

LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM

A COMPONENT UNIT OF THE
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2020
ISSUED DECEMBER 23, 2020

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 15, 2020

Independent Auditor's Report

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Louisiana Community and Technical College System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; or the LCTCS Facilities Corporation, which are nonprofit corporations included as blended component units in the basic financial statements representing approximately 52.30% of total assets, 39.82% of total liabilities, 7.36% of total revenues, and 7.30% of total expenses of the System. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; and the LCTCS Facilities Corporation, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the System as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in note 6 to the financial statements, the net pension liability for the System was \$382,161,460 at June 30, 2020, as determined by the Louisiana State Employees' Retirement System (LASERS) and Teachers' Retirement System of Louisiana (TRSL). The related actuarial valuations were performed by LASERS's and TRSL's actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2020, could be under or overstated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 15, the Schedule of the System's Proportionate Share of the Net Pension Liability on page 71, the Schedule of the System's Contributions on page 71, and the Schedule of the System's Proportionate Share of the Total

Collective OPEB Liability on page 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended June 30, 2020, was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplementary information combining financial schedules on pages 75 through 86 for the year ended June 30, 2020, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2020, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the supplementary information combining financial schedules for the fiscal year ended June 30, 2020, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the System as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated December 23, 2019, which contained an unmodified opinion on the respective financial statements of the business-type activities. The combining financial schedules on pages 87 through 98 for the year ended June 30, 2019, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 financial statements. The combining financial schedules for the year ended June 30, 2019, have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining schedules for the fiscal year ended June 30, 2019, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2019.

Internal Transfer of College Operations

Effective July 1, 2018, and for the fiscal year ended June 30, 2019, the campuses of the South Central Louisiana Technical College (SCLTC) realigned with L.E. Fletcher Technical Community College, River Parishes Community College, and South Louisiana Community College (SLCC). For the fiscal year ended June 30, 2020, SCLTC had no remaining net pension liability for TRSL; however, the remaining deferrals for the change in proportionate share were accelerated and offset against recorded expenses (\$9,400,836) entirely within SLCC, rather than being allocated between all applicable colleges.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Respectfully submitted,



Daryl G Purpera, CPA, CFE
Legislative Auditor

KDN:CLL:BQD:EFS:aa

LCTCS 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Louisiana Community and Technical College System's (System) financial performance presents a narrative overview and analysis of the System's financial activities for the year ended June 30, 2020. This document focuses on the current-year's activities, resulting changes, and currently-known facts in comparison with the prior-year's information. Please read this document in conjunction with the System's financial statements. The System is comprised of the following entities:

- Board Office
- Baton Rouge Community College
- Bossier Parish Community College
- Central Louisiana Technical Community College
- Delgado Community College
- Elaine P. Nunez Community College
- LCTCS Online
- L.E. Fletcher Technical Community College
- Louisiana Delta Community College
- Northshore Technical Community College
- Northwest Louisiana Technical Community College
- River Parishes Community College
- South Louisiana Community College
- SOWELA Technical Community College

- Facilities Corporations
 - BRCC Facilities Corporation
 - Campus Facilities, Inc.
 - Delta Campus Facilities Corporation
 - LCTCS Facilities Corporation
 - South Louisiana Facilities Corporation

