional hospital partners in an effort to expand clinical services and graduate medical education with the LSU Health Sciences Center in Shreveport.

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.

The financial presentation of these three entities (LSU Board of Supervisors, LSU A&M, and Paul M. Hebert Law Center) have been combined and is now presented as one.

FINANCIAL HIGHLIGHTS

GENERAL

Total operating revenues increased from the prior fiscal year by approximately $45.8 million, while operating expenses declined by approximately $41.2 million, thereby decreasing the operating loss by $87 million. The operating loss for fiscal year 2016 was $396.7 million; the operating loss for fiscal 2015 restated was $483.7 million.

The main increases in operating revenue occurred at LSU A&M and the LSU Health Sciences Centers in New Orleans and Shreveport due to increased tuition and fee authority and increased grant and contract activity. The increase in tuition and fee revenue is mainly attributable to the LA Granting Resources and Autonomy for Diplomas Act (GRAD 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 ten percent. These increases were offset by decreases in operating revenue at the Health Care Services Division and LSU Health Sciences Center in Shreveport due to the continued transitioning of the management and services of the hospitals to public private partnership models.

If you include non-operating revenues and expenses, the System shows a gain before other revenues, expenses, gains, and losses of $112.9 million for fiscal year 2015-2016. This represents a change from the $85.9 million restated loss posted in the previous year. The gain before other revenues, expenses, gains, and losses can be attributed to a net effect of an increase of approximately $45.8 million in operating revenue, net of a $41.2 million decrease in operating expenses, and an increase of $111.7 million in net non-operating revenue over non-operating expenses. As mentioned previously, the net gain in operating revenue is a result of additional tuition and fee authority combined with increased grant and contract activity net of decreases as the hospitals and related previous services provided continue to be being managed under public/private hospital partnership models. The main decrease in operating expenses is attributable to the LSU Health Sciences Center in Shreveport. The legacy costs associated with the transition of the hospitals to the private models will be decreasing each year as some of the costs are either one-time expenditures or taper off over a period of time. The net increase in net non-operating revenue mainly occurred at LSU Health Sciences Center at Shreveport as a result of an increased state appropriation. In addition, other revenues, expenses, gains, and losses decreased by $220.6 million from the prior year mainly due to a decrease in capital appropriation that was provided in the previous year for the new University Medical Center of New Orleans. Thus, overall net position, which represents the residual interest in the System's assets after liabilities are deducted, increased by $279.5 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.

> <u>Net investment in capital assets</u> 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.
>
> <u>Restricted net position</u> represents the System's assets that are available for spending only as legally or contractually obligated by legislative requirements, donor agreements, grant requirements, etc.
>
> <u>Unrestricted net position</u> 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 $930.9 million and consist primarily of cash and cash equivalents, net receivables, investments, amounts due from federal government, and inventories. Deferred Outflows of Resources total $272.9 million and consist primarily of deferred outflows related to changes in the pension liability and deferred outflows related to debt refunding. Current liabilities total $390.3 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 $5.6 billion and include capital assets of $1.8 billion. Other noncurrent assets totaling $3.8 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 $5.8 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 revenue and (6) other liabilities that, while scheduled to be paid within one year are to be paid from funds classified as noncurrent assets. Deferred Inflows of Resources total $303.7 million and also consist primarily of deferred inflows related to changes in the pension liability.

Restricted nonexpendable net position totals $223.5 million and consists of endowment and similar type funds, which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained intact and invested for the purpose of producing income that may either be expended or added to principal.

Restricted expendable net position totals $334.2 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, 2016, and June 30, 2015 restated, follows.

Louisiana State University System Statement of Net Position

	As of June 30, 2016	As of June 30, 2015 (Restated)	Change	Percentage Change
Assets:				
Current assets	$930,854,635	$852,024,412	$78,830,223	9.3%
Capital and intangible assets	1,798,579,677	1,676,528,720	122,050,957	7.3%
Other assets	3,761,944,213	3,263,623,281	498,320,932	15.3%
Total Assets	6,491,378,525	5,792,176,413	699,202,112	12.1%
Deferred Outflows of Resources:				
Deferred amounts on debt refunding	6,768,834	7,107,276	(338,442)	(4.8%)
Deferred outflows related to pensions	266,177,920	286,625,304	(20,447,384)	(7.1%)
Total Deferred Outflows of Resources	272,946,754	293,732,580	(20,785,826)	(7.1%)
Total Assets and Deferred Outflows of Resources	$6,764,325,279	$6,085,908,993	$678,416,286	11.1%
Liabilities:				
Current liabilities	$390,327,787	$251,231,657	$139,096,130	55.4%
Noncurrent liabilities	5,812,119,139	5,214,315,507	597,803,632	11.5%
Total Liabilities	6,202,446,926	5,465,547,164	736,899,762	13.5%
Deferred Inflows of Resources:				
Deferred inflows related to pensions	303,742,083	605,399,662	(301,657,579)	(49.8%)
Total Deferred Inflows of Resources	303,742,083	605,399,662	(301,657,579)	(49.8%)
Total Liabilities and Deferred Inflows of Resources	$6,506,189,009	$6,070,946,826	$435,242,183	7.2%
Net Position:				
Net investment in capital assets	$1,356,593,241	$1,249,808,177	$106,785,064	8.5%
Restricted - nonexpendable	223,507,757	219,855,567	3,652,190	1.7%
Restricted - expendable	334,209,689	335,487,968	(1,278,279)	(0.4%)
Unrestricted	(1,656,174,417)	(1,826,483,217)	170,308,800	9.3%
Total Net Position	$258,136,270	($21,331,505)	$279,467,775	1,310.1%

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 non-operating, the expenses paid by the System, operating and non-operating, 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. Non-operating 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 non-operating because they are provided by the Legislature to the System without the Legislature directly receiving commensurate goods and services for those revenues.

The consolidated SRECNP at June 30, 2016, for the System indicates a net operating loss of $396.7 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 $87 million.

While operating revenues increased by $45.8 million, the overall loss was also mitigated because operating expenses decreased by $41.2 million. Major changes in operating revenues and operating expenses are identified in the financial highlights section above.

After including non-operating revenues such as state appropriations ($460.3 million), gifts ($31.9 million), federal non-operating revenues ($53.5 million), investment income ($29.1 million), and after subtracting interest expense ($19.8 million) and other non-operating expenses ($45.2 million), the System had a gain before other revenues, expenses, gains and losses of $112.9 million.

The following table summarizes the System's operating revenues for the year ending June 30, 2016 with comparative totals for the year ended June 30, 2015.

Louisiana State University System Operating Revenues

	As of			
	June 30, 2016	June 30, 2015	Change	Percentage Change
Tuition and fees, net	$429,561,479	$398,218,851	$31,342,628	7.9%
Federal appropriations	9,784,822	11,658,449	(1,873,627)	(16.1%)
Grants and contracts	600,868,971	599,552,316	1,316,655	0.2%
Sales and services of educational departments	238,091,654	227,901,004	10,190,650	4.5%
Auxiliary enterprises, net	206,048,003	205,708,759	339,244	0.2%
Hospital income	148,585,441	140,655,265	7,930,176	5.6%
Other	19,273,915	22,678,917	(3,405,002)	(15.0%)
Total operating revenues	$1,652,214,285	$1,606,373,561	$45,840,724	2.9%

Operating Revenues

Operating revenues for the System totaled $1.7 billion at June 30, 2016. Major components of operating revenues are hospital income, representing 9% of the total; sales and services of educational departments representing 14.4% of the total; auxiliary revenues representing 12.5% of the total; grants and contracts, representing 36.4%, and net tuition and fees, representing 26.0% of the total.

As of June 30, 2016, hospital income had increased by $7.9 million from the previous year. In addition, net tuition and fee revenue increased by 7.9% or approximately $31.3 million. This is mainly due to increases authorized under the LA GRAD Act which allows a 10% increase in resident tuition and fee rates and a 15% increase in non-resident tuition and fee rates.

Summarized below is the Statement of Revenues, Expenses, and Changes in Net Position.

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

	As of			
	June 30, 2016	June 30, 2015 (Restated)	Change	Percentage Change
Operating revenues	$1,652,214,285	$1,606,373,561	$45,840,724	2.9%
Operating expenses	2,048,937,047	2,090,111,141	(41,174,094)	(2.0%)
Operating loss	(396,722,762)	(483,737,580)	87,014,818	18.0%
Nonoperating revenues (expenses)	509,581,081	397,841,108	111,739,973	28.1%
Income (loss) before other revenues, expenses, gains, and losses	112,858,319	(85,896,472)	198,754,791	231.4%
Other revenues, expenses, gains, and losses	166,609,456	387,189,892	(220,580,436)	(57.0%)
Change in net position	279,467,775	301,293,420	(21,825,645)	(7.2%)
Net position at beginning of year - restated	(21,331,505)	(322,624,925)	301,293,420	93.4%
Net position at end of year	$258,136,270	($21,331,505)	$279,467,775	1,310.1%

Operating Expenses

Total operating expenses for the System amounted to approximately $2.0 billion for the year ended June 30, 2016. Instruction expenses represented 26.4% of all operating expenses and represented the largest functional component. Other major components are hospital expenses, 7.0%; research expenses, 15.7%; and public service expenses, 16.3%. Shown below in tabular format is a summary of the System's operating expenses for the fiscal year ended June 30, 2016 with comparative totals for the year ended June 30, 2015 as restated.

	As of			
	June 30, 2016	June 30, 2015 (Restated)	Change	Percentage Change
Instruction	$540,298,560	$548,074,761	($7,776,201)	(1.4%)
Research	322,584,868	321,869,130	715,738	0.2%
Public service	334,926,094	322,104,593	12,821,501	4.0%
Academic support	159,646,525	168,320,075	(8,673,550)	(5.2%)
Student services	37,641,113	40,168,739	(2,527,626)	(6.3%)
Institutional support	116,772,353	126,079,192	(9,306,839)	(7.4%)
Operation and maintenance of plant	171,400,323	162,426,733	8,973,590	5.5%
Scholarships and fellowships	38,594,224	35,680,906	2,913,318	8.2%
Auxiliary enterprises	183,307,049	182,376,051	930,998	0.5%
Hospital	143,765,938	183,010,961	(39,245,023)	(21.4%)
Total operating expenses	$2,048,937,047	$2,090,111,141	($41,174,094)	(2.0%)

CHANGE IN ACCOUNTING PRINCIPLE

The System adopted Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application and GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.

These statements required the System to address accounting and financial issues related to fair value measurements and to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements and also to identify in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP).

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2016, the System had $1.8 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 $2.2 billion (see table below).

Louisiana State University System Capital Asset Summary

	As of June 30, 2016	June 30, 2015 (Restated)	Change	Percentage Change
Land and Non-depreciable Easements	$70,981,474	$70,981,474	$0	0.0%
Other Capital Assets:				
Buildings and Improvements	2,504,901,754	2,378,016,273	126,885,481	5.3%
Machinery and Equipment	1,110,228,859	1,092,466,927	17,761,932	1.6%
Infrastructure	44,161,197	43,565,593	595,604	1.4%
Intangible Assets	100,164,807	100,358,459	(193,652)	(0.2%)
Construction/Development in Progress	185,680,895	95,141,393	90,539,502	95.2%
Total cost of capital assets	3,945,137,512	3,709,548,645	235,588,867	6.4%
Less accumulated depreciation and amortization	(2,217,539,309)	(2,104,001,399)	(113,537,910)	5.4%
Capital assets, net	$1,798,579,677	$1,676,528,720	$122,050,957	7.3%

Land and Non Depreciable Easements total $71.0 million. The increase in capital assets are a result of major capital expenditures or donations for projects such as the new Dental School campus at LSU Health Sciences Center in New Orleans and continued expenditures for the new Academic Medical Center in New Orleans, the University Medical Center at Lafayette, the W.O. Moss Medical Center, and the Bogalusa Medical Center under the direction of the Health Care Services Division.

At LSU, major capital expenditures or donations that were recorded in fiscal year 2015-2016 were $24.9 million for the University Recreation expansion; $5.1 million for a new residence hall (Cypress Hall); $61.3 million for the renovation of the Patrick F. Taylor building for Engineering; $3.2 million for the Maison Francaise (French House) renovations; donations from Tiger Athletic Foundation of $14.3 million for the Tennis Complex and $12.4 million for the Gymnastics Practice Facility; $2.8 million for a new Greek House and approximately $2.9 million for various other relatively smaller projects. In addition, a donation of $30.4 million from the Pennington Biomedical Research Foundation to Pennington of a Basic Science Lab and a population research building.

Long-Term Debt

At June 30, 2016, the System had $461.9 million in bonds outstanding, $7.6 million in notes payable outstanding, $23.7 million in capital lease obligations outstanding; $957.2 million in OPEB obligations, $1.7 billion in pension obligations, and $2.7 billion in unearned revenue. Bonds outstanding decreased from June 30, 2015 mainly due to $15.8 million in repayment of principal in accordance with scheduled debt service requirements. The OPEB liability increased by approximately $63.3 million as the actuarial computed cost of retiree health care continues to exceed the amount currently funded. The Net pension liability increased by approximately $72.8 million as the actuarial computed cost of pension costs continues to exceed the amount currently funded.

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, mid-year reductions in fiscal year 2009-2010, fiscal year 2010-2011, fiscal year 2011-2012, fiscal year 2012-13, fiscal year 2014-2015, and fiscal year 2015-2016 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 or projects
- Changes in the healthcare arrangements
- Changes in enterprise resource systems
- Changes in bond ratings
- Changes in organizational structure

At the System's June 2016 System Board of Supervisors meeting, the Board provided final approval for the Nicholson Gateway Project. The proposed project which is the first of three phases of an extensive redevelopment plan for LSU A&M, will consists of 1,955 beds of student housing, a student recreation center, surface parking and an 808 space parking deck, and approximately 40,000 square feet of retail space. The LSU Board will lease the land on which the Project will be constructed to Nicholson Gateway Project, LLC (NPG), a wholly owned subsidiary of the LSU Property Foundation, for the life of financing. The issuer of the bonds for this project is the Louisiana Public Facilities Authority. The borrower is Provident Group-Flagship Properties, LLC. Once the project is constructed, the Borrower will lease the constructed facilities to the LSU Board for 40 years. The debt issued will be tax-exempt and taxable, fixed rate bonds at an approximate amount of $224,330,000. Loan payments are payable from base rent due under the Facilities Lease by the University from its Auxiliary Revenues. The anticipated closing for the bonds is September 2016.

As of July 1, 2016, LSU and Related campuses deployed Workday to replace its Financial, Human Capital Management (HCM), and Payroll mainframe systems. Workday is a unified, single version, multi-tenant Software-as-a-Service (SaaS) solution. The entities on Workday include: LSU A&M, LSU-Alexandria, LSU-Eunice, Pennington Biomedical Research Center, LSU Agricultural Center, and LSU-Shreveport. Some of the mainframe legacy systems will continue to be used until such time as they can be decommissioned.

In July 2016, full administrative oversight of the LSU Health Care Services Division was given to the LSU Health Sciences Center in New Orleans consistent with Louisiana Revised Statutes 17:1519.3.

In August 2016, Moody's Investor Service announced a downgrade of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College Auxiliary Revenue Bonds to A2 (with a stable outlook) from A1. A Material Event Notice has been filed in accordance with bond covenants.

In September 2016, Fitch Ratings announced a downgrade of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College Auxiliary Revenue Bonds to A+ (with a stable outlook) from AA-. A Material Event Notice has been filed in accordance with bond covenants.

