

STATE OF LOUISIANA
LSUHSC HEALTH CARE SERVICES DIVISION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In July of 1984, the GASB issued Statement 1, which provided that all statements and interpretations issued by the National Council on Governmental Accounting (NCGA) continue as generally accepted accounting principles until altered, amended, supplemented, revoked or superseded by subsequent GASB pronouncements.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. As a component unit of the State of Louisiana, LSUHSC HCSD is required to report its financial statements in accordance with GASB 34 and 35 as amended by GASB 37 and 38. Financial statement presentation required by GASB 34 and 35 provides a comprehensive, entity-wide perspective of the institution's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, and replaces the fund-group perspective previously required.

The GASB Code Section 2100 has defined the governmental reporting entity to be the State of Louisiana. Therefore, the accompanying financial statements of the university contain sub-account information of the various funds of the State of Louisiana. As such, the accompanying financial statements present information only as to the transactions of the programs of the university as authorized by Louisiana statutes and administrative regulations.

2. REPORTING ENTITY

LSUHSC HCSD is a publicly supported institution of higher education. Using the criteria established in GASB Statement 14, *The Financial Reporting Entity* as amended by GASB 39, the institution is reported as a discrete component unit of the State of Louisiana since it is legally separate from and is financially accountable to the State.

Annually, the State of Louisiana issues a comprehensive financial report, which includes the activity contained in the accompanying financial statements. The Louisiana Legislative Auditor audits the basic financial statements.

3. BASIS OF ACCOUNTING

For financial reporting purposes, the institution is considered a special-purpose government engaged only in business-type activities. Accordingly, the institution'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-agency transactions have been eliminated.

The institution has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The institution has elected not to apply FASB pronouncements issued after the applicable date.

The financial statements of the university have been prepared on the accrual basis of accounting.

4. CASH EQUIVALENT

The institution considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

5. INVESTMENTS

STATE OF LOUISIANA
LSUHSC HEALTH CARE SERVICES DIVISION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

The institution accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. 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 assets.

6. INVENTORIES

Inventories are valued at the lower of cost or market on the weighted average basis. The institution accounts for its inventories using the consumption method.

7. NONCURRENT CASH AND INVESTMENTS

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the Statement of Net Assets.

8. 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 institution's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was 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. Library collections regardless of age, with a total acquisition value of \$5,000,000 or more will be capitalized and depreciated.

Hospitals within the LSUHSC, Health Care Services Division (HCS D) are subject to federal cost reporting requirements and use capitalizations and depreciation policies of the Centers for Medicare and Medicaid Services (CMS) 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 ½ year of depreciation in the year of acquisition and final year of useful life.

9. DEFERRED REVENUES

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but are related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

10. 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 and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

11. NET ASSETS

The institution's net assets are classified as follows:

(a) INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

This represents the institution'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.

STATE OF LOUISIANA
LSUHSC HEALTH CARE SERVICES DIVISION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

(b) RESTRICTED NET ASSETS – EXPENDABLE

Restricted expendable net assets include resources that the institution is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(c) RESTRICTED NET ASSETS – NONEXPENDABLE

Restricted nonexpendable net assets consist 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 inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

(d) UNRESTRICTED NET ASSETS

Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the university, 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 university's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

12. CLASSIFICATION OF REVENUES

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

(a) OPERATING REVENUE - Operating activity include 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, and (3) most Federal, state, and local grants and contracts and Federal appropriations.

(b) NONOPERATING REVENUE – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions.

13. 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 assets. Scholarship discounts and allowances is the difference between the stated charge for goods and services provided by the institution, and the amount that is paid by students and/or third parties making payments on the student's behalf.

14. ELIMINATING INTERFUND ACTIVITY

Activities between LSUHSC HCSD and the institution's service units are eliminated for purposes of preparing the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Net Assets.

15. COMPONENT UNITS

Not Applicable

STATE OF LOUISIANA
 LSUHSC HEALTH CARE SERVICES DIVISION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

B. BUDGETARY PRACTICES

The annual budget for the General Fund of the university is established by annual Legislative action and by Title 39 of the Louisiana Revised Statutes. The submission of the budget for approval by the Board of Supervisors and the Legislative budget process is required. The other funds of the university, although subject to internal budgeting, are not required to be submitted for approval through the Legislative budget process.

State law provides that appropriations lapse at the end of the fiscal year with the exception noted in Note H, General Fund. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting with some exceptions. The following is a list of exceptions, but is not all inclusive, (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; and (4) certain capital leases are not recorded.

1. BUDGETARY COMPARISON

The following is an appropriation budgetary comparison for current year General Fund appropriation:

Original Budget – should equal Act 1 (the budget appropriated by the Legislature)

Final Budget – Act 1 plus or minus all of the BA 7s

Actual – Revenues and expenses that should tie to the revenues and expenses on the Statement of Revenues, Expenses and Changes in Net Assets. **(Note: The university or college may complete this note in the same manner as it did the past few years (base the budgetary note on the operating budget.)**

Adjustment to Budget Basis – Calculate the adjustments to move from an actual basis to a budget basis. For example, depreciation, payroll accrual, compensated absences, etc. should be treated as adjustments to budget basis. Also, nonappropriated revenues and expenses should be listed in this column and subtracted from actual revenues and expenses to arrive at "Actual" on "Budget Basis."

Actual on Budget Basis – "Actual" plus or minus "Adjustment to Budget Basis"

Variance Favorable (Unfavorable) – "Final" minus "Actual on Budget Basis"

	Budgeted		Actual	Adjustment to Budget Basis	Actual on Budget Basis	Variance Favorable (Unfavorable)
	Original	Final				
REVENUES:						
Appropriated by Legislature:						
State General Fund (Direct)	\$ 27,765,870	\$ 25,618,765	\$ 25,618,765	\$ 0	\$ 25,618,765	\$ 0
State General Fund by Self-Generated Revenues						
State General Fund by Interagency Transfers						
Interim Emergency Board						
Federal Funds						
Other (Include Stat. Dedications)						
Total Revenues	27,765,870	25,618,765	25,618,765	0	25,618,765	0
EXPENDITURES:						
Program Expenditures	27,765,870	25,618,765	25,618,765	0	25,618,765	0
Total Expenditures	27,765,870	25,618,765	25,618,765	0	25,618,765	0
UNEXPENDED APPROPRIATION						
-CURRENT YEAR	\$ - 0 -	\$ - 0 -	\$ 0	\$ 0	\$ 0	\$ 0

STATE OF LOUISIANA
 LSUHSC HEALTH CARE SERVICES DIVISION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Further, the university may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of savings and loan associations and savings banks; and share accounts and share certificate accounts of federally or state chartered credit unions.

As reflected on the Statement of Net Assets, the institution had deposits in bank accounts totaling \$39,673,945 at June 30, 2005. Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The 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 pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all deposits by the 3 categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2005, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits per Statement of Net Assets (SNA)	\$ 38,426,158	1,000,000	\$ 247,787	\$ 39,673,945
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized				-
b. Uninsured and collateralized with securities held by the pledging institution				-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entity's name</u>				-
Total Bank Balances of All Deposits Regardless of Custodial Credit Risk	\$ 56,359,381	\$ 1,000,000	\$ 247,787	\$ 57,607,168

Note: The "Total Bank Balances - All Deposits" will not necessarily equal the "Deposits per Statement of Net Assets (SNA)" due to outstanding items.

Cash in State Treasury and petty cash must not be reported in the note disclosure. However, to aid in reconciling amounts reported on the Statement of Net Assets to amounts reported in this note, list below any cash in treasury and petty cash that are included in the Statement of Net Assets.