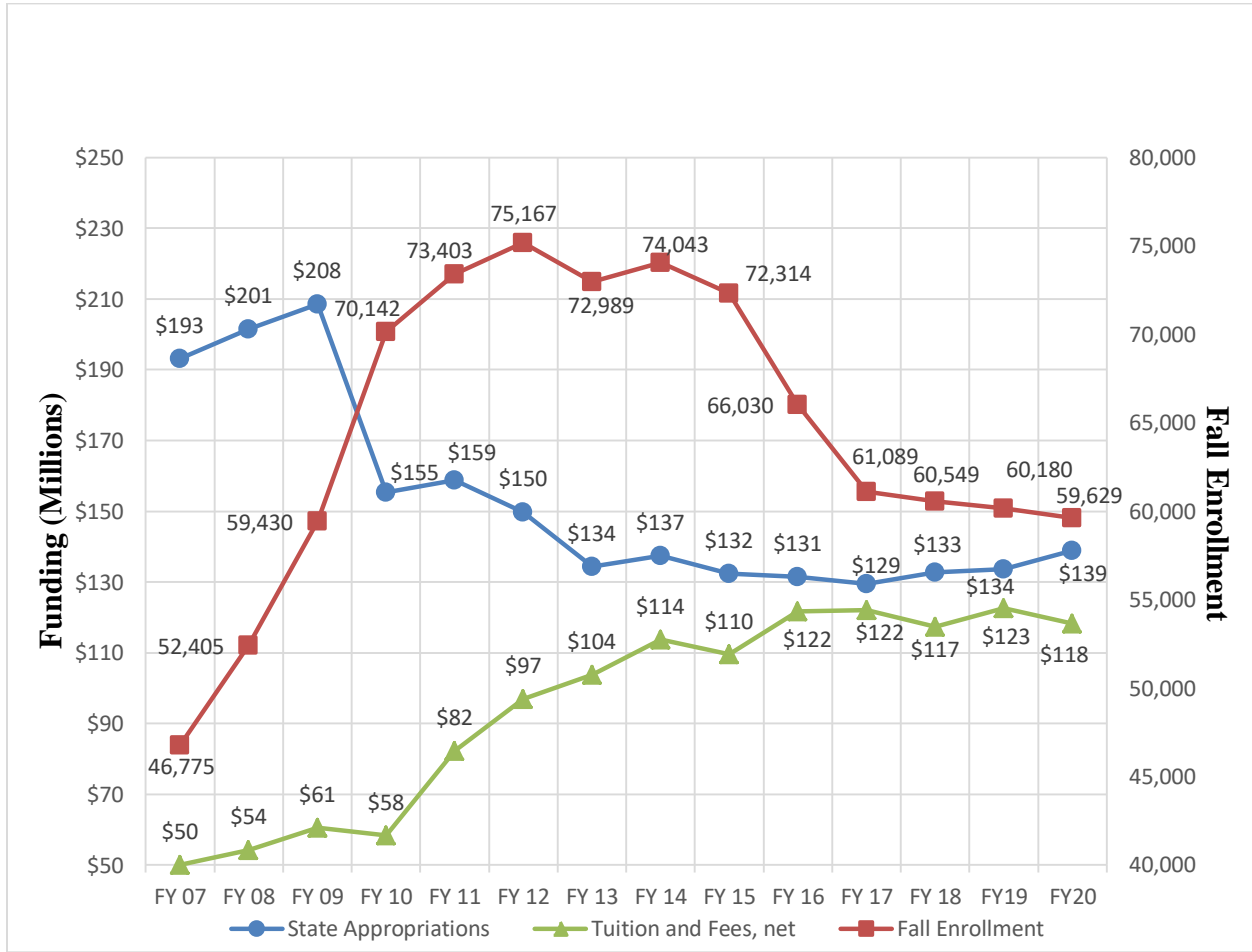
FINANCIAL HIGHLIGHTS

The System's net position overall increased from negative \$157.9 million (restated) to negative \$102.8 million from July 1, 2019, to June 30, 2020. The overall reasons for this change included:

- A \$16.3 million increase in accounts receivable due to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Funds
- A \$20.6 million increase in capital assets primarily due to continuing Act 360 construction projects.
- An \$18.1 million decrease in restricted cash due to continuing Act 360 construction projects.
- A \$0.9 million decrease in long-term liabilities due primarily to:
 - A \$21.7 million increase in net pension liability.
 - A \$22.9 million decrease in Other Postemployment Benefits (OPEB) liability
- A \$6.4 million decrease in deferred inflows related to pensions and OPEB.
- A \$20.3 million increase in deferred outflows related to pensions and OPEB.

The chart on the following page shows the change in the System's level of state funding in relation to the net tuition and fees and student enrollment for fiscal year (FY) 2007 through FY 2020.

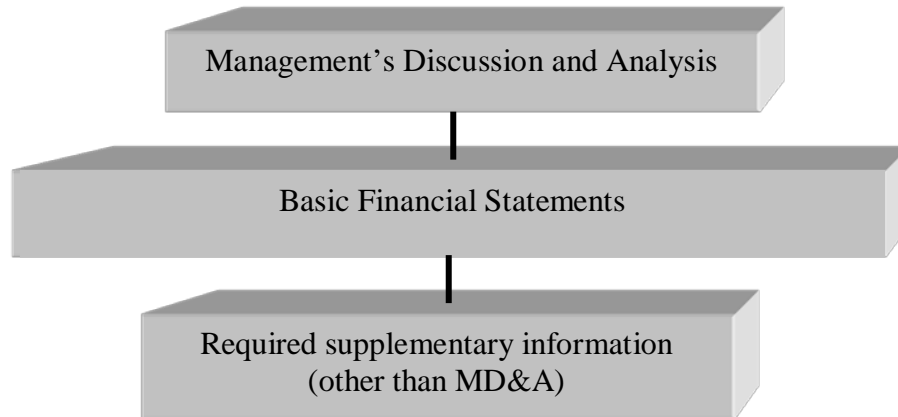
Comparison of LCTCS Funding and Fall Student Enrollment FY07 through FY20