In September 2016, the LSU Board of Supervisors approved a resolution to provide initial approval for the issuance of Auxiliary Revenue Refunding Bonds in an amount not to exceed $175,000,000 (an amount previously approved for the issuance of the Series 2015 bonds which were not issued and delivered). The refunding would include all or a portion of the Series 2007, 2008, and 2010A Bonds. The refunding closed on November 15, 2016, and resulted in a new present value savings of $11.9 million.

In September 2016, the LSU Board of Supervisors approved a resolution to authorize the President to execute an Intent to Lease Agreement between the LSU Board and the LSU Real Estate and Facilities Foundation for the design, financing, development, construction, ownership and operation of a housing project on land owned by the LSU Board at the LSU Health Sciences Center in New Orleans' School of Dentistry.

CONTACTING THE LOUISIANA STATE UNIVERSITY'S MANAGEMENT

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

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Statement of Net Position, June 30, 2016

ASSETS	
Current Assets:	
Cash and cash equivalents (note 2)	$105,133,363
Investments (note 3)	445,794,617
Receivables, net (note 4)	325,887,345
Due from State Treasury (note 14)	4,765,272
Due from federal government (note 4)	22,734,716
Inventories	9,182,655
Prepaid expenses and advances	8,571,067
Notes receivable	3,041,791
Leases receivable (note 12)	3,879,721
Other current assets	1,864,088
Total current assets	930,854,635
Noncurrent Assets:	
Restricted Assets:	
Cash and cash equivalents (note 2)	172,735,400
Investments (note 3)	277,127,321
Receivables, net (note 4)	176,750
Notes receivable	23,699,038
Other restricted assets (note 12)	141,891,469
Investments (note 3)	4,852,861
Lease receivable (note 12)	3,140,717,426
Other noncurrent assets	743,948
Capital assets, net (note 5)	1,798,579,677
Total noncurrent assets	5,560,523,890
Total assets	6,491,378,525
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on debt refunding	6,768,834
Pension-related deferred outflows of resources (note 7)	266,177,920
Total deferred outflows related to resources	272,946,754
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$6,764,325,279

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Net Position, June 30, 2016

LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities (note 6)	$113,628,200
Amounts due to State Treasury (note 14)	41,371
Due to Federal Government	5,237,890
Unearned revenues (notes 12 and 13)	232,012,406
Amounts held in custody for others	8,532,968
Other liabilities	1,863,804
Compensated absences (note 10 and 13)	8,123,783
Capital lease obligations (note 13)	3,297,846
Notes payable (note 13)	646,926
Bonds payable (note 13)	16,942,593
Total current liabilities	390,327,787
Noncurrent Liabilities:	
Compensated absences (note 10 and 13)	73,838,369
Capital lease obligations (note 13)	20,390,817
Notes payable (note 13)	6,908,732
Net Pension Liability (note 7)	1,715,196,040
Other postemployment benefits payable (note 8)	957,242,256
Bonds payable (note 13)	444,966,457
Unearned revenues (notes 12 and 13)	2,593,375,378
Other noncurrent liabilities (note 13)	201,090
Total noncurrent liabilities	5,812,119,139
Total liabilities	6,202,446,926
DEFERRED INFLOWS OF RESOURCES	
Pension-related deferred inflows of resources (note 7)	303,742,083
Total deferred inflows of resources	303,742,083
NET POSITION	
Net investment in capital assets	1,356,593,241
Restricted	
Nonexpendable (note 15)	223,507,757
Expendable (note 15)	334,209,689
Unrestricted	(1,656,174,417)
Total net position	258,136,270
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$6,764,325,279

(Concluded)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
COMPONENT UNITS
Statement of Financial Position, June 30, 2016

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Sciences Center Foundation	LSU Health Science Center Foundation in Shreveport	Total Foundations
ASSETS					
Current Assets:					
Cash and cash equivalents (note 2)	$8,573,728	$675,524	$1,597,779	$1,678,625	$12,525,656
Restricted cash and cash equivalents (note 2)	24,451,559	68,854,563			93,306,122
Investments (note 3)		3,703,327	2,828,217	6,769,910	13,301,454
Accrued interest receivable	658,610				658,610
Accounts receivable, net	449,318	345,177	326,504	138,335	1,259,334
Unconditional promises to give (note 23)	16,394,772	15,840,953	769,260	8,000	33,012,985
Deferred charges and prepaid expenses		427,026	53,451	25,766	506,243
Other current assets	145,935	23,036,358			23,182,293
Total current assets	50,673,922	112,882,928	5,575,211	8,620,636	177,752,697
Noncurrent Assets:					
Restricted assets:					
Cash and cash equivalents (note 2)		4,509,543		486,553	4,996,096
Investments (note 3)	521,160,877	80,936,113		172,935,438	775,032,428
Other	2,278,069				2,278,069
Investments (note 3)	15,657,096		128,847,868		144,504,964
Unconditional promises to give (note 23)	7,172,067	5,400,743	768,367	2,000	13,343,177
Property and equipment, net (note 5)	18,807,244	223,229,023	8,018,400	3,584,354	253,639,021
Other noncurrent assets	781,516	51,182,842			51,964,358
Total noncurrent assets	565,856,869	365,258,264	137,634,635	177,008,345	1,245,758,113
Total assets	$616,530,791	$478,141,192	$143,209,846	$185,628,981	$1,423,510,810
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	$6,161,919	$1,890,159	$2,247,899	$1,399,843	$11,699,820
Amounts held in custody for others	24,195,323	2,559,018		60,734,351	87,488,692
Deferred revenues		34,521,681			34,521,681
Compensated absences payable	296,511				296,511
Current portion of notes payable		2,288,842		118,783	2,407,625
Current portion of bonds payable (note 13)		8,475,000			8,475,000
Other current liabilities	74,752		51,375		126,127
Total current liabilities	30,728,505	49,734,700	2,299,274	62,252,977	145,015,456
Noncurrent Liabilities:					
Amounts held in custody for others	116,181,306	3,307,855	26,523,815		146,012,976
Notes payable		27,333,434		83,513	27,416,947
Bonds payable (note 13)		166,570,000			166,570,000
Deferred revenues		35,167,129			35,167,129
Other noncurrent liabilities	1,466,541		278,739		1,745,280
Total noncurrent liabilities	117,647,847	232,378,418	26,802,554	83,513	376,912,332
Total liabilities	148,376,352	282,113,118	29,101,828	62,336,490	521,927,788
NET ASSETS					
Unrestricted	36,730,547	127,239,600	9,738,619	14,309,049	188,017,815
Temporarily restricted	181,276,730	54,414,266	49,788,571	96,611,048	382,090,615
Permanently restricted	250,147,162	14,374,208	54,580,828	12,372,394	331,474,592
Total net assets	468,154,439	196,028,074	114,108,018	123,292,491	901,583,022
Total liabilities and net assets	$616,530,791	$478,141,192	$143,209,846	$185,628,981	$1,423,510,810

*As of December 31, 2015

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, 2016

OPERATING REVENUES	
Student tuition and fees	$526,727,172
Less scholarship allowances	(97,165,693)
Net student tuition and fees	429,561,479
Federal appropriations	9,784,822
Federal grants and contracts	150,231,416
State and local grants and contracts	84,720,904
Nongovernmental grants and contracts	365,916,651
Sales and services of educational departments	238,091,654
Hospital income	148,585,441
Auxiliary enterprise revenues (including revenues pledged to secure debt per note 22)	224,288,489
Less scholarship allowances	(18,240,486)
Net auxiliary revenues	206,048,003
Other operating revenues	19,273,915
Total operating revenues	1,652,214,285
OPERATING EXPENSES	
Educational and general:	
Instruction	540,298,560
Research	322,584,868
Public service	334,926,094
Academic support	159,646,525
Student services	37,641,113
Institutional support	116,772,353
Operation and maintenance of plant	171,400,323
Scholarships and fellowships	38,594,224
Auxiliary enterprises	183,307,049
Hospital	143,765,938
Total operating expenses (note 18)	2,048,937,047
Operating Loss	(396,722,762)

(Continued)

The accompanying notes are an integral part of this statement.

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

NONOPERATING REVENUES (EXPENSES)	
State appropriations	$460,251,277
Gifts	31,845,832
Federal nonoperating revenues	53,466,503
Net investment income	29,050,217
Interest expense	(19,830,783)
Other nonoperating revenues (expenses)	(45,201,965)
	509,581,081
Income Before Other Revenues, Expenses, Gains, and Losses	112,858,319
Capital appropriations	67,334,953
Capital gifts and grants	98,839,799
Additions to permanent endowments	4,805,000
Other deductions, net	(4,370,296)
Change in Net Position	279,467,775
Net Position at Beginning of Year, Restated (Note 16)	(21,331,505)
Net Position at End of Year	$258,136,270

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

COMPONENT UNITS
Statement of Activities
For the Year Ended June 30, 2016

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Sciences Center Foundation	LSU Health Science Center Foundation in Shreveport	Total Foundations
Changes in unrestricted net assets:					
Contributions	$1,920,468	$39,232,347	$37,834	$431,436	$41,622,085
Investment earnings (loss), net	2,182,938	1,617,720	(117,399)	426,668	4,109,927
Service fees	1,437,674		1,803,639	2,023,683	5,264,996
Other revenues	959,952	11,845,140	138,675	59,683	13,003,450
Total unrestricted revenues	6,501,032	52,695,207	1,862,749	2,941,470	64,000,458
Net assets released from restrictions:					
Reclassification in net assets				(225,819)	(225,819)
Satisfaction of program expenses	35,824,763	13,059,814	9,735,579	6,424,420	65,044,576
Total unrestricted revenues and other support	42,325,795	65,755,021	11,598,328	9,140,071	128,819,215
Expenses:					
Amounts paid to benefit Universities for:					
Projects specified by donors	31,972,101		6,103,710	6,424,601	44,500,412
Projects specified by the Board of Directors	1,225,756	20,798,774		1,173,266	23,197,796
Other:					
Grants and contracts			3,333,088		3,333,088
Property operations			57,034	98,124	155,158
Other		14,742,511	941,905		15,684,416
Total program expenses	33,197,857	35,541,285	10,435,737	7,695,991	86,870,870
Supporting services:					
Salaries and benefits	3,500,463	2,276,239	1,172,793	788,185	7,737,680
Occupancy	208,027	198,662	148,009	65,149	619,847
Office operations	1,958,475	170,884	259,122	74,869	2,463,350
Travel	18,081	88,117	31,710	5,064	142,972
Professional services	1,630,903	161,083	280,299	407,374	2,479,659
Dues and subscriptions	43,497	34,926	95,439	6,089	179,951
Meetings and development	132,739	18,998	1,992	72,876	226,605
Depreciation	20,083		264,342	62,547	346,972
Other		1,315,787	406,455	123,440	1,845,682
Total supporting services	7,512,268	4,264,696	2,660,161	1,605,593	16,042,718
Fund-raising expenses	4,380,737	2,220,968		98,840	6,700,545
Total expenses	45,090,862	42,026,949	13,095,898	9,400,424	109,614,133
Change in unrestricted net assets	(2,765,067)	23,728,072	(1,497,570)	(260,353)	19,205,082

(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, 2016

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Sciences Center Foundation	LSU Health Science Center Foundation in Shreveport	Total Foundations
Changes in temporarily restricted net assets:					
Contributions	$20,223,537	$9,177,735	$6,169,929	$1,563,456	$37,134,657
Investment earnings	(11,139,385)	(454,965)	672,372	554,415	(10,367,563)
Changes in value of split interest agreements	575,816				575,816
Other	11,193		(30,969)		(19,776)
Total temporarily restricted revenues	9,671,161	8,722,770	6,811,332	2,117,871	27,323,134
Net assets released from restrictions:					
Transfers			(693,430)	1,031,253	337,823
Satisfaction of program expenses	(35,824,763)	(13,059,814)	(9,735,579)	(6,282,075)	(64,902,231)
Change in temporarily restricted net assets	(26,153,602)	(4,337,044)	(3,617,677)	(3,132,951)	(37,241,274)
Changes in permanently restricted net assets:					
Contributions	14,478,033	2,559,668	2,804,300	24,463	19,866,464
Investment earnings				92,821	92,821
Transfers			693,430		693,430
Net assets released from restrictions:					
Reclassification in net assets				(142,345)	(142,345)
Released from donor restrictions				(805,434)	(805,434)
Change in permanently restricted net assets	14,478,033	2,559,668	3,497,730	(830,495)	19,704,936
Change in net assets	(14,440,636)	21,950,696	(1,617,517)	(4,223,799)	1,668,744
Net assets at beginning of year	482,595,075	174,077,378	115,725,535	127,516,290	899,914,278
Net assets at end of year	$468,154,439	$196,028,074	$114,108,018	$123,292,491	$901,583,022

*For the period ending December 31, 2015

(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, 2016

Cash flows from operating activities	
Tuition and fees	$426,816,029
Federal appropriations	10,135,538
Grants and contracts	574,920,314
Sales and services of educational departments	219,705,208
Hospital income	150,862,985
Auxiliary enterprise receipts	204,989,902
Payments for employee compensation	(1,035,165,492)
Payments for benefits	(342,103,788)
Payments for utilities	(39,544,292)
Payments for supplies and services	(598,130,367)
Payments for scholarships and fellowships	(37,815,949)
Loans to students	(4,735,315)
Collection of loans to students	4,445,696
Other receipts	18,159,542
Net cash used by operating activities	(447,459,989)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	458,823,758
Gifts and grants for other than capital purposes	32,445,770
Private gifts for endowment purposes	3,434,378
TOPS receipts	101,594,517
TOPS disbursements	(101,987,434)
FEMA receipts	18,840,996
FEMA disbursements	(3,983,112)
ARRA receipts	347,269
Direct lending receipts	211,002,903
Direct lending disbursements	(211,113,955)
Other disbursements	44,341,617
Net cash provided by noncapital financing activities	553,746,707
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Capital appropriations received	(639)
Capital gifts and grants received	9,643,973
Proceeds from sale of capital assets	87,129
Purchase of capital assets	(93,122,112)
Principal paid on capital debt and leases	(19,532,949)
Interest paid on capital debt and leases	(19,492,339)
Deposits with trustees	(400)
Other sources	(3,414,440)
Net cash used by capital financing activities	(125,831,777)

(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, 2016

CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	$168,059,913
Interest received on investments	19,636,391
Purchase of investments	(89,285,057)
	98,411,247
NET INCREASE IN CASH AND CASH EQUIVALENTS	78,866,188
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	199,002,575
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$277,868,763
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	($396,722,762)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	150,748,418
Non-Employer contributing entity revenue	4,450,962
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
(Increase) in accounts receivable, net	(41,304,324)
Decrease in inventories	1,680,566
Decrease in prepaid expenses and other	946,830
(Increase) in notes receivable	(156,574)
Decrease in deferred outflows related to pensions	20,447,384
(Increase) in other assets	(2,794,220)
Decrease) in accounts payable and accrued liabilities	(9,756,516)
(Decrease) in unearned revenue	(13,505,910)
Increase in amounts held in custody for others	555,588
(Decrease) in compensated absences	(2,379,533)
Increase in OPEB payable	63,318,011
Increase in net pension liability	72,823,642
(Decrease) in deferred inflows related to pensions	(301,657,579)
Increase in other liabilities	5,846,028
Net cash used by operating activities	($447,459,989)

(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, 2016

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:	
Cash and cash equivalents classified as current assets	$105,133,363
Cash and cash equivalents classified as noncurrent assets	172,735,400
Cash and cash equivalents at end of the year	$277,868,763
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Capital appropriations	$67,334,953
Non-Employer contributing entity revenue	4,450,962
Capital gifts and grants	87,992,610
	$159,778,525

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

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

The System is comprised of nine campuses in five cities and one state hospital. In addition, the System has established public/private partnership cooperative endeavors for the management of six additional hospitals. The System includes LSU and A&M College (LSU) and the Pennington Biomedical Research Center, both in Baton Rouge; the LSU Agricultural Center (including the Louisiana Agricultural Experiment Stations and the Louisiana Cooperative Extension Service), with headquarters in Baton Rouge; LSU Shreveport; LSU Alexandria; LSU Eunice, a two-year institution; the LSU Health Sciences Center in New Orleans, which includes schools of Medicine, Dentistry, Nursing, Public Health, and Allied Health Professions, and a Graduate School in New Orleans, and the Louisiana State University School of Medicine in New Orleans Faculty Group Practice (a Louisiana nonprofit corporation doing business as LSU Healthcare Network); the Health Care Services Division; and the LSU Health Sciences Center in Shreveport. Student enrollment as of the fourteenth class day for the System for the 2015 fall semester totaled approximately 45,626. As of November 1, 2015, the System had approximately 4,353 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 endeavor agreements, the Louisiana Children's Medical Center (LCMC) manages the new University Medical Center. Leonard J. Chabert Medical Center in Houma is now operated by a partnership between Terrebonne General Medical Center and Southern Regional Medical Center, which 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 is 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.