Cash in State Treasury	\$ <u> \$0</u>
Petty cash	\$ <u> \$92,125</u>

STATE OF LOUISIANA
 LSUHSC HEALTH CARE SERVICES DIVISION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

The following is a breakdown by banking institution, program, *account number, and amount of the total bank balances shown above:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Regions Bank - Master Sweep Account</u>	Health Care Services Division	\$ 55,788,459
2. <u>Regions Bank - Depository Account</u>	Health Care Services Division	4
3. <u>Regions Bank - Accounts Payable</u>	Health Care Services Division	-
4. <u>Regions Bank - Payroll</u>	Health Care Services Division	-
5. <u>Bank One - Depository</u>	Dr. Walter O. Moss Medical Center	9,765
6. <u>Hancock - Depository</u>	Lallie Kemp Medical Center	19,696
7. <u>Hibernia National Bank - Depository</u>	Washington-St. Tammany Medical Center	12,793
8. <u>Bank One</u>	Medical Center of Louisiana at New Orleans Trust Funds	20,363
9. <u>Hibernia National Bank - Money Market</u>	Medical Center of Louisiana at New Orleans Trust Funds	247,787
10. <u>Bank One - Travel Imprest</u>	Health Care Services Division Administration	44,786
11. <u>Bank One - Travel Imprest</u>	Earl K. Long Medical Center	2,852
12. <u>Bank One - Travel Imprest</u>	Huey P. Long Medical Center	5,493
13. <u>Hancock Bank - Travel Imprest</u>	Lallie Kemp Medical Center	4,350
14. <u>Regions Bank - Travel Imprest</u>	Leonard J. Chabert Medical Center	2,467
15. <u>Bank One - Travel Imprest</u>	Medical Center of Louisiana at New Orleans	12,562
16. <u>Iberia Bank - Travel Imprest</u>	University Medical Center in Lafayette	2,932
17. <u>Bank One - Travel Imprest</u>	Dr. Walter O. Moss Medical Center	5,623
18. <u>Hibernia National Bank - Travel Imprest</u>	Washington-St. Tammany Medical Center	5,532
19. <u>Hibernia Nat. Bank - Resident Apartment Acct</u>	Leonard J. Chabert Medical Center	2,039
20. <u>Hibernia National Bank</u>	Medical Center of Louisiana at New Orleans Trust Funds	419,665
21. <u>Liberty Bank and Trust</u>	Medical Center of Louisiana at New Orleans Trust Funds 90 Day CD	1,000,000
Total		\$ 57,607,168

2. Investments

The LSUHSC HCSD does maintain investment accounts as authorized by LRS 49:319-325.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are held by either the counterparty or the counterparty's trust department or agent but not in the entity's name. Using the table below, list each type of investment disclosing the carrying amount, market value, and applicable category of risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the 3 categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount

STATE OF LOUISIANA
 LSUHSC HEALTH CARE SERVICES DIVISION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

and fair value columns must be reported for total investments regardless of exposure to custodial credit risk.

<u>Type of Investment</u>	<u>*Unregistered, and Held by Counterparty</u>	<u>Trust Dept. or Agent not in Entity's Name</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government securities	_____	_____	_____	_____
U.S. Agency Obligations	_____	_____	11,542,814	_____
Common & preferred stock	_____	_____	293,959	_____
Commercial paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
Mutual Funds	_____	_____	_____	_____
GNMAs	_____	_____	_____	_____
Investments held by Foundation	_____	_____	_____	_____
Trustee Project Accounts	_____	_____	_____	_____
LPFA	_____	_____	_____	_____
Interest Receivable	_____	_____	_____	_____
LSU-E Housing Foundation	_____	_____	_____	_____
CD- 180 Days - Campus Federal	_____	_____	_____	_____
New Orleans Regional Physician Hospital Organization	_____	_____	_____	_____
MCLNO Trust Fund Realty Investments	_____	_____	3,456,932	_____
Accrued Interest	_____	_____	_____	_____
Mortgage Back Securities-Fed Home Ln Mtg Corp	_____	_____	861,317	_____
Total investments	\$ -	\$ -	\$ 16,155,022	\$ -

*unregistered – not registered in the name of the government or entity

3. Derivatives

The institution does/does not (circle one) invests in **derivatives** as part of its investment policy. Accordingly, the exposure to risks from these investments is as follows:

credit risk _____
 market risk _____
 legal risk _____

4. Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

STATE OF LOUISIANA
 LSUHSC HEALTH CARE SERVICES DIVISION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

<u>Rating</u>	<u>Fair Value</u>
Aaa	\$ 11,542,814
Unrated	4,612,208
Total	\$ 16,155,022

B. Interest rate Risk

Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type.

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
U.S. Agency obligations	11,542,814	1,003,535	4,520,310	5,099,319	919,651
U.S. Treasury obligations					
Mortgage backed securities	861,317				861,317
Collateralized mortgage obligations					
Corporate bonds					
Other bonds					
Common and Preferred Stock	293,959	293,959			
Realty Investments	3,456,932	3,456,932			
Mutual funds					
Other (90-Day CD)					
Total debt investments	\$ 16,155,022	\$ 4,754,426	\$ 4,520,310	\$ 5,099,319	\$ 1,780,968

List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.):

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
	\$	
Total	\$ -	

STATE OF LOUISIANA
 LSUHSC HEALTH CARE SERVICES DIVISION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

C. Concentration of Credit Risk

List, by issuer and amount, investments in any one issuer that represents 5% or more of total investments (not including U.S. government securities, mutual funds, and external investment pools).

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
Beasley Building-Real Estate	\$ 2,961,525	18.3
_____	_____	_____
_____	_____	_____
Total	\$ 2,961,525	

D. Foreign Currency Risk **Not Applicable**

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total	\$ -	\$ -

5. Policies

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

No policies exist concerning the custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risks for the Charity Hospital Trust Funds.

6. Other Disclosures Required for Investments **Not Applicable**

- a. Investments in pools managed by other governments or mutual funds _____
- b. Securities underlying reverse repurchase agreements _____
- c. Unrealized investment losses _____
- d. Commitments as of June 30, 20____, to resell securities under yield maintenance repurchase agreements:

STATE OF LOUISIANA
LSUHSC HEALTH CARE SERVICES DIVISION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

1. Carrying amount and market value at June 30 of securities to be resold _____
 2. Description of the terms of the agreement _____
- e. Losses during the year due to default by counterparties to deposit or investment transactions _____
- f. Amounts recovered from prior-period losses that are not shown separately on the SNA _____.

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements _____
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____.

Reverse Repurchase Agreements as of the SNA Date

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at the SNA date, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____
- j. Commitments on June 30, 2005, to repurchase securities under yield maintenance agreements _____
- k. Market value on June 30, 2005, of the securities to be repurchased _____
- l. Description of the terms of the agreements to repurchase _____
- m. Losses recognized during the year due to default by counter parties to reverse repurchase agreements _____
- n. Amounts recovered from prior-period losses that are not separately shown on the operating statement _____

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____
- p. Basis for determining which investments, if any, are reported at amortized cost _____
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the

STATE OF LOUISIANA
 LSUHSC HEALTH CARE SERVICES DIVISION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

pool shares _____

s. Any involuntary participation in an external investment pool _____

t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate _____

u. Any income from investments associated with one fund that is assigned to another fund _____

D. ACCOUNTS RECEIVABLE

Accounts receivable are shown on the Statement of Net Assets net of an allowance for doubtful accounts as follows:

<u>List Types</u>	<u>Accounts Receivable</u>	<u>Doubtful Accounts</u>	<u>Net Accounts Receivable</u>	<u>Amts. not scheduled for collection within a year</u>
Student tuition and fees	\$ _____	\$ _____	\$ -	\$ _____
Auxiliary enterprises	_____	_____	-	_____
Contributions and gifts	_____	_____	-	_____
Federal, state, and private grants and contracts	_____	_____	-	_____
Federal appropriations	_____	_____	-	_____
Clinics	_____	_____	-	_____
Sales & Services / Other	3,129,652	_____	3,129,652	_____
Hospitals	679,041,638	612,555,603	66,486,034	_____
Other Adjustments	(205,379,841)	(205,379,841)	_____	_____
Total	\$ 476,791,449	\$ 407,175,762	\$ 69,615,686	\$ -

Accounts receivable and doubtful accounts include \$126,875,120 for fiscal year 2004 and \$78,504,721 for fiscal year 2005 uncompensated care cost (disproportionate share) on the "Hospitals" line that was earned by HCSD in during fiscal years 2004 & 2005. Because of the federal cap and Medicaid State Plan ceiling, it has been determined that this amount is uncollectible and therefore an allowance for doubtful accounts should be established for the full amount included in Accounts Receivable and Doubtful Accounts. These amounts are eliminated on the "Other Adjustment" line.