Bogalusa 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.

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 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 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.

The financial presentation of these three entities (LSU Board of Supervisors, LSU A&M, and Paul M. Hebert Law Center) have been combined and is now presented as one.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

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

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the state of Louisiana. The System is considered a component unit of the state of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) a majority of the members of the governing board are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) the state issues 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 LSU Health Sciences Center Foundation 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 $33,197,857. Complete financial statements for the foundation can be obtained at 3796 Nicholson Dr., Baton Rouge, Louisiana 70802 or from the foundation's website at www.lsufoundation.org.

The Tiger Athletic Foundation (TAF) supports LSU A&M. During the year ended December 31, 2015, TAF made distributions to or on behalf of the university for both restricted and unrestricted purposes for $20,798,774 with an additional $1,375,569 from booster clubs and $429,779 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, 2016, the foundation made distributions to or on behalf of the university for either restricted or unrestricted purposes for $7,589,399. Complete financial statements for the foundation can be obtained at 920 Pierremont, Suite 506, Shreveport, Louisiana 71106 or from the foundation's website at www.lsuhsfoundation.org.

The LSU Health Sciences Center Foundation supports LSU Health Sciences Center. During the year ended June 30, 2016, the foundation made distributions to or on behalf of the university for either restricted or unrestricted purposes for $10,435,737. 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	$1,047,257,758
Increases (Decreases):	
State General Fund	(2,923,535)
Self-generated	5,046,083
Interagency transfers	7,189
Statutory dedications	(1,788,821)
Final budget	$1,047,598,674

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

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application.* The System may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In accordance with 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 3 to 10 years for most movable property. Depreciation and amortization expense is charged directly to the various functional categories of operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position. The LSU System uses the group or composite method for library book depreciation if the books are considered to have a useful life of greater than one year.

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

I. UNEARNED REVENUES

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

J. NONCURRENT LIABILITIES

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

K. COMPENSATED ABSENCES

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

L. NET POSITION

The System's net position is classified as follows:

(1) Net Investment in Capital Assets

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

(2) Restricted Net Position - Expendable

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

(3) Restricted Net Position - Nonexpendable

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

(4) Unrestricted Net Position

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

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

M. CLASSIFICATION OF REVENUES

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

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

(b) Nonoperating Revenue - Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, investment income, 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

Two new GASB standards are being implemented this year.

The System adopted GASB Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

The GASB issued Statement No. 72, *Fair Value Measurement and Application* in February 2015. The objective of this statement is to address accounting and financial reporting issues related to fair value measurements and provide guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* in June 2015. The objective of this statement is to identify the hierarchy of generally accepted accounting principles. The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and address the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

2. CASH AND CASH EQUIVALENTS

At June 30, 2016, the System has cash and cash equivalents (book balances) of $277,868,763 as follows:

Petty cash	$220,275
Demand deposits	262,086,526
Certificates of deposit	1,260,570
Money market funds	11,598,638
Open-end mutual fund	637,857
Cash held in foundation bond funds	2,064,897
Total	$277,868,763

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, 2016, $2,446,719 of the System's bank balance of $319,602,498 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 $110,827,874, 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 LSU Health Sciences Center Foundation 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, 2016, the System has investments totaling $727,774,799.

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

To the extent available, the Systems' investments are recorded at fair value as of June 30, 2016. GASB Statement No. 72 - *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

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

Level 1	Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
Level 2	Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.
Level 3	Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment. The System has no investments reported as Level 3.

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

Investments by Fair Value Level

		Fair Value Hierarchy		
Type of Investment	Total Value	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)	Significant Other Observable Inputs (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)
Money Market Instruments				
Negotiable CDs	$100,213	$100,213		
Repurchase Agreements	1,175,971	1,175,971		
U.S. Treasury Securities	12,142,652		$12,142,652	
U.S. Government Agency Securities:				
Bonds and Notes:				
Federal National Mortgage Association	31,675,367		31,675,367	
Federal Home Loan Bank	39,258,112		39,258,112	
Federal Farm Credit Bank	26,827,730	1,524,090	25,303,640	
Farmer Agricultural Mortgage Corporation	3,201,100		3,201,100	
Collateralized Mortgage Obligations:				
Federal National Mortgage Association	1,005,527	1,005,527		
Federal Home Loan Bank	732,372	500,813	231,559	
Federal Home Loan Mortgage Corporation	2,430,008	2,271,291	158,717	
Government National Morgtgage Association	223,872		223,872	
Mortgage Backed Securities:				
Federal National Mortgage Association	17,479,740	1,771,434	15,708,306	
Federal Home Loan Mortgage Corporation	334,013		334,013	
Small Business Administration	20,798,018	972,771	19,825,247	
Corporatate debt obligations	189,378,792	2,339,995	187,038,797	
Municipal obligations	61,347,520	2,770,504	58,577,016	
Mutual Funds				
Fixed income	46,587,680	46,587,680		
Money Market	74,186,650	74,186,650		
Equity	27,479,457	27,479,457		
Equity Investments				
Common and preferred stock	1,069,826	1,069,763	63	
Other				
Investments held through Foundation (held seperately)				
Bonds and Notes:				
Federal National Mortgage Association	1,510,405		1,510,405	
Federal Home Loan Bank	1,013,362		1,013,362	
Collateralized Mortgage Obligations				
Federal Home Loan Mortgage Corporation	341,497		341,497	
Mortgage Backed Securities				
Federal National Mortgage Association	146,317		146,317	
Federal Home Loan Mortgage Corporation	458		458	
Government National Mortgage Association	20,841		20,841	
Municipal debt obligations	1,810,967		1,810,967	
Corporate Debt obligation	4,463,990		4,463,990	
Asset backed securities	401,535		401,535	
Money market mutual funds	5,161,632	5,161,632		
Equity Mutual funds	29,932,312	29,932,312		
Fixed income mutual funds	63,100,197	63,100,197		
Investments held through foundations	42,508,311	42,508,311		
LSUE Housing Foundation	441,568	146,648	294,920	
Realty investments	13,882,217	13,882,217		
Investments Reported at Amounts Other than Fair Value				
Other:				
New Orleans Regional Physician Hospital Organization	2,531,213			
Interest receivable	3,073,357			
Total investments	$727,774,799	$318,487,476	$403,682,753	

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

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

- U.S. Government Agency Securities: quoted prices for similar securities in active markets, or matrix pricing based on the securities' relationship to benchmark quoted prices;

- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;

- Small Business Administration: quoted prices for similar securities in active markets;

- Common and preferred stock: quoted prices for similar securities in active markets;

- Investments held through foundations: quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Investments reported at amounts other than fair value include the New Orleans Regional Hospital Organization (PH Holdings, LLC) which is valued using the cost method based on the audited financial statements and the accrued interest receivable is valued at the estimated amount expected to be received on the investments listed in the above table.

Interest rate risk is the risk applicable to debt instruments with fair values that are sensitive to changes in interest rate. One indicator of the measure of interest rate risk is the dispersion of maturity dates of debt instruments. The table on the next page shows the System's fixed-income investments and maturities at June 30, 2016.

			Investment Maturities in Years				
	Investments	Carrying Value	Less Than 1	1-5	6-10	11-20	21-30
Type of Investments:							
Negotiable certificates of deposit	0.01%	$100,213	$100,213				
Repurchase agreements	0.16%	1,175,971	1,175,971				
U.S. Treasury securities	1.67%	12,142,652		$4,059,080	$8,083,572		
U.S. Government Agency securities:							
Bonds and Notes:							
Federal National Mortgage Assoc	4.35%	31,675,367	5,021,600	3,633,913	1,200,168	$21,819,686	
Federal Home Loan Bank	5.39%	39,258,112	6,582,635	28,567,942	3,207,535	900,000	
Federal Farm Credit Bank	3.69%	26,827,730	2,536,615	17,033,695	6,010,860	1,246,560	
Farmer Agriculture Mortgage Corp	0.44%	3,201,100		3,201,100			
Collateralized Mortgage Obligations:							
Federal National Mortgage Assoc	0.14%	1,005,527		1,005,527			
Federal Home Loan Bank	0.10%	732,372		732,372			
Federal Home Loan Mortgage Corp	0.33%	2,430,008	500,481	1,929,527			
Government National Mortgage Assoc	0.03%	223,872		223,872			
Mortgage-backed Securities:							
Federal National Mortgage Assoc	2.40%	17,479,740	2,719	15,705,587			$1,771,434
Federal Home Loan Mortgage Corp	0.05%	334,013	2,337	331,676			
Small Business Administration	2.86%	20,798,018		1,424,322	12,229,294	6,171,631	972,771
Corporate debt obligations	26.02%	189,378,792	2,059,100	140,237,227	39,204,933	7,877,532	
Municipal obligations	8.43%	61,347,520		8,721,669	30,913,473	18,979,518	2,732,860
Fixed income mutual funds	6.40%	46,587,680			46,587,680		
Money market mutual funds	10.19%	74,186,650					
Equity mutual funds	3.78%	27,479,457					
Investments held through foundations (commingled)	5.84%	42,508,311					
Investments held through foundations (held seperately)							
Bonds and Notes:							
Federal National Mortgage Assoc	0.21%	1,510,405			337,610	1,172,795	
Federal Home Loan Bank	0.14%	1,013,362				1,013,362	
Collateralized Mortgage Obligations:							
Federal Home Loan Mortgage Corp	0.05%	341,497				341,497	
Mortgage-backed Securities:							
Federal National Mortgage Assoc	0.02%	146,317		106,460		39,857	
Federal Home Loan Mortgage Corp	0.00%	458				458	
Government National Mortgage Assoc	0.00%	20,841			6,159	14,682	
Municipal debt obligations	0.25%	1,810,967			1,561,067	249,900	
Corporate debt obligations	0.61%	4,463,990	115,236	1,998,672	2,239,723	110,359	
Asset backed securities	0.06%	401,535		120,824	109,705		171,006
Money market mutual funds	0.71%	5,161,632					
Fixed income mutual funds	8.67%	63,100,197		1,427,677	61,672,520		
Equity mutual funds	4.11%	29,932,312					
Investments in external investment pools	0.67%	4,852,861					
Common and perferred stock	0.15%	1,069,826					
Realty investments	1.24%	9,029,356					
Interest receivable	0.42%	3,073,357					
LSUE Housing Foundation	0.06%	441,568					
New Orleans Regional Physician Hospital Organization	0.35%	2,531,213					
	100.00%	$727,774,799	$18,096,907	$230,461,142	$213,364,299	$59,937,837	$5,648,071

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	$165,539,292
Fitch	A	5,421,151
Fitch	A+	12,803,020
Fitch	AA+	6,373,765
Fitch	BBB	7,455,494
Fitch	BBB+	1,884,123
Moody's	A1	13,523,379
Moody's	A2	4,457,796
Moody's	A3	5,912,386
Moody's	Baa1	5,691,230
Moody's	Baa2	633,873
Moody's	Baa3	2,954,049
Moodys	Aa1	9,851,607
Moodys	Aa2	1,704,210
Moodys	Aa3	8,888,333
Moodys	Aaa	3,902,740
S&P	A	26,938,856
S&P	A+	9,747,112
S&P	A-	23,889,685
S&P	AA	25,533,767
S&P	AA+	122,785,894
S&P	AA-	25,690,696
S&P	AAf	2,108,948
S&P	AAA	22,404,233
S&P	AAAm	41,157,232
S&P	Aaf	45,093,538
S&P	Af	1,494,142
S&P	B	13,970
S&P	BB	13,796
S&P	BB+	489,050
S&P	BBB	2,899,634
S&P	BBB+	13,775,326
Total		$621,032,327

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	$41,003,846	5.63%
Federal National Mortgage Association	51,817,356	7.12%
Total	$92,821,202	

The open-end mutual fund amount of $637,857, included in cash and cash equivalents, consists of $324,751 invested in Federated Prime Obligations Fund and $313,106 of other investments. 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 $111.96 million invested in highly-sensitive investments, such as step-up notes, variable notes, and floating rate notes.

The step-up securities are comprised of $41.77 million in U.S. government agency (Federal National Mortgage Association, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation) bonds and notes, and $4.10 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 January 2017 to October 2022, with corresponding coupon rates ranging from 2.00% to 3.00%. Final "step" dates range from August 2024 to October 2031, with final coupon rates ranging 5.00% to 10.00%.

The variable and floating-rate securities are comprised of $66.09 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 0.934% to 3.5%. The maturity dates range from January 2019 to September 2029. None of the variable and floating rates are 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.

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, 2016, follows:

Type of Investment	LSU Foundation	Tiger Athletic Foundation*	LSU Health Sciences Center Foundation	LSU Health Sciences Foundation in Shreveport	Total Investments
Money markets/certificates of deposit			$17,776,272	$164,338	$17,940,610
Debt obligations	$70,200,544	$72,929,130	44,243,164		187,372,838
Corporate stocks, common stocks, and indexed mutual funds	15,109,975	436,733			15,546,708
Shaw Center for the Arts, LLC	15,657,096				15,657,096
Royalty interest	154,084				154,084
Mutual funds	264,782,338		60,439,323	127,249,592	452,471,253
LSU Foundation investment pool[1]		11,273,577			11,273,577
Private equity	55,403,606				55,403,606
Hedged funds	90,364,112		9,217,326		99,581,438
Group variable annuity	9,050,454				9,050,454
Municipal bonds	16,095,764				16,095,764
Agency investments for LSUHSC Shreveport				52,291,418	52,291,418
Total investments	$536,817,973	$84,639,440	$131,676,085	$179,705,348	$932,838,846

*As of December 31, 2015

[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 $15,657,096 at June 30, 2016, is accounted for by the equity method.

4. RECEIVABLES

Receivables and amounts due from the federal government 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	$31,880,235	$145,336	$31,734,899
Auxiliary enterprises	5,979,351	406,821	5,572,530
Contributions and gifts	4,462,986		4,462,986
Federal grants and contracts	22,734,716		22,734,716
State and private grants and contracts	131,004,888		131,004,888
Sales and services/other	27,327,319		27,327,319
Clinics	137,397,631	70,654,858	66,742,773
Hospital	239,282,264	235,460,993	3,821,271
Other - uncompensated care	55,625,927	228,498	55,397,429
Total	$655,695,317	$306,896,506	$348,798,811

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

LSU SYSTEM

	Balance June 30, 2015	Prior Period Adjustment	Restated Balance June 30, 2015	Additions	Transfers	Retirements	Balance June 30, 2016
Capital assets not being depreciated:							
Land	$70,981,474		$70,981,474				$70,981,474
Capitalized collections	4,705,087	$337,600	5,042,687	$45,720		($5,000)	5,083,407
Construction-in-progress	95,144,154	(2,761)	95,141,393	122,587,525	($32,017,426)	(30,597)	185,680,895
Total capital assets not being depreciated	$170,830,715	$334,839	$171,165,554	$122,633,245	($32,017,426)	($35,597)	$261,745,776
Other capital assets:							
Infrastructure	$43,565,593		$43,565,593	$595,604			$44,161,197
Less accumulated depreciation	(19,323,714)		(19,323,714)	($1,135,203)			(20,458,917)
Total infrastructure	24,241,879	NONE	24,241,879	(539,599)	NONE	NONE	23,702,280
Land improvements	114,922,599		114,922,599	1,449,013		($77,577)	116,294,035
Less accumulated depreciation	(67,356,496)		(67,356,496)	(3,900,194)		75,558	(71,181,132)
Total land improvements	47,566,103	NONE	47,566,103	(2,451,181)	NONE	(2,019)	45,112,903
Buildings	2,263,275,134	($181,460)	2,263,093,674	73,972,374	$51,968,247	(426,576)	2,388,607,719
Less accumulated depreciation	(1,090,788,340)	154,379	(1,090,633,961)	(61,725,995)	(18,425,280)	344,447	(1,170,440,789)
Total buildings	1,172,486,794	(27,081)	1,172,459,713	12,246,379	33,542,967	(82,129)	1,218,166,930
Equipment (including library books)	1,085,748,298	1,675,942	1,087,424,240	75,887,303	(19,950,821)	(38,215,270)	1,105,145,452
Less accumulated depreciation	(880,082,755)	12,783	(880,069,972)	(57,197,713)	18,425,280	36,579,236	(882,263,169)
Total equipment	205,665,543	1,688,725	207,354,268	18,689,590	(1,525,541)	(1,636,034)	222,882,283
Software (internally generated and purchased)	97,321,007		97,321,007	70,665		(211,267)	97,180,405
Other intangibles	3,037,452		3,037,452	143,750		(196,800)	2,984,402
Less accumulated amortization - software	(43,969,193)		(43,969,193)	(26,727,166)		211,267	(70,485,092)
Less accumulated amortization - other intangible	(2,648,063)		(2,648,063)	(62,147)			(2,710,210)
Total intangible assets	53,741,203	NONE	53,741,203	(26,574,898)	NONE	(196,800.00)	26,969,505
Total other capital assets	$1,503,701,522	$1,661,644	$1,505,363,166	$1,370,291	$32,017,426	($1,916,982)	$1,536,833,901
Capital asset summary:							
Capital assets not being depreciated	$170,830,715	$334,839	$171,165,554	$122,633,245	($32,017,426)	($35,597)	$261,745,776
Other capital assets, at cost	3,607,870,083	1,494,482	3,609,364,565	152,118,709	32,017,426	(39,127,490)	3,754,373,210
Total cost of capital assets	3,778,700,798	1,829,321	3,780,530,119	274,751,954	NONE	(39,163,087)	4,016,118,986
Less accumulated depreciation and amortization	(2,104,168,561)	167,162	(2,104,001,399)	(150,748,418)	NONE	37,210,508	(2,217,539,309)
Capital assets, net	$1,674,532,237	$1,996,483	$1,676,528,720	$124,003,536	NONE	($1,952,579)	$1,798,579,677

COMPONENT UNITS

	Balance June 30, 2015	Additions	Transfers	Retirements	Balance June 30, 2016
Capital assets not being depreciated:					
Land	$8,161,610	$1,650,000		($122,720)	$9,688,890
Capitalized collections	4,244,587	16,220		(31,371)	4,229,436
Construction-in-progress	1,558,051	14,161,596	($2,768,937)	(777,969)	12,172,741
Total capital assets not being depreciated	$13,964,248	$15,827,816	($2,768,937)	($932,060)	$26,091,067
Other capital assets:					
Land improvements	$6,177,198				$6,177,198
Less accumulated depreciation	(846,950)	($97,931)			(944,881)
Total land improvements	5,330,248	(97,931)	NONE	NONE	5,232,317
Buildings	254,235,276	136,755	$2,768,937		257,140,968
Less accumulated depreciation	(28,705,587)	(6,338,754)			(35,044,341)
Total buildings	225,529,689	(6,201,999)	2,768,937	NONE	222,096,627
Equipment	2,178,777	20,008		($20,697)	2,178,088
Less accumulated depreciation	(1,884,392)	(94,003)		19,317	(1,959,078)
Total equipment	294,385	(73,995)	NONE	($1,380)	219,010
Total other capital assets	$231,154,322	($6,373,925)	$2,768,937	($1,380)	$227,547,954
Capital asset summary:					
Capital assets not being depreciated	$13,964,248	$15,827,816	($2,768,937)	($932,060)	$26,091,067
Other capital assets, at cost	262,591,251	156,763	2,768,937	(20,697)	265,496,254
Total cost of capital assets	276,555,499	15,984,579	NONE	(952,757)	291,587,321
Less accumulated depreciation	(31,436,929)	(6,530,688)		19,317	(37,948,300)
Capital assets, net	$245,118,570	$9,453,891	NONE	($933,440)	$253,639,021

6. DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2016, were as follows:

Activity	Amount
Vendors	$47,876,248
Salaries and benefits	60,397,251
Accrued interest	84,418
Other payables	5,270,283
Total	$113,628,200

7. DEFINED BENEFIT PENSION PLANS

The System is a participating employer in two 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:
8401 United Plaza Blvd.
P. O. Box 94123
Baton Rouge, Louisiana
70804-9123
(225) 925-6446
www.trsl.org

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

Plan Descriptions

Teachers' Retirement System of Louisiana (TRSL)

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.

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.

Cost of Living Adjustments

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

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, 2016, for the System and covered employees were as follows:

	System	Employees
Teachers' Retirement System:		
Higher Ed Regular Plan	25.3%	8.0%
K-12 Regular Plan	26.3%	8.0%
LA State Employees' Retirement System	37.2%	7.5% - 8.0%

The LSU System's contributions made to the Retirement Systems for 2016, which equaled the required contributions, were as follows:

Teachers' Retirement System:	
Regular Plan	$133,240,275
LA State Employees' Retirement System	$42,573,481

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 2016 is $4,450,962.

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, 2015, measurement date. The System uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2016, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2015, along with the change compared to the June 30, 2014, 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, 2016 (measured as of June 30, 2015)	Rate at June 30, 2015	Increase (Decrease) to June 30, 2014 Rate
Teachers' Retirement System	$1,278,748,342	11.89%	(.0023%)
LA State Employees' Retirement System	436,447,698	6.42%	(.40%)
Total	$1,715,196,040		

The following schedule lists the System's recognized pension expense for the year ended June 30, 2016, for each of the pension plans:

Teachers' Retirement System	$82,313,323
LA State Employees' Retirement System	(110,435,158)
Total	($28,121,835)

At June 30, 2016, 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	$583,451	$18,249,085
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		28,614,954
Changes in proportion and differences between Employer contributions and proportionate share of contributions	$89,780,713	256,878,044
Employer contributions subsequent to the measurement date	175,813,756	
Total	$266,177,920	$303,742,083

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	$206,792,481	$135,871,297
LA State Employees' Retirement System	59,385,439	167,870,786
Total	$266,177,920	$303,742,083

The System reported a total of $175,813,756 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2015, 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	$133,240,275
LA State Employees' Retirement System	42,573,481
Total	$175,813,756

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
2017	($27,347,268)	($144,299,586)	($171,646,854)
2018	(27,347,268)	(12,907,031)	(40,254,299)
2019	(27,347,268)	(3,271,245)	(30,618,513)
2020	19,722,713	9,419,034	29,141,747
Total	($62,319,091)	($151,058,828)	($213,377,919)

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, 2015, are as follows:

	TRSL	**LASERS**
Valuation Date	June 30, 2015	June 30, 2015
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.

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 of 2.5% 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 of 3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long term rate of return is 8.66% for 2015.

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, 2015:

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	TRSL	LASERS	TRSL	LASERS
Cash				0.24%
Domestic equity	31.0%	27.0%	4.71%	4.56%
International equity	19.0%	30.0%	5.69%	5.67%
Domestic fixed income	14.0%	10.0%	2.04%	2.24%
International fixed income	7.0%	2.0%	2.80%	3.64%
Alternatives	29.0%	24.0%	5.94%	7.82%
Global asset allocation		7.0%		3.70%
Total	100%	100%		5.66%

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, 2015.

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	$1,618,081,766	$1,278,748,342	$990,139,008
LASERS			
Rates	6.75%	7.75%	8.75%
System's Share of NPL	$550,891,200	$436,447,698	$339,257,187

Payables to the Pension Plans

The System recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2016, 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, 2016, is as follows:

TRSL	$11,851,969
LASERS	3,616,989
	$15,468,958

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 2016 totaled $88,835,144, which represents pension expense for the System. Employee contributions totaled $25,939,704. The

Active member and employer contribution rates were 8% and 5.4%, respectively, with an additional employer contribution of 22% 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, 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 2016 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, 2016, 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%

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, 2016, 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)	$66,244,793	$60,220,423	$126,465,216
Interest on Net OPEB Obligation (NOO)	15,942,232	19,794,647	35,736,879
ARC adjustment	(15,229,792)	(18,910,047)	(34,139,839)
Annual OPEB cost	66,957,233	61,105,023	128,062,256
Employer contributions	(24,832,025)	(39,912,220)	(64,744,245)
Increase in net OPEB obligation	42,125,208	21,192,803	63,318,011
Net OPEB obligation - beginning of year	399,058,074	494,866,171	893,924,245
Net OPEB obligation - end of year	$441,183,282	$516,058,974	$957,242,256

Funding Trend

	LSU System Health Plan			State OGB Plan		
	2016	2015	2014	2016	2015	2014
OPEB cost	$66,957,233	$64,434,859	$75,456,599	$61,105,023	$59,306,959	$57,992,100
Percent contributed	37.09%	35.72%	28.96%	65.32%	64.00%	64.55%
Ending NOO	$441,183,282	$399,058,074	$357,642,624	$516,058,974	$494,866,171	$473,517,433

Funded Status and Funding Progress

The funded status of the plans as of July 1, 2015, was as follows:

	LSU System Health Plan	State OGB Plan
Actuarial accrued liability (AAL)	$1,106,725,865	$1,047,235,409
Actuarial value of plan assets	NONE	NONE
Unfunded actuarial accrued liability (UAAL)	$1,106,725,865	$1,047,235,409
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Annual covered payroll (active plan members)	$438,380,254	$160,792,458
UAAL as a percentage of covered payroll	252.5%	651.3%

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 projected to July 1, 2015	July 1, 2014 projected to July 1, 2015
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% initial	7.5% 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 15 lawsuits that are handled by contract attorneys at June 30, 2016. The attorneys have estimated a reasonably possible unfavorable outcome to the System of $70,000 relating to three 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 $109,251,582. 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
2013-14	$9,888,000	$102,903,234	($98,653,835)	($5,268,399)	$8,869,000
2014-15	$8,869,000	$100,115,308	($103,943,234)	$3,438,926	$8,480,000
2015-16	$8,480,000	$110,252,444	($109,251,582)	$736,138	$10,217,000

10. COMPENSATED ABSENCES

At June 30, 2016, employees of the System have accumulated and vested annual, sick, and compensatory leave benefits of $53,248,006, $28,443,572, and $270,574, 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, 2016, the total rental expenses for all operating leases, except those with terms of a month or less that were not renewed is $11,989,950. 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, 2016:

	Fiscal Year						
Nature of Operating Lease	2017	2018	2019	2020	2021	2022-2026	2027-2031
Office space	$9,734,911	$8,689,948	$8,554,064	$8,220,441	$8,180,748	$40,903,740	$40,903,740
Equipment	19,365						
Land	132,374	132,374	132,374	132,374	132,374	661,871	661,871
Other	88,571	34,660	24,885	24,885			
Total	$9,975,221	$8,856,982	$8,711,323	$8,377,700	$8,313,122	$41,565,611	$41,565,611

	Fiscal Year							
Nature of Operating Lease	2032-2036	2037-2041	2042-2046	2047-2051	2052-2056	2057-2061	2062-2066	Total Future Mimimum Rental Payments
Office space	$40,903,740	$40,903,740	$10,225,935					$217,221,007
Equipment								19,365
Land	661,871	661,871	661,871	$661,871	$661,871	$661,871	$308,873	6,265,711
Other								173,001
Total	$41,565,611	$41,565,611	$10,887,806	$661,871	$661,871	$661,871	$308,873	$223,679,084

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 September 2016. For the year ended June 30, 2016, rent expense incurred under these agreements totaled $197,464.

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 $70,436 in rent and equipment rental expense for the year ended June 30, 2016.

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, 2016:

Nature of Lease	Cost	Accumulated Depreciation	Carrying Amount
Office space	$1,167,914	($828,749)	$339,165
Buildings	109,225,756	(54,551,801)	54,673,955
Equipment	18,951,597	(15,763,416)	3,188,181
Total	$129,345,267	($71,143,966)	$58,201,301

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of June 30, 2016:

	Nature of Lease					
Fiscal Year Ending June 30,	Office Space	Buildings	Equipment	Land	Other	Total
2017	$202,795	$29,682,882	$811,530	$413,813	$1,541,387	$32,652,407
2018	113,452	29,088,422	641,109	405,940	172,558	30,421,481
2019	93,931	26,887,501		402,940	55,981	27,440,353
2020	93,880	26,547,110		310,502	35,423	26,986,915
2021	93,880	25,082,638		310,502	36,485	25,523,505
2022-2026	300,000	52,967,308		1,354,856	157,221	54,779,385
2027-2031	10,000			1,357,800		1,367,800
2032-2036				1,334,430		1,334,430
2037-2041				5,229,952		5,229,952
2042-2046				11,137,912		11,137,912
2047-2051				6,061,752		6,061,752
2052-2056				744,887		744,887
2057-2061				243,409		243,409
2062-2066				32,350		32,350
2067-2071				32,340		32,340
2072-2076				32,300		32,300
2077-2081				32,300		32,300
2082-2086				32,300		32,300
2087-2091				21,740		21,740
2092-2096				150		150
Total	$907,938	$190,255,861	$1,452,639	$29,492,175	$1,999,055	$224,107,668

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 $4,186,434 for the year ended June 30, 2016.

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	$3,283,356,119	NONE	$3,283,356,119
Less - amounts representing executor costs		NONE		
Minimum lease payments receivables		3,283,356,119		
Less - allowance for uncollectibles		NONE		
Net Minimum lease payments receivables		3,283,356,119		
Estimated residual value of leased property		NONE		
Subtotal		3,283,356,119		
Less - unearned income		(2,490,820,918)		
Net investment in direct financing-type leases		$792,535,201		

The following is a schedule by year of minimum lease receivables as of June 30, 2016:

Year	
2017	$7,454,721
2018	68,762,601
2019	69,425,837
2020	70,095,822
2021	70,772,623
2022-2026	364,258,608
2027-2031	382,241,846
2032-2036	409,385,240
2037-2041	456,819,443
2042-2046	479,616,682
2047-2051	503,597,930
2052-2056	400,924,766
Total	$3,283,356,119

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 current and noncurrent portions of long-term liabilities total $2,734,112,842 and are related to the public/private partnerships as discussed in the Introduction and note 25 of the Notes to the Financial Statements: (1) $76,206,420 advance lease payments for hospital and equipment leases; (2) $167,085,504 for advance operating lease payments for the final periods of the leases; and (3) $2,490,820,918 for the Academic Medical Center in New Orleans (AMCNO) Hospital building capital lease and advance on the AMCNO Ambulatory Care Building (ACB) and Garage. The AMCNO is under the management of Louisiana Children's Medical Center (LCMC). The 40-year Cooperative Endeavor Agreement between LSU and LCMC, effective April 24, 2015, resulted in a capital lease for the new hospital, as well as a separate restricted other asset (capital lease) for the advance payment on 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 effective April 24, 2015, the asset was classified as a Restricted Other Asset rather than a Lease Receivable in the financial statements. $4,241,028 was recognized to expense through June 30, 2016, leaving a balance of $138,758,972 in Restricted Other Assets at June 30, 2016.