E. CAPITAL ASSETS

Capital assets and assets under capital lease activity for the year ended June 30, 2005 were as follows:

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

	Balance 6/30/2004	Prior Period Adjustment	Restated Balance 6/30/2004	Additions	*Transfers	Retirements	Balance 6/30/2005
Capital assets not being depreciated							
Land	\$ 24,458,239	\$ -	\$ 24,458,239	\$ -	\$ -	\$ -	\$ 24,458,239
Capitalized collections	-	-	\$ -	-	-	-	\$ -
Livestock	-	-	\$ -	-	-	-	\$ -
Construction in progress	34,941,059	(18,399,234)	\$ 16,541,825	4,143,220	(11,969,255)	-	\$ 8,715,790
Total capital assets not being depreciated	\$ 59,399,298	\$ (18,399,234)	\$ 41,000,064	\$ 4,143,220	\$ (11,969,255)	\$ -	\$ 33,174,029
Other capital assets							
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Land improvements	5,426,561	2,093,693	7,520,254	29,320	-	-	7,549,574
Less accumulated depreciation	(1,995,547)	(1,838,957)	(3,834,505)	(61,726)	-	-	(3,896,231)
Total land improvements	3,431,013	254,735	3,685,748	(32,406)	-	-	3,653,342
Buildings	115,995,370	7,978,080	123,973,450	116,900	7,798,103	(13,408)	131,875,045
Less accumulated depreciation	(92,973,124)	(6,517,741)	(99,490,865)	(2,314,038)	(280,014)	7,039	(102,077,878)
Total buildings	23,022,246	1,460,339	24,482,585	(2,197,138)	7,518,089	(6,369)	29,797,167
Equipment	264,087,284	(53,600,977)	210,486,307	25,454,029	-	(16,778,525)	219,161,811
Less accumulated depreciation	(215,628,403)	47,084,055	(168,544,348)	(14,403,731)	-	16,602,882	(166,345,197)
Total equipment	48,458,881	(6,516,922)	41,941,959	11,050,298	-	(175,643)	52,816,614
Library books	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-
Total library books	-	-	-	-	-	-	-
Total other capital assets	\$ 74,912,141	\$ (4,801,847)	\$ 70,110,294	\$ 8,820,754	\$ 7,518,089	\$ (182,012)	\$ 86,267,125
Capital Asset Summary:							
Capital assets not being depreciated	\$ 59,399,298	\$ (18,399,234)	\$ 41,000,064	\$ 4,143,220	\$ (11,969,255)	\$ -	\$ 33,174,029
Other capital assets, at cost	385,509,215	(43,529,204)	\$ 341,980,011	25,600,249	7,798,103	(16,791,933)	358,586,430
Total cost of capital assets	444,908,513	(61,928,438)	382,980,075	29,743,469	(4,171,152)	(16,791,933)	391,760,459
Less accumulated depreciation	(310,597,075)	38,727,357	(271,869,717)	(16,779,495)	(280,014)	16,609,921	(272,319,305)
Capital assets, net	\$ 134,311,438	\$ (23,201,081)	\$ 111,110,358	\$ 12,963,974	\$ (4,451,166)	\$ (182,012)	\$ 119,441,154

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets.

STATE OF LOUISIANA
LSUHSC Health Care Services Division
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

F. COLLECTIONS (WORKS OF ART and HISTORICAL TREASURES) **Not Applicable**

G. DUE FROM PRIVATE FOUNDATIONS **Not Applicable**

H. GENERAL FUND

At June 30, 2005, the General Fund had an unexpended appropriation of **\$0** due to the State Treasury.

I. LONG-TERM LIABILITIES (Current and Noncurrent Portion)

The following is a summary of bond reimbursement contracts and other long-term debt transactions of the university for the year ended June 30, 2005:

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

University	Year ended June 30, 2005				
	Balance June 30, 2004	Additions	Reductions	Balance at June 30, 2005	Amounts due within one year
Bonds & notes payable & capital leases:					
Bonds payable	\$ 32,530,000	\$ -	\$ 4,180,000	\$ 28,350,000	\$ 4,300,000
Notes payable	22,832,443	15,197,860	10,129,629	27,900,674	8,407,358
Capital lease obligations	-	-	-	-	-
Total bonds, notes and capital leases	55,362,443	15,197,860	14,309,629	56,250,674	12,707,358
Other liabilities:					
Amounts held in custody for others	156,959	104	1,195	155,868	155,868
Compensated absences payable	33,849,300	8,950,041	8,925,116	33,874,225	2,842,785
Contracts payable	-	-	-	-	-
Total other liabilities	34,006,259	8,950,145	8,926,311	34,030,093	2,998,653
Total long-term liabilities	\$ 89,368,702	\$ 24,148,005	\$ 23,235,940	\$ 90,280,767	\$ 15,706,011
Component Units					
Bonds & notes payable & capital leases:					
Bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -
Notes payable	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Total bonds, notes and capital leases	-	-	-	-	-
Other liabilities:					
Amounts held in custody for others	-	-	-	-	-
Compensated absences payable	-	-	-	-	-
Contracts payable	-	-	-	-	-
Total other liabilities	-	-	-	-	-
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Combined Total					
Bonds & notes payable & capital leases:					
Bonds payable	\$ 32,530,000	\$ -	\$ 4,180,000	\$ 28,350,000	\$ 4,300,000
Notes payable	22,832,443	15,197,860	10,129,629	27,900,674	8,241,519
Capital lease obligations	-	-	-	-	-
Total bonds, notes and capital leases	55,362,443	15,197,860	14,309,629	56,250,674	12,541,519
Other liabilities:					
Amounts held in custody for others	156,959	104	1,195	155,868	155,868
Compensated absences payable	33,849,300	8,950,041	8,925,116	33,874,225	2,842,785
Contracts payable	-	-	-	-	-
Total other liabilities	34,006,259	8,950,145	8,926,311	34,030,093	2,998,653
Total long-term liabilities	\$ 89,368,702	\$ 24,148,005	\$ 23,235,940	\$ 90,280,767	\$ 15,540,172

A detailed summary, by issues, of all debt outstanding at June 30, 2005, including outstanding interest of \$6,596,606 is shown on Schedule 1. Schedule 2 is an amortization schedule of the outstanding debt. (Send a copy of the amortization schedule for any new debt issued.)

NOTE: Obligations that were reported as Capital Leases at June 30, 2004 were subsequently determined to be Notes Payable rather than Capital Leases.

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

J. SHORT-TERM DEBT **Not Applicable**

Short-term debt activity for the year ended June 30, 2005, was as follows:

<u>List the type of short term debt:</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____

The _____ (college or university) uses a revolving line of credit to finance _____ prior to the issuance of related bonds. Short-term debt activity for the year ended June 30, 20__, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Line of credit	\$ _____	\$ _____	\$ _____	\$ _____

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave, but are granted faculty leave during holiday periods when students are not in classes. Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave (K-time) earned.

Upon separation or termination of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement. (Specify other uses of uncompensated leave, e.g., upon retirement any sick or annual leave not compensated for is used as credited service in either Louisiana Teachers' Retirement System or Louisiana State Employees' Retirement System.)

Upon termination or transfer an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on employees' hourly rate of pay at termination or transfer.

The liability for unused annual leave, sick leave, and compensatory leave at June 30, 2005, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.104 – C60.105, is estimated to be \$28,998,418, \$625,545, and \$4,250,263 respectively. The leave payable is recorded in the accompanying financial statement.