13. LONG-TERM LIABILITIES

The following is a summary of bonds and other long-term liability transactions of the System for the year ended June 30, 2016:

System

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Notes and bonds payable:					
Notes payable	$8,177,168		($621,510)	$7,555,658	$646,926
Bonds payable	477,719,180		(15,810,130)	461,909,050	16,942,593
Subtotal	485,896,348		(16,431,640)	469,464,708	17,589,519
Other liabilities:					
Compensated absences payable	84,341,685	$12,283,316	(14,662,849)	81,962,152	8,123,783
Capital lease obligations	26,789,972		(3,101,309)	23,688,663	3,297,846
Unearned revenues *	2,107,754,198	617,608,324	(67,456,100)	2,657,906,422	64,531,044
Other liabilities	632,070	115,301	(546,281)	201,090	
Subtotal	2,219,517,925	630,006,941	(85,766,539)	2,763,758,327	75,952,673
Total long-term liabilities	$2,705,414,273	$630,006,941	($102,198,179)	$3,233,223,035	$93,542,192

Changes in long-term liabilities for Pensions and Other Post-Employment Benefits Plan can be found in Notes 7 and 8.
*Not all current unearned revenues are related to the long-term balances. Only those related are presented in this note.

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, 2016:

Fiscal Year Ending June 30:	
2017	$976,750
2018	938,594
2019	464,873
2020	6,371,471
Total minimum installment payments	8,751,688
Less - amount representing interest	(1,196,030)
Total	$7,555,658

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.

Bonds and Contracts Payable - System

Detailed summaries, by issues, of all bond and reimbursement contract debt outstanding at June 30, 2016, including future interest payments, follow:

Bonds Payable - LSU System

Issue	Date of Issue	Original Issue	Outstanding July 1, 2015	Redeemed/Issued	Outstanding June 30, 2016	Maturities	Interest Rates	Future Interest Payments June 30, 2016
LSU								
2005 Auxiliary Revenue Bonds - Series A	June 2, 2005	$18,905,000	$985,000	($480,000)	$505,000	2017	3.75%	$18,937
2006 Auxiliary Revenue Bonds	August 9, 2006	97,095,000	2,140,000	(2,140,000)		2016	4% to 5%	
2007 Auxiliary Revenue Bonds	December 11, 2007	71,130,000	54,825,000	(1,655,000)	53,170,000	2017-2037	4% to 5%	30,594,529
2008 Auxiliary Revenue Bonds	June 27, 2008	52,815,000	40,725,000	(2,415,000)	38,310,000	2017-2034	4% to 5%	13,110,425
2010 Auxiliary Revenue Bonds - Series A and B	June 24, 2010	118,875,000	110,140,000	(2,620,000)	107,520,000	2017-2040	3% to 5.25%	74,500,135
2012 Auxiliary Revenue Bonds - Series A and B	August 7, 2012	41,615,000	39,930,000	(1,590,000)	38,340,000	2017-2034	3% to 5%	14,259,657
2013 Auxiliary Revenue Bonds - Series A and B	April 25, 2013	101,180,000	101,180,000	(1,955,000)	99,225,000	2017-2043	3% to 5%	73,235,550
2014 Auxiliary Revenue Bonds - Series A and B	October 16, 2014	81,880,000	80,860,000		80,860,000	2017-2036	3% to 5%	43,695,425
LSU Health Sciences Center								
New Orleans - Building Revenue Bonds - Series 2013	September 4, 2013	12,830,000	12,830,000	(50,000)	12,780,000	2017-2031	2% to 4.75%	4,762,142
Health Care Services Division								
Bogalusa Community Medical Center Project Series 2007 A	September 28, 2007	12,875,000	12,640,000	(250,000)	12,390,000	2017-2038	.2466% - 7.88%	8,949,248
LSU at Alexandria								
2008 Auxiliary Revenue Bonds	March 18, 2008	4,200,000	3,600,000	(100,000)	3,500,000	2017-2034	4.0% - 5.5%	1,989,581
LSU at Eunice								
1998 Auxiliary Revenue Bonds	June 1, 1998	1,650,000	350,417	(115,417)	235,000	2017-2018	5%	17,479
Total		615,050,000	460,205,417	(13,370,417)	446,835,000			$265,133,108
Premium/discounts, net		21,570,009	17,513,763	(2,439,713)	15,074,050			
Total Bonds Payable		$636,620,009	$477,719,180	($15,810,130)	$461,909,050			

Bonds Payable - Component Units

Issue	Date of Issue	Original Issue	Outstanding July 1, 2015	Issued (Redeemed)	Outstanding June 30, 2016	Maturities	Interest Rates
The LSU Health Sciences Center Foundation							
Equipment and Capital Facilities Pooled Loan Program	January 1, 2002	$2,035,000	$910,682	($910,682)			Variable
Tiger Athletic Foundation*							
Revenue Bonds, Series 1999	March 4, 1999	43,575,000	35,485,000	(35,485,000)			Variable
Revenue Bonds, Series 2004	March 23, 2004	90,000,000	73,275,000	(73,275,000)			Variable
Series 2012 Bonds	October 23, 2012	46,000,000	70,000,000		$70,000,000	2018-2037	Variable
Series 2015 Bonds	July 1, 2015	52,000,000		52,000,000	52,000,000	2016-2028	2.49%
Series 2015A Bonds	November 1, 2015	53,045,000		53,045,000	53,045,000	2016-2039	2.42%
Total Bonds Payable		$286,655,000	$179,670,682	($4,625,682)	$175,045,000		

*As of December 31, 2015

Debt Service Requirements

The annual requirements to amortize all System bonds outstanding at June 30, 2016, are presented in the following schedule. The schedule uses rates as of June 30, 2016, 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
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	16,640,000	17,867,054	34,507,054
2022-2026	94,250,000	76,871,952	171,121,952
2027-2031	104,680,000	53,739,626	158,419,626
2032-2036	103,200,000	28,851,235	132,051,235
2037-2041	55,360,000	9,016,532	64,376,532
2042-2046	12,050,000	727,800	12,777,800
Subtotal	446,835,000	265,133,108	711,968,108
Unamortized premium/discount	15,074,050	NONE	15,074,050
Total	$461,909,050	$265,133,108	$727,042,158

The annual principal requirements for all component unit bonds outstanding at June 30, 2016, are as follows:

Fiscal Year	Principal
2017	$8,475,000
2018	8,160,000
2019	8,102,000
2020	7,969,000
2021	7,807,000
2022-2026	38,367,000
2027-2031	53,055,000
2032-2036	31,511,000
2037-2041	11,599,000
Total	$175,045,000

The following is a summary of the System debt service reserve requirements of the various bond issues at June 30, 2016:

Bond Issue	Cash/ Investment Reserves Available	Reserve Requirement	Excess/ (Deficiency)
Auxiliary Plant:			
LSU A&M	$7,540,034	$7,500,000	$40,034
LSU at Alexandria	313,125	313,050	75
Total	$7,853,159	$7,813,050	$40,109
Educational Plant:			
LSU Health Sciences Center - New Orleans	$1,174,461	$1,174,025	$436
Health Care Services Division	2,064,897	2,064,897	
Total	$3,239,358	$3,238,922	$436

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 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 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, 2016:

Fiscal Year Ending June 30:	
2017	$3,844,961
2018	3,875,834
2019	3,903,639
2020	3,507,619
2021	3,416,663
2022-2026	7,178,890
Total minimum lease payments	25,727,606
Less - amount representing interest	(2,038,943)
Present value of net minimum lease payments	$23,688,663

14. AMOUNTS DUE TO AND FROM PRIMARY GOVERNMENT

As shown on Statement A, the System has a total of $4,723,901 (net) due from the Primary Government at June 30, 2016. This amount consists of the following:

Account Type	Intercompany (Fund)	Amount
Amounts due from Primary Government		
	G10 - Support Education in Louisiana First Fund	$2,626,045
	E32 - Tobacco Tax Health Care Fund	2,139,227
		4,765,272
Amounts due to Primary Government		
	GF000 - General Fund - Direct	41,371
	Total	$4,723,901

15. RESTRICTED NET POSITION

The System's restricted nonexpendable net position of $223,507,757 as of June 30, 2016, is comprised of endowment funds and prepaid assets.

The System had the following restricted expendable net position as of June 30, 2016:

Restricted Expendable Net Position

Account Title	Amount
Student fees	$19,609,390
Grants and contracts	72,164,659
Gifts	24,489,184
Endowment earnings	48,495,405
Auxiliary enterprises	1,333,664
Student loan funds	35,715,113
Capital construction	88,163,956
Debt service	7,853,553
Sponsored projects	2,181,649
LSU System Health Plan	34,199,510
Foundation Restricted Funds	3,606
Total	$334,209,689

Of the total restricted net position reported on Statement A for the year ended June 30, 2016, a total of $3,344,434 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, 2016, net appreciation of $1,665,973 for LSU Health Sciences Center in Shreveport is available to be spent and is restricted to specific purposes.

LSU A&M has donor-restricted endowments. The university's policy for managing the endowment fund provides for allocation for expenditure the actual amount earned on the endowment fund investments. Although investments are marked to market as per the requirements of the GASB codification Section I50, there is no "total-return" policy. Unrealized gains are not made available for expenditure by the beneficiary departments. However, in March 2010, the university obtained a $1 million endowment from the Bernard Osher Foundation. Subsequently, in April 2013, the university obtained a second installment from the Osher

Foundation of $950,000. 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, 2016, net appreciation of $97,500 is available to be spent and is restricted to specific purposes.

16. RESTATEMENT OF BEGINNING NET POSITION

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

Net position at June 30, 2015	($5,113,176)
LSU and Related:	
Capital asset adjustments	1,996,483
LSUE Housing Foundation audit adjustment to accounts payable	87,041
Correct deposits to State Facility Planning	(154,380)
Due from State correction	(638)
Net Pension Liabilities Adjustment	1
Health Sciences Center New Orleans:	
Correction of coding between capital asset classes, net	(21,992)
Correction of coding between capital asset classes, net	21,992
Health Care Services Division:	
FY13-FY15 equipment rentals from New Orleans hospitals previously recorded as revenues	(18,146,836)
Net position at June 30, 2015, as restated	($21,331,505)

The restatements decreased the System's beginning net position by $16,218,329. Had the error corrections affecting fiscal year 2015 been included in the June 30, 2015 Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of $309,243,729 would have been $301,293,420.

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	$297,536	$36,274,532
Capital assets	3,196,339	1,091,590
Other assets	446,952	7,799,541
Total Assets	3,940,827	45,165,663
Liabilities:		
Current liabilities	631,459	16,675,281
Long-term liabilities	6,441,406	
Total liabilities	7,072,865	16,675,281
Net Position:		
Net investment in capital assets	(3,399,960)	1,091,590
Restricted net position - nonexpendable	447,310	
Unrestricted net position	(179,388)	27,398,792
Total Net Position	($3,132,038)	$28,490,382

	Health Care Services Foundation	Bogalusa Community Medical Center
Assets:		
Current assets	$1,079,533	$2,668,301
Capital assets	2,757,854	
Other assets	467,326	14,496,745
Total Assets	4,304,713	17,165,046
Liabilities:		
Current liabilities	500,815	275,725
Long-term liabilities	562,970	12,555,951
Total liabilities	1,063,785	12,831,676
Net Position:		
Net investment in capital assets	2,757,854	
Restricted net position - expendable	148	3,458
Restricted net position - nonexpendable	769	33,703
Unrestricted net position	482,157	4,296,209
Total Net Position	$3,240,928	$4,333,370

* as of August 31, 2015

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

	Eunice Student Housing Foundation		LSU Healthcare Network
Operating revenues	$1,048,419		$104,476,037
Operating expenses	(640,063)		(99,156,954)
Depreciation expense	(125,126)		(794,360)
Net operating income	283,230		4,524,723
Nonoperating revenues (expenses):			
Investment income (loss)	957		(133,654)
Interest expense	(361,042)		
Changes in net position	(76,855)		4,391,069
Net Position, beginning of the year	(3,055,183)	*	24,099,313
Net Position, end of the year	($3,132,038)		$28,490,382

	Health Care Services Foundation	Bogalusa Community Medical Center
Operating revenues	$255,903	$2,119,956
Operating expenses	(268,915)	(1,602,965)
Depreciation expense	(123,963)	
Net operating income	(136,975)	516,991
Nonoperating revenues (expenses):		
Investment income	38,306	576,346
Interest expense	(32,936)	(711,074)
Changes in net position	(131,605)	382,263
Net Position, beginning of the year	3,372,533	3,951,107
Net Position, end of the year	$3,240,928	$4,333,370

* restated

Condensed Statement of Cash Flows

	Eunice Student Housing Foundation	LSU Healthcare Network
Net cash flows provided (used) by:		
Operating activities	$559,052	$3,087,566
Capital and related financing	(503,613)	(196,853)
Investing activities	(440,611)	154,350
Net increase (decrease) in cash	(385,172)	3,045,063
Cash, beginning of the year	524,253	15,121,986
Cash, end of the year	$139,081	$18,167,049

	Health Care Services Foundation	Bogalusa Community Medical Center
Net cash flows provided (used) by:		
Operating activities	$468,347	$1,081,406
Noncapital financing	(478,939)	
Capital and related financing		(250,000)
Investing activities		
Net increase (decrease) in cash	(10,592)	831,406
Cash, beginning of the year	585,753	3,342,050
Cash, end of the year	$575,161	$4,173,456

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	$364,190,972	$51,793,618	$106,466	$76,619,289	$251,818	$24,046,638	$655,357	$22,634,402	$540,298,560
Research	152,245,764	37,994,446	1,651,297	88,013,459	64,445	31,903,594	(717,870)	11,429,733	322,584,868
Public service	218,472,805	12,120,915	5,974,473	84,202,184	94,859	7,459,401	(917,218)	7,518,675	334,926,094
Academic support	89,747,342	25,813,161	390,408	31,184,660		6,611,187	(271,884)	6,171,651	159,646,525
Student services	21,089,877	5,667,258	303,756	8,488,389		351,373	(81,246)	1,821,706	37,641,113
Institutional support	63,701,410	14,209,327	112,629	30,427,769	3,109	4,576,966	(51,365)	3,792,508	116,772,353
Operations and maintenance of plant	37,025,353	13,815,507	23,545,309	47,872,310		45,644,279	(346,472)	3,844,037	171,400,323
Scholarships and fellowships	908,462	5,901		172,588	37,506,251	1,022			38,594,224
Auxiliary enterprises	53,734,919	15,312,203	6,367,071	102,464,848		1,349,546	40,711	4,037,751	183,307,049
Hospital	29,744,702	(24,721,327)	2,093,860	105,689,758		28,804,412	86,985	2,067,548	143,765,938
Total operating expenses	$1,030,861,606	$152,011,009	$40,545,269	$575,135,254	$37,920,482	$150,748,418	($1,603,002)	$63,318,011	$2,048,937,047

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 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
- 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, 2016, was $612,000. There were no on-behalf payments made as contributions to a pension plan for which the System is legally responsible.