The LSUHSC HCSD liability for compensated absences (annual, sick, and compensatory leave) at June 30, 2005 is as follows:

Current liability – estimated to be paid within one year	\$ 2,842,785
Long-term liability	31,031,441

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

Total liability for compensated absences \$33,874,225

L. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES **Not Applicable**

M. CONTINGENT LIABILITIES

Losses arising from judgments, claims, and similar contingencies such as guarantor of mortgage loans on sorority and fraternity houses are considered state liabilities and paid upon appropriation by the Legislature and not the university. The university was involved in two lawsuits at June 30, 2005, in which the plaintiffs are seeking claims totaling \$70,000. In the opinion of the legal counsel of the university the probable outcome of each case is listed as follows:

Date of Action	Probable Outcome (Remote, reasonably possible, or probable)	Primary Attorney	Damages Claimed	Insurance Coverage
01/01/01	Remote	Phillip Kennedy	\$ 20,000	None
11/01/02	Remote	Phillip Kennedy	50,000	None
Totals			\$ 70,000	-

1. LSUHSC HCSD's legal advisor estimates that potential claims not covered by insurance would affect the financial statement in the amount of \$70,000.

2. Claims and litigation costs of \$53,274 were incurred by the university in the current year and are reflected in the accompanying financial statement.

N. RELATED PARTY TRANSACTIONS

LSUHSC HCSD had no related party transactions for the year ended June 30, 2005, as defined by FASB 57.

O. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS **Not Applicable**

P. LEASES

Lease agreements, if any, 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

Total operating lease expenditures for fiscal year 2004-05 amounted to \$ 4,944,791. (Operating leases are all leases, which do not meet the criteria of a capital lease.) The annual rental payments for the next five years are presented as follows:

Nature of lease	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011 FY2015	FY2016 FY2020
a. Office space	\$ 1,677,379	1,643,868	134,095	105,259	59,844	0	\$
b. Equipment	1,791,369	1,791,779	1,194,519	0	0	0	
c. Land	0		0	0	0	0	
d. Other	1,186,231	864,696	861,996	849,896	639,876	2,559,504	
Total minimum future rentals	\$ 4,654,978	\$ 4,300,343	\$ 2,190,610	\$ 955,155	\$ 699,720	\$ 2,559,504	\$ -

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

Rental revenue/expense for operating leases with scheduled rent increases is based on the relevant lease agreement except in those cases where a temporary rent reduction is used as an inducement to enter a lease. In those instances, rental revenue/expense is determined on either a straight-line or interest basis over the term of the lease and not in accordance with lease terms as required by GASB 13.

Capital Leases **Not Applicable**

NOTE: Obligations that were reported as Capital Leases at June 30, 2004 were subsequently determined to be Notes Payable rather than Capital Leases.

The university records (does not record) items under capital leases as an asset and an obligation in the accompanying financial statements.

Capital leases are defined as an arrangement in which any one of the following conditions apply (1) ownership transfers at the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life, or (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

Report all capital leases [including LA Equipment Acquisition Fund (LEAF) leases] in effect as of 6/30/05 in the schedule below.

<u>UNIVERSITY CAPITAL LEASES</u>					
<u>Nature of lease</u>	<u>Date of lease</u>	University gross amount of leased assets (historical cost)	Last payment date	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	_____	\$ _____	_____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____	_____
c. Land	_____	_____	_____	_____	_____
Total assets under cap. lease		\$ _____ -		\$ _____ -	\$ _____ -

<u>COMPONENT UNIT CAPITAL LEASES</u>					
<u>Nature of lease</u>	<u>Date of lease</u>	Comp Unit amount of leased assets (historical cost)	Last payment date	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	_____	\$ _____	_____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____	_____
c. Land	_____	_____	_____	_____	_____
Total assets under cap. lease		\$ _____ -		\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2005:

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Year ending June 30:</u>		
	<u>Universities:</u>	<u>Component Units:</u>	<u>Total:</u>
2006	\$ _____	\$ _____	\$ _____
2007	_____	_____	_____
2008	_____	_____	_____
2009	_____	_____	_____
2010	_____	_____	_____
2011-2015	_____	_____	_____
2016-2020	_____	_____	_____
2021-2025	_____	_____	_____
Total minimum lease payments	-	-	-
Less: amounts representing executory costs	_____	_____	_____
Net minimum lease payments	-	-	-
Less: amounts representing interest	_____	_____	_____
Present value - net minimum lease payments	-	-	-

Lessor Direct Financing Leases **Not Applicable**

A lease is classified as a direct financing 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 the unreimbursable costs yet to be incurred by the lessor under the lease.

The following lists the components of the net investment in direct financing leases as of June 30, 2005:

<u>University</u> <u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office Space	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		(_____)	(_____)	(_____)
Minimum lease payment receivable		-	-	-
Less allowance for doubtful accounts		(_____)	(_____)	(_____)
Net minimum lease payments receivable		-	-	-
Estimated residual values of leased property		_____	_____	_____
		-	-	-
Less unearned income		(_____)	(_____)	(_____)
Net investment in direct financing leases		\$ _____	\$ _____	\$ _____

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

<u>Component Unit(s)</u> <u>Composition of lease</u>	<u>Date of lease</u>	Minimum lease payment <u>receivable</u>	Remaining interest to <u>end of lease</u>	Remaining principal to <u>end of lease</u>
a. Office Space	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		(_____)	(_____)	(_____)
Minimum lease payment receivable		-	-	-
Less allowance for doubtful accounts		(_____)	(_____)	(_____)
Net minimum lease payments receivable		-	-	-
Estimated residual values of leased property		_____	_____	_____
		-	-	-
Less unearned income		(_____)	(_____)	(_____)
Net investment in direct financing leases		<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

Minimum lease payments do not include contingent rentals, which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2005 were \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

The following is a schedule by years of minimum lease receivable for the remaining fiscal years of the lease as of June 30, 2005: (Note: If lease receivables extend past FY2025, please create additional rows and report these future minimum lease payments in five year increments.)

Year ending _____:	<u>Future minimum lease receivables:</u>		
	<u>University</u>	<u>Component Unit(s)</u>	<u>Total</u>
2006	\$ _____	\$ _____	\$ _____
2007	_____	_____	_____
2008	_____	_____	_____
2009	_____	_____	_____
2010	_____	_____	_____
2011-2014	_____	_____	_____
2016-2020	_____	_____	_____
2021-2025	_____	_____	_____
Total	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

Lessor - Operating Lease **Not Applicable**

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for leasing organized by major class of property and the amount of accumulated depreciation (optional for Governmental Funds) as of June 30, 2005.

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule of minimum future rentals on noncancellable operating lease(s) as of June 30, 2005:
 (Note: If lease receivables extend past FY2020, please create additional columns and report these future minimum lease payments in five year increments.)

<u>Nature of lease</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY20010</u>	<u>FY2011 FY2015</u>	<u>FY2016 FY2020</u>
a. Office space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____	_____	_____	_____
c. Land	_____	_____	_____	_____	_____	_____	_____
d. Other	_____	_____	_____	_____	_____	_____	_____
Total minimum future rentals	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

Contingent rentals received from operating leases for the fiscal year were \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

If the interest rate is variable, list the terms by which the interest rate changes: _____

Q. NET ASSETS

The institution had the following restricted expendable net assets as of June 30, 2005:

<u>Account title</u>	<u>Amount</u>
Student Fees	\$ _____
Grants & Contracts	_____
Gifts	_____
Endowment Earnings	10,307,316
Auxiliary Enterprises	_____
Student Loan Funds	_____
Capital Construction	_____
Debt Service	_____
Other (Sponsored Projects)	123,238
_____	_____
Total	\$ 10,430,554

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

The institution had the following restricted nonexpendable net asset as of June 30, 2005:

<u>Account title</u>	<u>Amount</u>
Endowment Fund	7,475,270
Total	\$ 7,475,270

\$29,835,402 restricted net assets at June 30, 2004 moved to unrestricted net assets in State Fiscal year 2005 as these assets are now internally restricted rather than externally restricted.

R. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE

LSUHSC HCSD provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the university's employees become eligible for those benefits if they reach normal retirement age while working for the university. Those benefits for retirees and similar benefits for active employees are provided through a state operated group insurance company and various insurance companies whose monthly premiums are paid jointly by the employee and by the university. The University's cost of providing retiree health care and life insurance benefits is recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2005, the costs of retiree benefits for 1829 retirees totaled \$8,053,811.

The dependents of a retiree should be counted as a single unit if the retiree is deceased and should not be counted if the retiree is alive. The cost of retirees' benefits is net of participants' contributions.

S. ACCOUNTING CHANGES **Not Applicable**

T. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2005.

	Beginning net assets, July 1, 2004, <u>previously reported</u>	Adjustments <u>+ or (-)</u>	Beginning net assets, July 1, 2004, <u>as restated</u>
System	\$ (28,151,153)	\$ (23,235,644)	\$ (51,386,797)
Component Unit(s)			-
Total	\$ (28,151,153)	\$ (23,235,644)	\$ (51,386,797)

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

Explanation: (List below)

Correction of Property Plant and Equipment, Net, based on physical inventories in an effort to align financial reporting of assets and cost reporting, as well as to reconcile to Louisiana Property Assistance Agency inventory records.	(23,201,082)
Unclaimed Property Remitted to State Treasury was not recorded as expense	<u>(34,562)</u>
Total	<u>(23,235,644)</u>

U. PLEDGES OF GIFTS **Not Applicable**

Pledges of gifts including uncollected subscriptions, subscription notes, and estate notes not reported in the financial statement amount to \$_____.

<u>Pledges</u>	<u>Gross Amount</u>	<u>Time Period of Collection</u>	<u>Restrictions</u>
_____	\$ _____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(Pledges of gifts reported in the financial statement should be accounted for at their estimated net realizable value, except as to asset classification for which pledges would be reported as a receivable, and credited to unrestricted revenues, deferred income, current restricted funds, plant funds, etc. as appropriate. Estimated net realizable value represents the present value of long-term pledges reduced for any allowance for uncollectible pledges.)

V. SEGMENT INFORMATION **Not Applicable**

_____ (college or university) issues revenue bonds to finance certain of its auxiliary enterprises. The revenues generated by the auxiliary enterprise are used to pay the interest and principal of these revenue bonds. Descriptive information for each of the institution's segments is shown below:

(Types of goods or services provided by the segment are as follows: _____

Condensed financial information for each of the institution's segments follows:

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

CONDENSED STATEMENT OF NET ASSETS

	<u>Segment #1</u>	<u>Segment #2</u>
Assets		
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Total Assets	_____ - _____	_____ - _____
Liabilities		
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Total Liabilities	_____ - _____	_____ - _____
Net Assets		
Invested in capital assets, net of related debt	_____	_____
Restricted net assets - expendable	_____	_____
Restricted net assets - nonexpendable	_____	_____
Unrestricted net assets	_____	_____
Total Net Assets	\$ _____ - _____	\$ _____ - _____

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS:

	<u>Segment #1</u>	<u>Segment #2</u>
Operating Revenue	\$ _____	\$ _____
Operating Expenses	_____	_____
Depreciation Expense	_____	_____
Net Operating Income	_____ - _____	_____ - _____
Nonoperating Revenues (Expenses):		
Investment Income	_____	_____
Gifts of Equipment	_____	_____
Gift Income	_____	_____
Interest Expense	_____	_____
Other (net)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Changes in Net Assets	_____ - _____	_____ - _____
Net Assets - Beginning of the Year	_____	_____
Net Assets - End of the Year	\$ _____ - _____	\$ _____ - _____

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

CONDENSED STATEMENT OF CASH FLOWS

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash flows provided (used) by:		
Operating activities	\$ _____	\$ _____
Noncapital financing	_____	_____
Capital and related financing	_____	_____
Investing activities	_____	_____
Net increase (decrease) in cash	_____ -	_____ -
Cash - Beginning of the year	_____	_____
Cash - End of the year	\$ _____ -	\$ _____ -

W. PER DIEM PAID BOARD MEMBERS **Not Applicable**

Per Diem payments are presented on Schedule 3. The per diem payments are authorized by Louisiana Revised Statute 17.5 and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

X. PENSION PLANS

Substantially all of the employees of the university are members of the following State or Teachers Retirement System(s):

<u>Name of retirement system or plan</u>	<u>(A, B, or C see below)</u>	<u>salaries that employees contribute</u>	<u>University's employer contributions to the plan for the year ended June 30, 2005</u>
LASERS	C	7.50%	\$ 43,242,879
Federal	C	7%	\$ _____
TRSL	C	8%	\$ 1,538,429
TRSL 40 yr	C	0.00%	_____
MPP	C	8.00%	_____
Deferred Comp	C	7.50%	118,784

Identification of retirement plans:

- A) single-employer defined benefit plan
- B) agent multiple-employer defined benefit plan
- C) cost-sharing multiple-employer defined benefit plan

Each System is a statewide public employee retirement system and is available to all eligible employees. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The Systems publish yearly annual financial reports that include detailed historical, financial, and actuarial information.

LRS 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education which is a defined contribution plan that provides for full and immediate vesting of all contributions remitted on behalf of the participants. Participants contribute 8.00% and the university contributes 15.5% of the covered payroll. Benefits payable to participants are not obligations of the State of Louisiana or the State or Teachers Retirement Systems; but are the liability and responsibility solely of the designated company or companies to whom contributions have been made. Employer and employee contributions to the optional retirement plan totaled \$1,189,096 and \$613,727 respectively, for the year ended June 30, 2005.

Y. ADVANCE REFUNDING OF BONDS **Not Applicable**

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

(Provide a descriptive narrative disclosing the following information)

Issuance date _____
 Amount of issue \$ _____
 Bond Type(s) _____
 Purpose of issue _____
 Refunding Stipulations _____
 (If there is an escrow account, describe in detail)
 Refunding Results _____
 (Include description of debt reduction and economic gain, if any)
 Amount of debt defeased in substance still outstanding at fiscal year end _____

DESCRIPTIVE NARRATIVE

In _____ (month, year), the _____ (entity name) issued \$ _____ of taxable (nontaxable) _____ Bonds – Series _____ and \$ _____ of _____ Bonds – Series _____. The purpose of the issues was to provide monies to advance refund portions of Series _____, _____, and _____ bonds. In order to refund the bonds, portions of the proceeds of the new issue (\$ _____), plus an additional \$ _____ million of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _____ between the _____ and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, (redemption premium), and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ _____ and gave the _____ an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ _____. Of the debt considered defeased in substance, \$ _____ is outstanding as of June 30, 2005.

Z. COOPERATIVE ENDEAVORS

LSUHSC HCSD had no cooperative endeavors that created a liability for the State of Louisiana in FY 2005.

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of “COP” on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of “COP”. Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of “COP” include contracts that fall under delegated authority, Facility Planning and Control “CEA” contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding for fiscal year ending June 30, 2005, by funding source, is as follows:

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

<u>Funding Source</u>	<u>Balance June 30, 2005</u>
State General Fund	\$ _____
Self-generated revenue	_____
Statutorily dedicated revenue	_____
General obligation bonds	_____
Federal funds	_____
Interagency transfers	_____
Other funds/combination	_____

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2005. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2004. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

AA. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) **Not Applicable**

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2004-2005:

<u>CFDA Number</u>	<u>Program name</u>	<u>State Match Percentage</u>	<u>Total Amount of Grant</u>
_____	_____	_____ %	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total government-mandated nonexchange transactions (grants)			\$ _____

BB. DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the LSUHSCSD to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowed funds. Any net appreciation that is spent is required to be spent for the purpose for which the endowment was established.

At June 30, 2005, net appreciation of \$ 1,000,000 is available to be spent, of which \$1,000,000 is restricted to specific purposes (net appreciation during the fiscal year).

STATE OF LOUISIANA
 LSUHSC Health Care Services Division
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2005

All endowment earnings (net appreciation) may be spent for the specific purpose that each endowment was established upon the authorization of the Chief Executive Officer of the Medical center of Louisiana at New Orleans.