22. 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 $673,086,717 to secure original issued debt of $589,345,000 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 $225,791,712. All LSUA Union, Bookstore, and athletic revenues, totaling $1,492,737 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 $639,356 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 $35,170,451.

LSUHSC - New Orleans has pledged future auxiliary revenues, dedicated student fee revenues, and University Enterprise Revenues of approximately $17,498,464 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 $557,507. Pledged auxiliary revenues recognized during the period were $976,790.

23. UNCONDITIONAL PROMISES TO GIVE - COMPONENT UNITS

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

	LSU Foundation	Tiger Athletic Foundation*	LSU Health Sciences Center Foundation	LSU Health Sciences Foundation in Shreveport	Total
Promises to give expected to be collected in:					
Less than one year	$16,394,772	$15,840,953	$769,260	$8,000	$33,012,985
One to five years	10,223,168	9,557,066	1,388,617	2,000	21,170,851
More than five years	34,438	454,274	317,533		806,245
Subtotal	26,652,378	25,852,293	2,475,410	10,000	54,990,081
Less discount on promises to give	(336,404)	(1,551,697)	(71,391)		(1,959,492)
Less allowance for uncollectible accounts	(2,749,135)	(3,058,900)	(866,392)		(6,674,427)
Subtotal	(3,085,539)	(4,610,597)	(937,783)		(8,633,919)
Net unconditional promises to give	$23,566,839	$21,241,696	$1,537,627	$10,000	$46,356,162

*as of December 31, 2015

Total unconditional promises to give (current and noncurrent) of $46,356,162 are reported on Statement B.

24. 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, 2016, the cost of providing these benefits for six involuntary terminations totaled $282,333.

25. 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.

26. SUBSEQUENT EVENTS

On July 1, 2016, LSU deployed Workday to replace its Financial, Human Capital Management (HCM), and Payroll mainframe systems. Workday is a unified, single version, multi-tenant Software-as-a-Service (SaaS) solution. The entities on Workday include: LSU A&M, LSU-Alexandria, LSU-Eunice, Pennington Biomedical Research Center, LSU Agricultural Center, and LSU-Shreveport. Some of the mainframe legacy systems will continue to be used until such time as they can be decommissioned.

In July 2016, full administrative oversight of the LSU Health Care Services Division was given to the LSU Health Sciences Center in New Orleans consistent with Louisiana Revised Statutes 17:1519.3.

At its June 2016 Board of Supervisors meeting, the Board provided final approval for the Nicholson Gateway Project. The proposed project which is the first of three phases of an extensive redevelopment plan for the University, will consists of 1,955 beds of student housing, a student recreation center, surface parking and an 808 space parking deck, and approximately 40,000 square feet of retail space. The LSU Board will lease the land on which the Project will be constructed to Nicholson Gateway Project, LLC (NPG), a wholly owned subsidiary of the LSU Property Foundation, for the life of financing. The issuer of the bonds for this project is the Louisiana Public Facilities Authority. The borrower is Provident Group-Flagship Properties, LLC. Once the project is constructed, the Borrower will lease the constructed facilities to the LSU Board for 40 years. The debt issued will be tax-exempt and taxable, fixed rate bonds at an approximate amount of $224,330,000. Loan payments are payable from base rent due under the Facilities Lease by the University from its Auxiliary Revenues.

Subsequent to June 30, 2016, the Board of Supervisors of LSU, the State of Louisiana through the Division of Administration, the Louisiana Department of Health and Hospitals (where applicable) and the partners have entered into individual Memorandum of Understanding (MOU's) thru June 30, 2017. These MOU's will allow all parties to the agreements to redefine and modify the key services associated with the CEA's. The MOU's establish the maximum payments over and above Title XIX per diems for the State Fiscal Year 2017 for each of the partners.

Subsequent to June 30, 2016, the LSU Board of Supervisors, the State of Louisiana through the Division of Administration, The Biomedical Research Foundation of Northwest Louisiana (BRF) and BRF Hospital Holdings, LLC (BRFHH) entered into a Memorandum of Understanding (MOU) effective through June 30, 2017, unless modified by a subsequent MOU or CEA. The MOU is implemented to, among other valuable public purposes, (1) stabilize health care delivery and medical education; (2) optimize the resources available to further build upon the health care training and delivery experience in the applicable region; (3) enhance and provide access to a full range of clinical care series to recipients in the applicable area; and (4) promote better health care in Louisiana and provide the impetus for shifting to a more value-based, outcomes driven delivery system. The MOU will allow all parties to the agreement to begin the process of reforming the partnership and delivery system as outlined in the CEA and related service agreements.

On August 26, 2016, Moody's Investor Service announced a downgrade of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College Auxiliary

Revenue Bonds to A2 (with a stable outlook) from A1. A Material Event Notice has been filed in accordance with bond covenants.

On September 1, 2016, Fitch Ratings announced a downgrade of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College Auxiliary Revenue Bonds to A+ (with a stable outlook) from AA-. A Material Event Notice has been filed in accordance with bond covenants.

On September 9, 2016, the LSU Board of Supervisors approved a resolution to provide initial approval for the issuance of Auxiliary Revenue Refunding Bonds in an amount not to exceed $175,000,000 (an amount previously approved for the issuance of the Series 2015 bonds which were not issued and delivered). The refundings include all or a portion of the Series 2007, 2008, and 2010A Bonds. The refunding closed on November 15, 2016, and resulted in a net present value savings of $11.9 million.

In September 2016, the LSU Board of Supervisors approved a resolution to authorize the President to execute an Intent to Lease Agreement between the LSU Board and the LSU Real Estate and Facilities Foundation for the design, financing, development, construction, ownership and operation of a housing project on land owned by the LSU Board at the LSU Health Sciences Center in New Orleans' School of Dentistry.

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, 2016

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 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%
FY 2016	07/01/2015	NONE	$1,106,725,865	$1,106,725,865	0.0%	$438,380,254	252.5%

State Office of Group Benefits 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 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%
FY 2016	07/01/2015	NONE	$1,047,235,409	$1,047,235,409	0.0%	$160,792,458	651.3%

Schedule 2

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

Schedule of the LSU System's Proportionate Share of the Net Pension Liabilities Cost-Sharing Defined Benefit Pension Plans
For the Year Ended June 30, 2016

Pension Plan	Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Teachers Retirement System of Louisiana						
	2016	11.89%	$1,278,748,342	$574,715,036	222.5013%	62.50%
	2015	11.90%	$1,215,849,099	$556,683,404	218.4094%	63.70%
Louisiana State Employees Retirement System						
	2016	6.42%	$436,447,698	$124,007,452	351.9528%	62.70%
	2015	6.82%	$426,523,299	$171,094,505	249.2911%	65.00%

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 30th for the year identified.

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, 2016

Pension Plan	Year	Contractually Required Contribution[1]	Contributions in Relation to Contractually Required Contribution[2]	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll[3]	Contributions as a % of Covered Employee Payroll
Teachers Retirement System of Louisiana						
	2016	$133,240,275	$133,240,275		$569,301,671	23.4042%
	2015	$140,955,881	$140,955,881		$574,715,036	24.5262%
Louisiana State Employees Retirement System						
	2016	$42,573,481	$42,573,481		$114,355,153	37.2292%
	2015	$45,776,471	$45,776,471		$124,007,452	36.9143%

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

For reference only:

[1] *Employer contribution rate multiplied by employer's covered employee payroll*

[2] *Actual employer contributions remitted to Retirement Systems*

[3] *Employer's covered employee payroll amount for the year ended December 31 of each year*

Notes to Required Supplementary Information
for Cost-Sharing Defined Benefit Pension Plans
For the Year Ended June 30, 2016

Changes of Benefit Terms include:

Teachers Retirement System of Louisiana

- There were no changes of benefit terms for the year ended June 30, 2016.

Louisiana State Employees' Retirement System.

- There were no changes of benefit terms for the year ended June 30, 2016.

Changes of Assumptions

Teachers Retirement System of Louisiana

- There were no changes of benefit assumptions for the year ended June 30, 2016.

Louisiana State Employees' Retirement System

- There were no changes of benefit assumptions for the year ended June 30, 2016.

SUPPLEMENTAL INFORMATION SCHEDULES

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

Combining Schedule of Net Position, by University,
June 30, 2016

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. While these due to and due from amounts have been eliminated in the consolidated statements, they are shown when presenting individual campus financial information.

Combining Schedule of Revenues, Expenses, and Changes in Net Position,
by University, for the Fiscal Year Ended June 30, 2016

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

Combining Schedule of Cash Flows, by University,
for the Fiscal Year Ended June 30, 2016

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

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

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 Fiscal Year Ended June 30, 2015

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

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

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, 2016

	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
ASSETS				
Current assets:				
Cash and cash equivalents	$9,515,877	($93,462,413)	$1,788,086	$1,989,670
Investments		431,647,662	182,723	95,628
Receivables (net)	2,172,212	53,584,789	8,789,365	4,532,922
Leases receivable				
Due from other campuses		291,665		
Amounts Due from Primary Government	12,597	1,159,043	35,888	33,403
Due from Federal Government	978,010	8,266,858	49,765	2,118
Inventories	157,520	963,909	253	197,085
Prepaid expenses and advances		6,426,803		3,450
Notes receivable (net)		2,278,427		358
Other current assets		1,863,804		
Total current assets	12,836,216	413,020,547	10,846,080	6,854,634
Noncurrent assets:				
Restricted:				
Cash and cash equivalents	5,439,043	144,196,117	688,842	218,316
Investments	6,816,210	154,298,563	3,370,091	827,807
Receivables (net)		176,750		
Notes receivable (net)		12,683,873		10,683
Other		3,132,496		
Investments				
Lease receivable				
Other noncurrent assets				
Capital assets (net)	104,623,121	1,066,133,357	28,628,993	23,236,608
Total noncurrent assets	116,878,374	1,380,621,156	32,687,926	24,293,414
Total assets	129,714,590	1,793,641,703	43,534,006	31,148,048
Deferred outflow of resources				
Deferred amounts on debt refunding		6,768,834		
Pension-related deferred outflows of resources	6,226,348	139,056,790	3,120,559	2,011,382
Total Deferred outflows related to resources	6,226,348	145,825,624	3,120,559	2,011,382
Total assets and deferred outflow of resources	135,940,938	1,939,467,327	46,654,565	33,159,430

(Continued)

Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Service Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
$17,071,708	($775,382)	$34,579,188	$82,907,693	$51,518,936		$105,133,363
401,859	100,213	1,425,203		11,941,329		445,794,617
8,245,593	2,120,291	84,996,554	21,099,489	140,346,130		325,887,345
			3,879,721			3,879,721
	5,076,767	76,694,401	72,306	374,772	($82,509,911)	
518,582	84,468	1,999,337		921,954		4,765,272
1,216,919	804,173	8,572,660	139,208	2,705,005		22,734,716
3,774,996	1,023,947	1,462,710	1,061,207	541,028		9,182,655
6,259	769,223	1,118,948	51,432	194,952		8,571,067
		603,537		159,469		3,041,791
			284			1,864,088
31,235,916	9,203,700	$211,452,538	109,211,340	208,703,575	(82,509,911)	930,854,635
5,958,643	285,231		5,834,447	10,114,761		172,735,400
3,490,637	6,603,124	30,261,876	9,510,601	61,948,412		277,127,321
						176,750
		9,404,890		1,599,592		23,699,038
			138,758,973			141,891,469
		4,852,861				4,852,861
			3,140,717,426			3,140,717,426
		415,467	328,481			743,948
45,691,809	19,796,442	243,385,904	181,798,832	85,284,611		1,798,579,677
55,141,089	26,684,797	288,320,998	3,476,948,760	158,947,376		5,560,523,890
86,377,005	35,888,497	499,773,536	3,586,160,100	367,650,951	(82,509,911)	6,491,378,525
						6,768,834
21,922,304	4,050,437	43,593,969	20,124,277	26,071,854		266,177,920
21,922,304	4,050,437	43,593,969	20,124,277	26,071,854		272,946,754
108,299,309	39,938,934	543,367,505	3,606,284,377	393,722,805	(82,509,911)	6,764,325,279

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Net Position, by University
June 30, 2016

	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
LIABILITIES				
Current liabilities:				
Accounts payable and accruals	$252,815	$53,243,021	$152,590	$324,482
Due to other campuses	291,665	80,427,723		
Amounts due to Primary Government				
Due to State Treasury		188		
Due to Federal Government		97,415		
Amounts held in custody for others		7,734,552	98,319	112,586
Unearned revenues	5,978,203	55,325,061	6,142,001	3,840,412
Other liabilities		1,863,804		
Compensated absences payable	272,258	3,402,818	85,586	62,515
Capital lease obligations		2,662,972		
Notes payable				154,893
Bonds payable		15,760,088	125,000	120,417
Total current liabilities	6,794,941	220,517,642	6,603,496	4,615,305
Noncurrent liabilities:				
Compensated absences payable	$2,836,889	$29,844,103	$777,044	$481,923
Capital lease obligations		18,767,025		
Notes payable				6,441,406
Net pension liability	57,432,268	783,750,019	22,769,599	16,356,069
OPEB payable	22,819,381	283,756,471	15,495,627	9,990,485
Bonds payable		416,846,689	3,375,000	114,583
Unearned revenues (advance lease payments)				
Other noncurrent liabilities		188,549		4,965
Total noncurrent liabilities	83,088,538	1,533,152,856	42,417,270	33,389,431
Total liabilities	89,883,479	1,753,670,498	49,020,766	38,004,736
Deferred Inflows of Resources				
Pension-related deferred inflows of resources	4,750,104	33,010,512	1,445,886	1,403,666
Total deferred inflows of resources	4,750,104	33,010,512	1,445,886	1,403,666
NET POSITION				
Net investment in capital assets	104,623,121	660,010,446	25,128,993	16,405,309
Restricted for:				
Nonexpendable	5,758,833	91,521,199	3,308,293	409,252
Expendable	10,717,687	207,151,880	1,932,119	2,269,896
Unrestricted	(79,792,286)	(805,897,208)	(34,181,492)	(25,333,429)
Total net position	$41,307,355	$152,786,317	($3,812,087)	($6,248,972)
Total liabilities, deferred inflows of resources, and net position	$135,940,938	$1,939,467,327	$46,654,565	$33,159,430

(Concluded)