CC. REVENUE USED AS SECURITY FOR REVENUE BONDS **Not Applicable**

<u>Auxiliary enterprises</u>	<u>Revenue used as security for bonds (FY 2005)</u>	<u>Type of bonds</u>	<u>Year(s) bonds issued</u>
Residential life	\$ _____	_____	_____
Student union services, including bookstore	_____	_____	_____
Health, physical education, and recreation	_____	_____	_____
Athletics	_____	_____	_____

DD. DISAGGREGATION OF PAYABLE BALANCES

<u>Activity</u>	<u>Vendors</u>	<u>Benefits</u>	<u>Interest</u>	<u>Payables</u>	<u>Payables</u>
Hospital Expense	\$ 47,211,949	\$ 13,157,145	\$ _____	\$ 190,149,164	\$ 250,518,258
_____	_____	_____	_____	_____	-
_____	_____	_____	_____	_____	-
Total payables	\$ 47,211,949	\$ 13,157,145	\$ -	\$ 190,149,164	\$ 250,518,258
Cost Report/UCC in above			\$ _____	189,617,191	

EE. SUBSEQUENT EVENTS

No events of a material nature have occurred subsequent to the SNA date that would require adjustment to, or disclosure in, the accompanying financial statement, except as noted below:

On August 29, 2005, and then again on September, 23, 2005, Hurricanes Katrina and Rita significantly damaged the State of Louisiana and thereby a significant and material portion of the facilities of the LSU Hospital System, (Health Care Services Division). Hurricane Katrina caused substantial damage and interruption of services at Leonard J. Chabert, Washington St. Tammany, and Lallie Kemp Medical Center. The storm caused catastrophic damage to the Medical Center of Louisiana (MCLNO) facilities in New Orleans, (Avery Alexander Campus (Charity) and University Campus). The MCLNO facilities were subsequently evacuated and remain closed and environmentally dangerous as of this date. Preliminary estimates indicate that both MCLNO campuses are damaged beyond repair and the physical plants may be a total loss. Salvageable movable property and equipment still remains to be determined.

Preliminary damage estimates as reported to the LSU Board of Supervisors indicate that the MCLNO Avery Alexander Campus sustained more than \$257 million dollars in damage and another \$117 million dollars at the University Campus. No total damage or loss estimates have been placed on the movable property and equipment at this time or the other structures and facilities which were a part of the MCLNO operation.

STATE OF LOUISIANA
LSUHSC Health Care Services Division
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

Preliminary damage estimates for Bogalusa Medical Center, (BMC), in repair costs have been estimated at about \$175,000. In mitigation costs BMC's estimate is in the range of \$500,000. There are outstanding issues with air quality and building assessments going on presently in the BMC acute campus for which an estimate is currently pending. Preliminary damage estimates for Lallie Kemp appear to be less than \$100,000.

Other LSU Hospital System facilities incurred damages from Hurricane Katrina where estimates are still being determined.

Hurricane Rita extensively damaged W.O. Moss Regional Medical Center in Lake Charles, Louisiana, which was closed for a short period of time. Damage estimates are undeterminable at this time.

Due to the aforementioned catastrophic natural disasters, significant and material financial hardships are being experienced in the current fiscal year, (2005-2006) and should therefore be reported as a material subsequent event for financial reporting purposes for the year ended June 30, 2005.

While the expectation is that the Federal Emergency Management Agency, (FEMA) and that the State of Louisiana, Office of Risk Management (ORM) will provide significant grant monies and insurance coverage to cover a significant amount of the damage sustained and reconstitution expenses as well as business interruption coverage, no reasonable estimate of the total losses sustained nor the extent of the recovery effort or the amounts estimated to be recovered from all sources to mitigate the losses is available at this time.

STATE OF LOUISIANA
LSUHSC Health Care Services Division
 SCHEDULE OF NOTES PAYABLE
 June 30, 2005

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2004	(Redeemed) Issued	Principal Outstanding 37,802	Interest Rates	Interest Outstanding June 30, 2005
Digital Ultrasound	12/20/02	404,437	289,977	-79,423	210,554	3.1010%	9,213
Hemodialysis Machines	04/15/04	142,757	143,264	-143,264	0	2.7800%	0
Alaris Pumps	04/15/04	121,311	121,742	-44,600	77,142	2.7800%	1,890
Laboratory Information System	05/19/03	576,892	459,113	-112,048	347,065	3.0601%	16,161
Critical Care Beds	05/19/03	62,561	49,789	-12,151	37,638	3.0601%	1,753
CT System	04/15/04	616,547	618,737	-206,518	412,219	2.7800%	11,557
Energy Management	10/18/03	1,310,566	1,226,354	-52,602	1,173,752	5.3393%	550,336
IV Pumps	09/27/02	369,331	246,828	-73,078	173,750	3.3870%	6,950
Radiographic Table	03/24/03	116,620	89,044	-22,758	66,286	3.0562%	2,909
Vista C-Arm	03/24/03	144,620	110,423	-28,222	82,201	3.0562%	3,607
Millennium MG Integra	03/24/03	333,972	255,000	-65,172	189,828	3.0562%	8,330
Steris Surgical Lights	03/24/03	97,248	74,253	-18,977	55,276	3.0562%	2,425
Radiography & fluoroscopic machine	05/19/03	105,950	84,319	-20,578	63,741	3.0601%	2,968
Mammography System	04/15/04	72,726	72,984	-24,360	48,624	2.7800%	1,363
IV Pumps	12/17/99	1,272,390	142,478	-142,478	0	5.1600%	
Digital Mammos	01/15/03	647,411	464,187	-127,138	337,049	3.3428%	14,749
Senograph Mammography System	03/24/03	175,221	133,788	-34,193	99,595	3.0562%	4,370
Cardiac Cath Suite	03/24/03	972,988	742,913	-189,871	553,042	3.0562%	24,269
Electrocardiograph and cardiology Me	05/19/03	384,209	305,769	-74,624	231,145	3.0601%	10,763
Nursery Incubators	05/19/03	43,056	34,266	-8,363	25,903	3.0601%	1,206
Stretcher Cribs	05/19/03	20,276	16,136	-3,938	12,198	3.0601%	568
Pediatric Cribs	05/19/03	22,018	17,523	-4,277	13,247	3.0601%	617
Maternal Fetal Mionitors	05/19/03	149,633	119,084	-29,063	90,021	3.0601%	4,192
Anesthesia Equipment	05/19/03	114,716	91,295	-22,281	69,014	3.0601%	3,213
Spacelabs Etc.	06/17/03	2,530,104	2,048,142	-493,490	1,554,652	2.4372%	59,105
Mobile Radiographic Units	04/15/04	172,383	172,995	-172,995	0	2.7800%	0
Ultrasound	04/15/04	126,247	126,695	-46,415	80,280	2.7800%	1,967
Radiology Equip (PACS, MRI, etc.)	06/15/04	10,152,556	10,152,556	-3,298,356	6,854,201	2.5500%	183,546
Neuro ICU Spacelab Monitors	04/08/04	719,861	697,452	-697,452	0	2.8000%	0
CADD-Prizm PCS 2 Pump	02/13/04	101,050	94,811	-19,126	75,686	3.2500%	4,701
Scrub Stations	02/13/04	158,887	149,078	-30,072	119,005	3.2500%	7,393
Cardio Lab System	02/13/04	184,810	173,400	-34,979	138,422	3.2500%	8,599
Alaris Pumps	05/30/01	257,604	105,328	-53,875	51,453	4.2900%	1,110
Radiographic System Kodak	09/27/02	385,782	257,822	-76,333	181,489	3.3870%	7,259
Surgical Table	03/24/03	30,088	22,973	-5,871	17,102	3.0562%	750
Telemetry System for UMC	03/24/03	138,566	105,800	-27,040	78,760	3.0562%	3,456
Energy Management	10/01/00	1,509,029	1,286,417	-59,799	1,226,618	6.5023%	681,635
X-Ray Equipment	04/15/04	77,321	77,596	-77,596	0	2.7800%	0
Cat Scan & etc	06/15/04	943,282	943,282	-943,282	0	2.5500%	0
IT INFRASTRUCTURE	09/27/02	709,761	474,341	-140,438	333,903	3.3870%	13,355
IT INFRASTRUCTURE	01/15/03	48,100	34,487	-9,446	25,042	3.3428%	1,096
Cliq	07/06/04	156,049	0	110,223	110,223	3.7700%	4,558
Copiers	08/09/04	99,955	0	84,607	84,607	3.8700%	7,141
Endoscopy Sys, Olympus	03/17/05	116,022	0	106,857	106,857	3.8600%	5,943
Ventilators	07/06/04	88,401	0	73,506	73,506	4.0600%	6,385
Spacelabs	10/15/04	876,457	0	768,109	768,109	3.4400%	59,770
Endoscopic Equip	03/04/05	191,507	0	182,740	182,740	3.6600%	16,623
Anesthesia Machines	03/16/05	157,060	0	149,917	149,917	3.9300%	14,673
Ultrasound, Philips	03/16/05	183,637	0	175,285	175,285	3.9300%	17,155
XSMARTCR, Fuji	04/08/05	87,165	0	84,545	84,545	4.2100%	9,041
GE PRODIGY ADVANCE PLUS BON	03/17/05	82,000	0	78,271	78,271	3.9300%	7,661
GE LOGIQ 9 ULTRASOUND	03/17/05	183,450	0	175,107	175,107	3.9300%	17,138
Ultrasound, GE VIVID	03/03/05	126,280	0	120,499	120,499	3.6600%	10,961
Spacelabs	01/28/05	157,825	0	136,893	136,893	3.5400%	6,557
Spacelabs	06/28/05	732,858	0	732,858	732,858	3.8400%	44,194
ONCOLOGY EQUIPMENT	06/30/05	2,502,985	0	2,502,985	2,502,985	3.6600%	239,807
Phillips CT	07/05/05	1,545,912	0	1,545,912	1,545,912	2.4372%	148,111
Anesthesia Machines	08/11/05	1,258,086	0	1,258,086	1,258,086	4.1300%	81,708
Philips Neuro Angiography System	08/11/05	1,706,890	0	1,706,890	1,706,890	4.1000%	183,832
100206 Allura XPER FD20	08/11/05	1,857,621	0	1,857,621	1,857,621	4.1300%	201,579
OLYMPUS System	7/11/05	347,447	0	347,447	347,447	3.9300%	34,225
Philips Medical Select V5000DSCV	06/27/05	596,416	0	596,416	596,416	3.7700%	58,910
Total		39,576,906	22,832,443	5,068,231	27,900,674		2,833,356

*Note: Principal outstanding at 6/30/05 should tie to Notes Payable on the Statement of Net Assets.

**Send copies of new amortization schedules

STATE OF LOUISIANA
LSUHSC Health Care Services Division

SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2005

Fiscal Year Ending:	Principal	Interest
2006	\$ 4,300,000	\$ 1,077,500
2007	4,445,000	924,100
2008	4,615,000	742,900
2009	4,790,000	554,800
2010	4,990,000	346,725
2011	5,210,000	117,225
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
Total	\$ <u>28,350,000</u>	\$ <u>3,763,250</u>

List the terms by which interest rate changes for variable-rate debt: _____

STATE OF LOUISIANA

(Component Unit)

SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2005
Not Applicable

Fiscal Year Ending:	Principal	Interest
2006	\$ _____	\$ _____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
Total	\$ _____ -	\$ _____ -

List the terms by which interest rate changes for variable-rate debt: _____

Note: Include a separate amortization schedule for each bond issuance for the new component units included in the university's financial statements.

STATE OF LOUISIANA

(College or University)

SCHEDULE OF NOTES PAYABLE AMORTIZATION

For The Year Ended June 30, 2005

Fiscal Year <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ <u>8,241,519</u>	\$ <u>835,736</u>
2007	<u>8,602,749</u>	<u>607,909</u>
2008	<u>4,437,036</u>	<u>384,414</u>
2009	<u>2,478,373</u>	<u>255,069</u>
2010	<u>2,213,245</u>	<u>161,728</u>
2011-2015	<u>970,012</u>	<u>429,936</u>
2016-2020	<u>957,739</u>	<u>158,563</u>
2021-2025	<u> </u>	<u> </u>
2026-2030	<u> </u>	<u> </u>
2031-2035	<u> </u>	<u> </u>
Total	\$ <u><u>27,900,673</u></u>	\$ <u><u>2,833,355</u></u>

List the terms by which interest rate changes for variable-rate debt: _____

STATE OF LOUISIANA

(Component Unit)

SCHEDULE OF NOTES PAYABLE AMORTIZATION

For The Year Ended June 30, 2005

Not Applicable

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ _____	\$ _____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011-2015	_____	_____
2016-2020	_____	_____
2021-2025	_____	_____
2026-2030	_____	_____
2031-2035	_____	_____
Total	\$ _____ -	\$ _____ -

List the terms by which interest rate changes for variable-rate debt: _____

SCHEDULE 2-B (Component Unit)

STATE OF LOUISIANA

(College or University)

SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2005
Not Applicable

Fiscal Year	Beginning				
<u>Ending:</u>	<u>Balance</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	Balance
2006	\$ _____	\$ _____	\$ _____	\$ _____	\$ -
2007	_____	_____	_____	_____	-
2008	_____	_____	_____	_____	-
2009	_____	_____	_____	_____	-
2010	_____	_____	_____	_____	-
2011-2015	_____	_____	_____	_____	-
2016-2020	_____	_____	_____	_____	-
2021-2025	_____	_____	_____	_____	-
2026-2030	_____	_____	_____	_____	-
2031-2035	_____	_____	_____	_____	-
Total	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>

NOTE: Obligations that were reported as Capital Leases at June 30, 2004 were subsequently determined to be Notes Payable rather than Capital Leases.

List the terms by which interest rate changes for variable-rate debt: _____

STATE OF LOUISIANA

(Component Unit)

SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2005

Not Applicable

Fiscal Year Ending:	Beginning Balance	Payment	Interest	Principal	Balance
2006	\$ _____	\$ _____	\$ _____	\$ _____	\$ -
2007	_____	_____	_____	_____	-
2008	_____	_____	_____	_____	-
2009	_____	_____	_____	_____	-
2010	_____	_____	_____	_____	-
2011-2015	_____	_____	_____	_____	-
2016-2020	_____	_____	_____	_____	-
2021-2025	_____	_____	_____	_____	-
2026-2030	_____	_____	_____	_____	-
2031-2035	_____	_____	_____	_____	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -

List the terms by which interest rate changes for variable-rate debt: _____

STATE OF LOUISIANA

(College or University)

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For The Year Ended June 30, 2005

Not Applicable

Fiscal Year Ending:	Principal	Interest
2006	\$ _____	\$ _____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
Total	\$ _____ -	\$ _____ -

List the terms by which interest rate changes for variable-rate debt: _____

STATE OF LOUISIANA

(Component Unit)

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For The Year Ended June 30, 2005

Not Applicable

Fiscal Year Ending:	Principal	Interest
2006	\$ _____	\$ _____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
Total	\$ _____ -	\$ _____ -

List the terms by which interest rate changes for variable-rate debt: _____

Note: Include a separate amortization schedule for each bond issuance for the new component units included in the university's financial statements.

STATE OF LOUISIANA

(College or University)

SCHEDULE OF PER DIEM PAID
For The Year Ended June 30, 2005

Not Applicable

Name	Amount
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
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_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ <u> </u>

Prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

STATE OF LOUISIANA

Louisiana State University

SCHEDULE OF EXPENSES BY UNIVERSITY
For The Year Ended June 30, 2005

Include expenses by each individual university in your system or expenses by agency number. Do not include the expenses of the foundations. The expenses should tie to the expenses shown in the Statement of Activities less the foundation expenses.

Name of individual university and agency #:	Total Expenses
1) <u>LSUHSC HCSD</u>	\$ <u>861,409,634</u>
2) _____	_____
3) _____	_____
4) _____	_____
5) _____	_____
6) _____	_____
7) _____	_____
8) _____	_____
9) _____	_____
10) _____	_____
University System Total	\$ <u><u>861,409,634</u></u>

Appendix

Information for Note C “Deposits with Financial Institutions and Investments” (GASB Statement 3 Amended by GASB Statement 40)

I. Purpose:

Note C provides the required disclosures about the governmental entities’ deposits with financial institutions and investments. The disclosures required for deposits and investments as of the fiscal year ended date provides information about the credit risk and market risk of the deposits and investments and are designed to provide users of the financial statements information about the potential for losses associated with the deposits and investments. GASB Statement 40 has modified or eliminated portions of GASB Statement 3 including:

- modified the custodial credit risk disclosures of Statement 3 for deposits and investments to limit the required disclosure to only those exposed to custodial credit risk (similar to GASB 3’s category 3).
- established or modified disclosure requirements related to concentrations of credit risk of investments, credit risk of debt investments, and interest rate risks of debt investments (including sensitivity to changes in interest rates), and
- established disclosure requirements for foreign currency risks for both deposits and investments.