Agricultural Center	LSU in Shreveport	LSU Health Sciences Center in New Orleans	LSU Health Care Service Division	LSU Health Sciences Center in Shreveport	Eliminations	Total
$273,795	$1,570,199	$28,650,237	$14,155,023	$15,006,038		$113,628,200
	18,845	201,146	1,250,237	320,295	($82,509,911)	
				41,183		41,371
		5,140,475				5,237,890
41,997	141,392	279,292	103,787	21,043		8,532,968
7,129,666	565,587	9,531,341	140,737,464	2,762,671		232,012,406
						1,863,804
786,838	151,032	1,720,068	597,727	1,044,941		8,123,783
				634,874		3,297,846
			492,033			646,926
		662,088	275,000			16,942,593
8,232,296	2,447,055	46,184,647	157,611,271	19,831,045	(82,509,911)	390,327,787
$7,262,604	$1,794,794	$17,583,131	$2,752,312	$10,505,569		$73,838,369
				1,623,792		20,390,817
			467,326			6,908,732
130,377,889	37,433,909	360,176,737	82,991,873	223,907,677		1,715,196,040
69,147,137	16,687,675	131,266,778	191,073,589	217,005,113		957,242,256
		12,074,234	12,555,951			444,966,457
			2,593,375,378			2,593,375,378
7,576						201,090
206,795,206	55,916,378	521,100,880	2,883,216,429	453,042,151		5,812,119,139
215,027,502	58,363,433	567,285,527	3,040,827,700	472,873,196	($82,509,911)	6,202,446,926
3,996,519	2,621,288	15,171,972	59,136,949	182,205,187		303,742,083
3,996,519	2,621,288	15,171,972	59,136,949	182,205,187		303,742,083
45,704,013	19,796,442	231,825,553	170,073,419	83,025,945		1,356,593,241
3,585,077	6,272,968	30,305,494	16,215,402	66,131,239		223,507,757
8,852,261	2,579,637	19,849,700	7,495,962	73,360,547		334,209,689
(168,866,063)	(49,694,834)	(321,070,741)	312,534,945	(483,873,309)		(1,656,174,417)
($110,724,712)	($21,045,787)	($39,089,994)	$506,319,728	($261,355,578)		$258,136,270
$108,299,309	$39,938,934	$543,367,505	$3,606,284,377	$393,722,805	($82,509,911)	$6,764,325,279

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, 2016

	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
OPERATING REVENUES				
Student tuition and fees		$405,491,020	$14,279,482	$7,723,951
Less scholarship allowances		(81,559,544)	(3,295,890)	(2,281,139)
Net student tuition and fees		323,931,476	10,983,592	5,442,812
Federal appropriations				
Federal grants and contracts	$20,159,325	75,242,630	224,629	222,276
State and local grants and contracts	6,295,929	40,412,474	715,305	442,528
Nongovernmental grants and contracts	5,246,280	18,902,835	100,099	88,622
Sales and services of educational departments	599,291	25,275,569	154,241	24,444
Hospital income				
Auxiliary enterprise revenues (including revenues pledged to secure debt)	61,027	207,418,931	2,517,145	3,164,543
Less scholarship allowances		(17,521,084)	(312,519)	(177,422)
Net auxiliary revenues	61,027	189,897,847	2,204,626	2,987,121
Other operating revenues	120,928	8,018,240	29,809	18,102
Total operating revenues	32,482,780	681,681,071	14,412,301	9,225,905
OPERATING EXPENSES				
Educational and general:				
Instruction		277,431,265	10,066,834	7,276,476
Research	33,643,827	152,410,227	4,500	891
Public service	637,092	30,179,238	(9,783)	149
Academic support	5,365,754	83,049,702	1,931,018	638,334
Student services		26,296,527	1,575,689	1,304,079
Institutional support	6,768,069	31,646,744	2,717,228	2,011,000
Operations and maintenance of plant	7,879,043	110,656,830	3,846,313	3,584,066
Scholarships and fellowships	2,516	23,239,277	2,931,769	2,731,945
Auxiliary enterprises	140,077	169,179,408	1,701,981	2,663,206
Hospital				
Total operating expenses	54,436,378	904,089,218	24,765,549	20,210,146
OPERATING INCOME (LOSS)	(21,953,598)	(222,408,147)	(10,353,248)	(10,984,241)
NONOPERATING REVENUES (EXPENSES)				
State appropriations	16,247,124	133,865,417	5,382,235	4,813,423
Gifts	3,181,930	22,311,200	782,326	333,122
Federal nonoperating revenues (expenses)		23,866,799	4,999,018	4,356,942
Net investment income	(216,217)	25,911,360	203,376	64,974
Interest expense		(17,870,808)	(190,075)	(378,563)
Other nonoperating revenues (expenses)	5,477,999	2,405,196	55,365	38,420
Net nonoperating revenues (expenses)	24,690,836	190,489,164	11,232,245	9,228,318

(Continued)

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
	$24,893,197	$55,267,696		$19,071,826		$526,727,172
	(5,244,838)	(3,452,898)		(1,331,384)		(97,165,693)
	19,648,359	51,814,798		17,740,442		429,561,479
$9,784,822						9,784,822
8,561,211	1,039,368	35,548,169		10,422,780	($1,188,972)	150,231,416
18,953,158	4,246,669	11,343,274		5,547,908	(3,236,341)	84,720,904
6,001,503	1,909,311	215,025,689		118,722,305	(79,993)	365,916,651
6,971,087	60,441	113,518,926		91,562,483	(74,828)	238,091,654
			$97,271,478	51,313,963		148,585,441
	2,644,076	7,550,205		932,829	(267)	224,288,489
	(229,461)					(18,240,486)
	2,414,615	7,550,205		932,829	(267)	206,048,003
8,608,787	104,100	1,594,034		784,163	(4,248)	19,273,915
58,880,568	29,422,863	436,395,095	97,271,478	297,026,873	(4,584,649)	1,652,214,285
	14,992,707	199,183,024		31,354,122	(5,868)	540,298,560
69,904,101	557,427	46,240,701		22,725,658	(2,902,464)	322,584,868
45,056,728	900,776	186,562,250		71,827,896	(228,252)	334,926,094
4,512,186	4,313,861	17,906,278		41,929,392		159,646,525
	2,314,791	5,393,514		760,761	(4,248)	37,641,113
14,177,308	6,007,571	34,912,835		18,898,599	(367,001)	116,772,353
5,806,307	2,763,641	27,220,903		9,643,220		171,400,323
167,380	5,675,496	2,792,748		1,053,093		38,594,224
	2,929,833	7,093,873		(401,329)		183,307,049
			120,620,697	24,222,057	(1,076,816)	143,765,938
139,624,010	40,456,103	527,306,126	120,620,697	222,013,469	(4,584,649)	2,048,937,047
(80,743,442)	(11,033,240)	(90,911,031)	(23,349,219)	75,013,404		(396,722,762)
70,708,042	7,603,616	90,437,585	36,106,297	95,087,538		460,251,277
2,765,142	216,199	2,234,393	74,789	(53,269)		31,845,832
(1,524)	5,003,363	1,463,050	13,706,778	72,077		53,466,503
791,960	(77,882)	134,172	229,770	2,008,704		29,050,217
		(516,881)	(723,967)	(150,489)		(19,830,783)
329,410	102,278	669,122	(77,856,077)	(37,821)	23,614,143	(45,201,965)
74,593,030	12,847,574	94,421,441	(28,462,410)	96,926,740	23,614,143	509,581,081

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, 2016

	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	$2,737,238	($31,918,983)	$878,997	($1,755,923)
Capital appropriations	525,044	29,462,139	748,906	37,358
Capital gifts and grants	30,408,052	65,370,423	65,819	68,028
Additions to permanent endowment		2,680,000	760,000	
Other additions (deductions)	(54,315)	(3,203,644)	(42,054)	(11,273)
CHANGE IN NET POSITION	33,616,019	62,389,935	2,411,668	(1,661,810)
NET POSITION - BEGINNING OF YEAR (Restated)	7,691,336	90,396,382	(6,223,755)	(4,587,162)
NET POSITION - END OF YEAR	$41,307,355	$152,786,317	($3,812,087)	($6,248,972)

(Concluded)

Schedule 5

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
($6,150,412)	$1,814,334	$3,510,410	($51,811,629)	$171,940,144	$23,614,143	$112,858,319
		10,125,280	21,618,697	4,817,529		67,334,953
1,620,709		614,355		692,413		98,839,799
120,000	80,000	600,000		565,000		4,805,000
(103,154)	(182,804)	23,614,143		(773,052)	(23,614,143)	(4,370,296)
(4,512,857)	1,711,530	38,464,188	(30,192,932)	177,242,034		279,467,775
(106,211,855)	(22,757,317)	(77,554,182)	536,512,660	(438,597,612)		(21,331,505)
($110,724,712)	($21,045,787)	($39,089,994)	$506,319,728	($261,355,578)		$258,136,270

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2016

	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees		$321,438,483	$11,255,860	$5,590,480
Federal appropriations				
Grants and contracts	$28,989,214	133,875,079	966,429	600,432
Sales and services of educational departments	680,533	29,807,314	160,486	27,848
Hospital income				
Auxiliary enterprise receipts	65,899	188,654,255	2,196,160	3,003,376
Payments for employee compensation	(24,641,510)	(402,557,160)	(10,833,742)	(6,952,249)
Payments for benefits	(9,565,069)	(140,869,489)	(4,866,225)	(3,564,709)
Payments for utilities	(1,636,442)	(14,124,490)	(729,146)	(599,134)
Payments for supplies and services	(12,683,361)	(229,385,124)	(4,270,711)	(4,764,047)
Payments for scholarships and fellowships	(2,516)	(23,134,743)	(2,931,769)	(2,731,945)
Loans to students		(2,573,433)	(217,080)	1,656
Collection of loans to students		2,307,432		
Other receipts (payments)	(45,393)	11,208,782	(11,756)	18,693
Net cash used by operating activities	(18,838,645)	(125,353,094)	(9,281,494)	(9,369,599)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	16,240,822	133,449,095	5,463,333	4,867,322
Gifts and grants for other than capital purposes	3,305,611	21,432,851	804,892	330,338
Private gifts for endowment purposes	54,315	1,984,278	42,054	11,273
TOPS receipts		93,587,426	2,124,055	1,137,941
TOPS disbursements		(93,587,426)	(2,339,184)	(1,137,941)
FEMA receipts		35,413		
FEMA disbursements		1,436		
ARRA revenues				
Direct lending receipts		119,638,419	8,129,987	5,524,322
Direct lending disbursements		(119,638,419)	(8,129,987)	(5,524,322)
Implicit loan to/from other campuses	4,490,848	(15,149,466)	462,974	1,259,847
Other receipts/disbursements	5,311,742	24,109,166	4,999,018	4,356,942
Net cash provided by noncapital financing activities	29,403,338	165,862,773	11,557,142	10,825,722

(Continued)

Schedule 6

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
	$18,390,004	$51,609,633		$18,531,569		$426,816,029
$10,135,538						10,135,538
31,109,363	6,436,195	246,567,881		130,881,027	($4,505,306)	574,920,314
6,994,457	60,441	113,911,825		68,137,399	(75,095)	219,705,208
			$102,797,198	48,065,787		150,862,985
	2,442,829	7,514,203		1,113,180		204,989,902
(66,458,696)	(17,285,960)	(290,842,376)	(30,566,550)	(185,027,249)		(1,035,165,492)
(32,112,082)	(7,272,008)	(57,849,327)	(32,768,886)	(53,235,993)		(342,103,788)
(2,398,229)	(626,356)	(10,377,541)	(1,975,794)	(7,077,160)		(39,544,292)
(28,921,888)	(8,249,557)	(150,918,870)	(66,437,175)	(97,084,283)	4,584,649	(598,130,367)
(167,380)	(5,689,534)	(2,104,969)		(1,053,093)		(37,815,949)
		(1,774,868)		(171,590)		(4,735,315)
		1,976,410		161,854		4,445,696
8,429,999	(3,699,956)	1,549,284		714,137	(4,248)	18,159,542
(73,388,918)	(15,493,902)	(90,738,715)	(28,951,207)	(76,044,415)		(447,459,989)
70,510,014	7,519,147	89,850,411	36,106,297	94,817,317		458,823,758
2,725,337	216,199	3,609,022	74,789	(53,269)		32,445,770
97,458	80,000	600,000		565,000		3,434,378
	3,267,417	1,375,676		102,002		101,594,517
	(3,267,417)	(1,553,464)		(102,002)		(101,987,434)
		2,161,793	16,643,790			18,840,996
(1,524)		(698,743)	(3,284,281)			(3,983,112)
			347,269			347,269
		57,675,326		20,034,849		211,002,903
		(57,786,378)		(20,034,849)		(211,113,955)
8,935,797						
16,138	5,003,363	(117,551)	628,940	33,859		44,341,617
82,283,220	12,818,709	95,116,092	50,516,804	95,362,907		553,746,707

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2016

	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Capital appropriations received		$328		
Capital gifts and grants received		8,949,431	($1,665)	($52,849)
Proceeds from sale of capital assets		87,129		
Purchase of capital assets	($371,876)	(60,763,152)	(718,714)	(128,042)
Principal paid on capital debt and leases		(17,777,837)	(100,000)	(257,988)
Interest paid on capital debt and leases		(17,532,364)	(190,075)	(378,563)
Deposit with trustees				
Other sources	(54,315)	(3,203,644)	(42,054)	(11,273)
Net cash used by capital financing activities	(426,191)	(90,240,109)	(1,052,508)	(828,715)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments		145,804,898	19,242	
Interest received on investments	29,018	14,209,424	94,693	50,839
Purchase of investments		(72,235,364)		(441,568)
Net cash provided (used) by investing activities	29,018	87,778,958	113,935	(390,729)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,167,520	38,048,528	1,337,075	236,679
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,787,400	12,685,176	1,139,853	1,971,307
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$14,954,920	$50,733,704	$2,476,928	$2,207,986

(Continued)

Schedule 6

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
($967)						($639)
614,321				$134,735		9,643,973
						87,129
(2,463,861)	($465,428)	($7,330,568)	($10,525,739)	(10,354,732)		(93,122,112)
		(47,088)	(748,983)	(601,053)		(19,532,949)
		(516,881)	(723,967)	(150,489)		(19,492,339)
		(400)				(400)
(103,154)						(3,414,440)
(1,953,661)	(465,428)	(7,894,937)	(11,998,689)	(10,971,539)		(125,831,777)
		1,159,756	22,760	$21,053,257		168,059,913
630,116	264,636	2,230,653	229,770	1,897,242		19,636,391
	(134,591)	(1,006,414)		(15,467,120)		(89,285,057)
630,116	130,045	2,383,995	252,530	7,483,379		98,411,247
7,570,757	(3,010,576)	(1,133,565)	9,819,438	15,830,332		78,866,188
15,459,594	2,520,425	35,712,753	78,922,702	45,803,365		199,002,575
$23,030,351	($490,151)	$34,579,188	$88,742,140	$61,633,697		$277,868,763

LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by University
For the Fiscal Year Ended June 30, 2016

	Pennington Biomedical Research Center	LSU	LSU at Alexandria	LSU at Eunice
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating income (loss)	($21,953,598)	($222,408,147)	($10,353,248)	($10,984,241)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	5,738,708	79,454,959	1,394,295	1,254,153
Non-Employer contributing entity revenues	166,258	2,125,981	55,364	38,420
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
(Increase) decrease in accounts receivable, net	(90,877)	172,934	(295,432)	(436,294)
(Increase) decrease in inventories	4,700	(102,232)	159	32,846
(Increase) decrease in prepaid expenses and other		906,510		
(Increase) decrease in notes receivable		(125,594)		1,656
(Increase) decrease in deferred outflows related to pensions	1,066,729	1,167,094	220,831	256,049
(Increase) decrease in other assets		381,341		
Increase (decrease) in accounts payable and accrued liabilities	(29,497)	995,807	(57,668)	(44,943)
Increase (decrease) in unearned revenue	(2,528,776)	(6,575,688)	261,079	378,070
Increase (decrease) in amounts held in custody for others		885,617	(510,380)	18,414
Increase (decrease) in compensated absences	128,986	(270,508)	53,828	(154,502)
Increase in OPEB payable	2,184,780	28,906,707	1,328,117	1,326,360
Increase (decrease) in net pension liability	40,144	56,163,579	333,033	(135,117)
(Decrease) in deferred inflows related to pensions	(3,399,534)	(71,131,574)	(1,711,472)	(917,949)
Increase (decrease) in other liabilities	(166,668)	4,100,120		(2,521)
Net cash provided (used) by operating activities	($18,838,645)	($125,353,094)	($9,281,494)	($9,369,599)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Cash and cash equivalents classified as current assets	$9,515,877	($93,462,413)	$1,788,086	$1,989,670
Cash and cash equivalents classified as noncurrent assets	5,439,043	144,196,117	688,842	218,316
Cash and cash equivalents at end of the year	$14,954,920	$50,733,704	$2,476,928	$2,207,986
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Capital appropriations	$525,044	$29,462,139	$748,906	$37,358
Non-Employer contributing entity revenue	166,258	2,125,981	55,364	38,420
Capital gifts and grants	30,473,152	55,019,380		17,000
	$31,164,454	$86,607,500	$804,270	$92,778