Although GASB Statement 40 eliminated some of the disclosures required for custodial credit risk (the 3 categories for example), the total reported amounts of all deposits and investments must still be reported.

II. Comparison of amounts disclosed per requirements in Note C to amounts shown on the Statement of Net Assets (SNA):

- Generally, the amounts of cash and investments on the SNA will not be classified exactly the way they would be classified in Note C.
- “Deposits with Financial Institutions” and “Investments” in Note C may be reported on the SNA using titles or line items that are different than those in Note C, or they may be combinations of titles or line items. For instance, “Deposits” in Note C may come from several line items on the SNA such as “Cash in Bank” and “CD’s”, or even “Investments” (See section III below that gives further guidance on what should be considered “Deposits” in note C).
- Line items on the SNA may include amounts that would be deposits in Note C, and may also include amounts that would be investments in Note C. Also, cash and cash equivalents line items on the SNA may include amounts that are not deposited in bank accounts of the entity and therefore would not be reported in Note C as deposits, but as separate line items such as petty cash, cash on hand, and treasury cash. These amounts must be reported separately from the deposits in Note C.
- Each line item on the SNA that involves cash or investments, including any restricted cash and/or investments, needs to be analyzed to determine what is included in the item and how it should be disclosed in Note C.

III. “Deposits with Financial Institutions” section of Note C:

- Generally, this section of the Note C disclosure refers to the various examples of “Deposits with Financial Institutions” (See “A” below for examples). The term “cash and cash equivalents” is used in reference to GASB Statement 9 that affects presentation for the SNA and statement of cash flows, not the note disclosures required by GASB Statement 3 and 40. “Deposits with Financial Institutions” include deposit accounts in banks, savings and loan associations, and credit unions. They can be demand, savings, or time accounts, including negotiable order of withdrawal (NOW) accounts and non-negotiable CD’s. As stated previously, deposits for Note C may be a combination of SNA line items or titles.
- Do not include treasury cash, petty cash not in a bank account, or cash on hand in Note C as part of the deposits in bank accounts. As mentioned previously, these amounts would be reported separately.

A. Examples and/or definitions:

Nonnegotiable Certificates of Deposit – Nonnegotiable CDs are time deposits that are placed by depositors directly with financial institutions and generally are subject to a penalty if redeemed before maturity. These are treated as deposits for GASB 3 Note C disclosures. (Negotiable CDs are securities that are normally sold in \$1 million units that are traded in a secondary market. These are treated as investments for Note C disclosures.)

Appendix

Money Market Accounts – financial institution “money market” accounts are simply deposits that pay interest at a rate set to make the accounts competitive with money market mutual funds. They should be treated like any other deposit account for Note C disclosures.

Bank Investment Contracts (BICs) – A BIC is a general obligation instrument issued by a bank, typically to a pension plan, that provides for a guaranteed return on principal over a specified period. Since these are issued by a bank, they are treated as deposits for Note C disclosures.

B. Other definitions as applied to deposits:

Insured (Insurance) – deposits are insured by federal deposit insurance (FDIC), state deposit insurance, multiple financial institution collateral pools that insure public deposits, and even commercial insurance (if scope of coverage would be substantially the same as FDIC).

Collateral – Security pledged by a financial institution to a government entity for its deposits.

IV. “Investments” section of Note C:

- Types of investments for listing investments by type definitions/examples:
 1. Repurchase Agreements – An agreement in which a governmental entity (buyer- lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
 2. U.S. Government Obligations – examples include treasury bills, treasury notes and treasury strips; obligations of certain U.S. Government Agencies such as FNMA, FHLB, or SLMA.
 3. Common & Preferred Stock – a security that represents an ownership interest in an entity.
 4. Commercial Paper (mortgages, notes, etc.) – An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. Almost all commercial paper is rated as to credit risk by rating services.
 5. Corporate Bonds
 6. Other (identify) – It is not appropriate to present material amounts of investments as “Other”, unless the note disclosure describes the composition of the “Other” category. The following are examples of other investments:
 - a. Closed-end Mutual Fund – The investment company sells shares of its stock to investors and it invests on the shareholders’ behalf in a diversified portfolio of securities. A closed-end mutual fund has a constant number of shares, the value depends on the market supply and demand for the shares rather than directly on the value of the portfolio, the fund does issue certificates, and the securities are traded on a stock exchange.
 - b. Open-end Mutual Funds – The investment company sells shares of its stock to investors and it invests on the shareholders’ behalf in a diversified portfolio of securities. In contrast to a closed-end mutual fund, the open-end mutual fund creates new shares to meet investor demand, the value depends directly on the value of the portfolio, and the fund does not issue certificates but sends out periodic statements showing account activity. These investments are not evidenced by securities that exist in physical or book entry form.
 - c. Reverse Repurchase Agreements - An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
 - d. Investments in pools managed by another government - Generally, these investments would not be exposed to custodial credit risk because the investments themselves are not evidenced by securities that exist in physical or book entry form.
 - e. Private placements, such as venture capital and limited partnerships
 - f. Investments in real estate, annuity contracts, and direct investments in mortgages

V. Risk Disclosures for Deposits and Investments:

Deposits and investments are subject to several types of risks, mainly credit risk, market risk, interest rate risk, and foreign currency risk.

Credit risk - defined as the risk that a counterparty to an investment transaction will not fulfill its obligations and can be associated with the issuer of securities, with a financial institution holding deposits, or with a party holding investment or collateral securities.

Concentration of credit risk – defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer.

Appendix

Market risk – defined as the risk that the market value of investment securities, collateral securities protecting a deposit, or securities of a repurchase agreement will decline.

Interest rate risk – defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

Foreign currency risk – defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

A. Custodial Credit Risk Disclosures for Deposits:

Following GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who holds the collateral and how the collateral is held.

Collateral – Securities pledged by the financial institution for the purpose of securing the governmental entity's deposits.

Collateralized – When the entity's deposits are secured with securities pledged by the financial institution holding the deposits.

Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name.

Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name.

Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all deposits by the 3 categories of risk listed above. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

B. Custodial Credit Risk Disclosures for Investments:

Following GASB Statement 3, investments (listed by type) were either classified into three categories (depending on whether they are insured or registered and who holds the securities and how they are held), or listed as non-classified investments.

Category 1 – Investments that are insured (SIPC) or registered in the entity's name, or securities held by the entity or agent in the entity's name.

Category 2 – Investments that are not insured or registered and the securities are held by the counterparty's trust department or agent in the entity's name.

Category 3 – Investments that are not insured or registered and the securities are held by the counterparty or its trust department or agent not in the entity's name.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the 3 categories of risk listed above. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. However, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

C. Additional Risk Disclosures for Required by GASB Statement 40:

Credit Risk - Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

Appendix

Interest Rate Risk - Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years of those investments. In addition, list the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.):

Concentration of Credit Risk - List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments.

Foreign Currency Risk - Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List these by currency denomination and investment type, if applicable.

Deposits and Investments Policies Relating to Risk - Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, that fact should be stated.

VI. Securities as Applied to Credit Risk of Deposits and Investments:

Securities defined – a transferable financial instrument that evidences ownership or creditorship. Securities can be in either paper or book-entry form.

1. Examples of securities that are often held by or pledged to (as collateral) governmental entities include:

- a. treasury bills, treasury notes, treasury bonds
- b. federal agency obligations
- c. corporate debt instruments (including commercial paper)
- d. corporate equity instruments
- e. negotiable CD's (keyword here is negotiable)
- f. bankers' acceptances
- g. shares of closed-end mutual funds (keyword here is closed-end)
- h. shares of unit investment trusts

2. Instruments or investments that are not securities include:

- a. investments made directly with another party (such as limited partnerships)
- b. real estate
- c. direct investments in mortgages and other loans
- d. investments in open-ended mutual funds (keyword here is open-ended)
- e. pools managed by other governments
- f. annuity contracts