(Concluded)

Schedule 6

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
($80,743,442)	($11,033,240)	($90,911,031)	($23,349,219)	$75,013,404		($396,722,762)
3,821,892	1,484,728	21,322,093	17,251,676	19,025,914		150,748,418
313,270	102,278	988,908	94,334	566,149		4,450,962
(918,542)	(877,678)	(17,325,650)	5,825,241	(27,358,026)		(41,304,324)
1,885,006	(258,834)	145,331	90,495	(116,905)		1,680,566
21,360	(93,340)	93,494	(8,156)	26,962		946,830
				(32,636)		(156,574)
4,440,109	202,963	(467,333)	6,355,740	7,205,202		20,447,384
	(3,925,646)	444,774	305,311			(2,794,220)
(192,440)	382,345	(3,102,581)	(3,124,847)	(4,582,692)		(9,756,516)
(1,045,592)	(1,111,616)	(2,793,406)		(89,981)		(13,505,910)
(16,852)	(1,751)	156,793	93,772	(70,025)		555,588
(791,308)	(92,876)	36,898	(643,945)	(646,106)		(2,379,533)
5,512,412	1,917,501	12,129,094	1,837,664	8,175,376		63,318,011
7,595,924	446,341	20,442,852	(539,479)	(11,523,635)		72,823,642
(13,275,580)	(2,635,077)	(33,809,183)	(33,139,794)	(141,637,416)		(301,657,579)
4,865		1,910,232				5,846,028
($73,388,918)	($15,493,902)	($90,738,715)	($28,951,207)	($76,044,415)		($447,459,989)
$17,071,708	($775,382)	$34,579,188	$82,907,693	$51,518,936		$105,133,363
5,958,643	285,231		5,834,447	10,114,761		172,735,400
$23,030,351	($490,151)	$34,579,188	$88,742,140	$61,633,697		$277,868,763
		$10,125,280	$21,618,697	$4,817,529		$67,334,953
$313,270	$102,278	988,908	94,334	566,149		4,450,962
1,311,045		614,355		557,678		87,992,610
$1,624,315	$102,278	$11,728,543	$21,713,031	$5,941,356		$159,778,525

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)

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 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
$1,037,163	$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 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
$15,678,004		$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
For the Fiscal Year Ended 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)

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 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
$12,828,171		$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 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
				$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)

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
$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

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 16, 2016

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, 2016, 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 16, 2016. Our report was modified to include an emphasis of matter section regarding actuarial assumptions.

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 LSU Health Sciences Center Foundation, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the following deficiencies in the System's internal control to be material weaknesses.

Weaknesses in Agreements for Use of State Assets

At June 30, 2016, the LSU Health Sciences Center, Health Care Services Division (HCSD) and Louisiana State University administration (LSU) did not have complete, signed agreements for all equipment, buildings, and parking lots being utilized by the partner managing the University Medical Center New Orleans (UMCNO). As a result, HCSD and LSU were unable to provide sufficient support for the method used to account for the assets and related transactions in its Annual Fiscal Report (AFR) resulting in significant identified and potential misstatements. Allowing the partner to use state assets without complete, signed agreements increases the risk that assets will be misused, misappropriated, or become unlocated. In addition, there is an increased risk of misunderstandings and/or nonpayment without protection for the state, including remedies for default.

Buildings and Parking Lots

During fiscal year 2016, LSU executed an amendment to the UMCNO hospital lease agreement for rental of buildings and parking lots at Interim LSU Public Hospital in New Orleans (ILH) which the partner wanted to continue to use subsequent to the opening of the new hospital. This agreement, signed in July 2015, was effective beginning October 16, 2015 with an annual rental payment of $2,673,230 for 40 years or a total of future lease payments of approximately $103.8 million. Subsequent to this amendment, the partner informed LSU that it no longer wanted to rent one of the buildings included in the agreement and a second amendment was drafted, effective April 2016, reducing the annual rental payments. However, as of June 30, 2016, this second amendment had not yet been signed.

In addition to not having a signed copy of the second amendment, HCSD was unable to provide the fair value and estimated economic lives of the leased premises (buildings and parking lots) both of which are necessary to adequately assess the correct accounting treatment for this lease as either capital or operating.

Based on the information available, HCSD reported this agreement as an operating lease within its AFR. Therefore, if this agreement is a capital lease, HCSD's AFR contains potential misstatements within the capital lease receivable, unearned revenues, and capital assets accounts as well as the capital lease note disclosures. While reporting the agreement as an operating lease, HCSD did not include the future minimum lease payments of $103.8 million within the related note disclosure based on the signed agreement available at June 30, 2016.

On November 10, 2016, HCSD provided a copy of the second amendment signed by the final party on October 25, 2016. This amendment includes an effective date of April 1, 2016 and minimum future lease payments totaling approximately $51.5 million.

University Medical Center New Orleans Equipment

An agreement for the use of equipment purchased by the state for UMCNO was not signed as of June 30, 2016, and does not contain a listing of equipment to be leased. However, the private partner began utilizing equipment in August 2015 with the opening of the new hospital facility and made payments to HCSD based on a payment schedule prepared by the partner. This schedule outlined lease payments totaling approximately $90 million over five years of which HCSD has received $24.9 million for fiscal year 2016 and a pre-payment of $24.3 million for fiscal year 2017.

In its fiscal year 2016 AFR, HCSD accounted for the agreement as an operating lease. However, the accounting standards for leases require that agreements be in writing, signed by all parties, and should specifically set forth the principal provisions of the agreement. If any of the principal provisions are yet to be negotiated, the agreement or commitment does not qualify for lease accounting. Therefore, without a valid lease agreement, the related assets and transactions should not be accounted for as an operating lease and audit adjustments were made to correct the AFR.

Interim LSU Public Hospital in New Orleans Equipment

The agreement for the partner's use of equipment located in the ILH, effective on June 24, 2013, with a lease term of 10 years, did not contain an agreed-upon Exhibit A listing the annual lease payment by equipment item as required by the agreement.

During fiscal years 2013 through 2015, the partner made annual rental payments based on a schedule that was not agreed upon by all parties and only outlined rental payments through fiscal year 2016. During fiscal year 2016, the partner made payments totaling $3.7 million, which did not agree to the scheduled payment of $5.3 million, and a pre-payment for fiscal year 2017 of $3.3 million.

HCSD accounted for the agreement as an operating lease within its AFR; however, since Exhibit A, including the schedule of annual lease payments for the term of the lease, had not been agreed upon as of June 30, 2016, the related assets and transactions did not qualify for lease accounting and audit adjustments were made to correct the AFR.

Because HCSD is not a named party to the agreements outlined above, we requested that LSU, the named lessor on these agreements, provide the signed agreements and adequate support for the accounting treatment used within HCSD's AFR. LSU responded on September 30, 2016, confirming that the information provided by HCSD was everything available as of June 30, 2016.

Management of HCSD and LSU should ensure all agreements with the partners are complete and signed and executed prior to the effective date. In addition, management should ensure that all necessary information needed to evaluate the agreements for proper accounting is compiled and analyzed prior to inclusion within the AFR. HCSD management should work with the partner to ensure the state receives the agreed-upon payments. HCSD management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 1-2).

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. We consider the following deficiencies in the System's internal control to be significant deficiencies.

Weaknesses over State Assets in New Orleans Hospitals

For the second consecutive year, HCSD did not ensure assets purchased by the Division of Administration, Office of Facility Planning and Control (OFPC) for UMCNO were considered by the hospital's managing partner for tagging and entry into the state's asset management system. LSU, through HCSD, is responsible for monitoring the partner's performance over the property control obligations.

As of June 30, 2016, OFPC purchases totaling approximately $75 million had not been analyzed to determine if the related items were subject to Louisiana Property Assistance Agency (LPAA) requirements or properly reported in HCSD's financial statements. In addition, assets assigned to the Interim Louisiana Hospital totaling $1,153,106 were reported by the partner as unlocated. Failure to maintain accountability over state assets increases the risk that assets will be misappropriated or become unlocated, financial statements will be misstated, and results in noncompliance with state laws and regulations.

Based on our procedures, the following was noted:

- During fiscal year 2015, approximately $60 million of purchases were identified by OFPC as fixed equipment. As such, HCSD included the $60 million within the total cost of the new hospital building when accounting for the related capital lease in the AFR. The result of this accounting removed the building value from capital assets and recorded unearned revenues for the difference between the building value and the capital lease receivable.

However, on September 28, 2016, during a meeting with LSU administration, OFPC, and the hospital partner's property manager, HCSD discovered that the $60 million included purchases of fixed medical equipment which, per HCSD's accounting policies, should be reported as capital assets, tagged, and entered into the state's property management system. Subsequent to this meeting, the partner's property manager was provided with the supporting documentation necessary to analyze the purchases to determine if the items should be recorded as equipment, building additions, or expensed items. LSU has represented to us that this analysis will be completed no later than December 31, 2016.

As a result, HCSD's fiscal year 2016 capital asset balance is potentially understated by an amount up to $60 million, but cannot be reasonably estimated at this time due to limited available information. In addition, HCSD's reported unearned revenues are potentially understated by the portion of the $60 million that should not be included within the value of the building.

- At year-end, OFPC reported to HCSD that it made additional purchases totaling approximately $15 million during fiscal year 2016. HCSD recorded this $15 million within Construction in Progress in HCSD's AFR until such time as the purchases can be analyzed to determine accurate reporting. Once again, LSU has represented to us that this analysis will be completed no later than December 31, 2016. As a result, HCSD's fiscal year 2016 capital asset balance is potentially misstated by an amount up to $15 million, but cannot be reasonably estimated at this time due to limited available information. In addition, HCSD's reported unearned revenues are potentially overstated by the portion of the $15 million that should be included within the value of the building.

HCSD's prior year management letter included a finding noting that OFPC neglected to provide documentation detailing $15,137,952 of OFPC equipment purchases. During fiscal year 2016, the hospital partner was subsequently provided the necessary support and tagged and entered the qualifying assets into the state's asset management system as required.

Management should work with the hospital partner to ensure all OFPC purchases identified above are analyzed and qualifying assets are recorded appropriately in LPAA's system and HCSD's financial statements. Management should ensure monitoring controls are designed and operating to ensure the partner is tagging equipment and reporting monthly transactions to LPAA. Management should also continue to devote efforts to locate property previously reported as unlocated and ensure the state is reimbursed for any missing assets in the partner's possession. HCSD management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 3-4).

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*.

HCSD's Responses to Findings

HCSD's responses to the findings identified in this report are attached in Appendix A. HCSD's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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, 2016. In addition, other external auditors audited the LSU Foundation, the Tiger Athletic Foundation, the LSU Health Sciences Foundation in Shreveport, and the LSU Health Sciences Center Foundation, 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

REW:JPT:BH:EFS:ch

LSU 2016

APPENDIX A

Management's Corrective Action Plans and Responses to the Findings and Recommendations

LSU Health
ADMINISTRATION AND BUSINESS OFFICE

December 1, 2016

Daryl G. Purpera, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Weakness in Agreements for Use of State Assets

Dear Mr. Purpera:

The LSU Health System, Health Care Services Division (HCSD) concurs with the audit finding, Weaknesses in Agreements for Use of State Assets for the Fiscal Year Ended June 30, 2016.

Corrective Action Plan

Buildings and Parking Lots

LSU HCSD & LSU Management to work to ensure that signed agreements are complete, executed, and have adequate support for the appropriate accounting treatment prior to the financial statement presentation. LSU HCSD will correct the note disclosures in the financial statements.

University Medical Center New Orleans Equipment

LSU HCSD was notified by the Property Manager at University Medical Center Management Corporation (UMCMC) on November 30, 2016, all of the outstanding fixed medical equipment purchased by Office of Facility Planning and Control (FPC) has been tagged and entered in LPAA.

With that information, LSU, HCSD Finance, and UMCMC will:

1. Review the additions made by the UMCMC Property Manager in New Orleans.
2. Finalize the exhibits necessary for the Lease Agreement.

LSU HEALTH CARE SERVICES DIVISION • P.O. BOX 91308 • BATON ROUGE, LOUISIANA 70821-1308

PHONE: 225.354.7000 • WWW.LSUHOSPITALS.ORG

3. Execute the Equipment Lease.
4. And, based on the appropriate accounting treatment, properly present the Equipment Lease in the financial statements and note disclosures.

Interim LSU Public Hospital in New Orleans Equipment

LSU HCSD Finance will work with LSU and UMCMC to:

1. Obtain the documented changes made on the Interim LSU Public Hospital Equipment Lease payments.

2. Present updated exhibits for the Interim LSU Public Hospital Equipment for the financial statement and note disclosure presentations.

Person Responsible for Corrective Action Plan

Mark Robichaux, HCSD Comptroller, is the person responsible for the corrective action plan. If further information is needed, he may be contacted by phone at (225) 354-3771 or by e-mail at mrobic2@lsuhsc.edu.

Sincerely,

Lanette Buie

Lanette Buie
Deputy Chief Executive Officer

LSU Health
ADMINISTRATION AND BUSINESS OFFICE

December 1, 2016

Daryl G. Purpera, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Weakness over State Assets in New Orleans Hospitals

Dear Mr. Purpera:

The LSU Health System, Health Care Services Division (HCSD) concurs with the audit finding, Weaknesses over State Assets in New Orleans Hospitals for the Fiscal Year Ended June 30, 2016.

Corrective Action Plan

LSU HCSD will continue the corrective action plan that was put in place in FY_2016 in which the University Medical Center Management Corporation (UMCMC) Property Manager will analyze and tag the fixed medical equipment purchased by Office of Facility Planning and Control (FPC) in the Division of Administration.

As stated in the finding, the corrective action was immediately implemented to tag and report the equipment that should have been reported in LPAA. The supporting documentation for those purchases was provided to the UMCMC property manager on September 28, 2016.

LSU HCSD received notification from the UMCMC Property Manager on November 30, 2016 that updates to LPAA have been completed for the assets purchased by OFPC previously identified as fixed medical equipment. LSU HCSD Finance will review the additions made to LPAA and will confirm that all of the necessary updates have been completed in LPAA and will determine that proper fair market valuations were applied.

LSU HCSD Finance will continue to monitor the Property Control function for UMCMC on a monthly basis. UMCMC's Property manager has provided monthly status reports as stated in last year's response and will continue to search for any un-located assets during FY_2017 as an integral part of the FY_2017 LPAA inventory for UMCMC.

LSU HEALTH CARE SERVICES DIVISION • P.O. BOX 91308 • BATON ROUGE, LOUISIANA 70821-1308

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LSUHealth
ADMINISTRATION AND BUSINESS OFFICE

Person Responsible for Corrective Action Plan

Mark Robichaux, HCSD Comptroller, is the person responsible for the corrective action plan. If further information is needed, he may be contacted by phone at (225) 354-3771 or by e-mail at mrobic2@lsuhsc.edu.

Sincerely,

Lanette Buie

Lanette Buie
Deputy Chief Executive Officer