Source: LCTCS Fiscal Year 2020 Annual Financial Report, as adjusted

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for special-purpose governments engaged in business-type activities established by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.



These financial statements consist of three sections – Management's Discussion and Analysis (this section), the basic financial statements (including the Notes to the Financial Statements), and Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the System as a whole in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position (pages 16-17) presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities plus deferred inflows is net position and may provide a useful indicator of whether the financial position of the System is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (pages 18-19) presents information showing how the System's net position changed as a result of current-year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 20-21) presents information showing how the System's cash changed as a result of current-year operations. The Statement of Cash Flows is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB Statement No. 34.

The financial statements provide both long-term and short-term information about the System's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The System's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned; expenses are recognized in the period in which they are incurred; and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets, liabilities, and deferred inflows/outflows associated with the operation of the System are included in the Statement of Net Position.

FINANCIAL ANALYSIS

Table A-1
Louisiana Community and Technical College System
Comparative Statement of Net Position
(in thousands of dollars)
For the Fiscal Years Ended June 30, 2020, and 2019

	2020	2019 (restated)	Variance	Percentage Change
Assets:				
Current and other assets	\$370,379	\$362,483	\$7,896	2.2%
Capital assets	709,497	688,873	20,624	3.0%
Total assets	<u>1,079,876</u>	<u>1,051,356</u>	<u>28,520</u>	2.7%
Total deferred outflow of resources	<u>151,550</u>	<u>131,203</u>	<u>20,347</u>	15.5%
Total assets and deferred outflow of resources	<u><u>1,231,426</u></u>	<u><u>1,182,559</u></u>	<u><u>48,867</u></u>	4.1%
Liabilities:				
Current liabilities	83,508	84,204	(696)	(0.8%)
Long-term liabilities	<u>1,131,353</u>	<u>1,130,456</u>	<u>897</u>	0.1%
Total liabilities	<u>1,214,861</u>	<u>1,214,660</u>	<u>201</u>	0.0%
Total deferred inflow of resources	<u>119,362</u>	<u>125,752</u>	<u>(6,390)</u>	(5.1%)
Total liabilities and deferred inflow of resources	<u><u>1,334,223</u></u>	<u><u>1,340,412</u></u>	<u><u>(6,189)</u></u>	(0.5%)
Net Position:				
Net investment in capital assets	260,377	263,940	(3,563)	(1.3%)
Restricted	206,072	184,713	21,359	11.6%
Unrestricted	<u>(569,246)</u>	<u>(606,506)</u>	<u>37,260</u>	6.1%
Total net position	<u><u>(\$102,797)</u></u>	<u><u>(\$157,853)</u></u>	<u><u>\$55,056</u></u>	34.9%

This schedule is prepared from the System's Statement of Net Position as shown on pages 16-17, which is presented on an accrual basis of accounting.

The System's net position overall increased from a negative \$157.9 million (restated) to negative \$102.8 million, or 34.9%, from July 1, 2019, to June 30, 2020.

Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. Restricted net position represents those assets that are only available for spending on certain activities as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net position is those that do not have any limitations on how the amounts may be spent.

Table A-2
Louisiana Community and Technical College System
Comparative Statement of Revenues,
Expenses, and Changes in Net Position
(in thousands of dollars)
For the Fiscal Years Ended June 30, 2020, and 2019

	2020	2019 (restated)	Variance	Percentage Change
Operating revenues:				
Student tuition and fees, net	\$118,252	\$122,562	(\$4,310)	(3.5%)
Grants and contracts	72,955	72,206	749	1.0%
Sales and services of education departments	125	92	33	35.9%
Auxiliary	1,516	2,147	(631)	(29.4%)
Other	612	1,050	(438)	(41.7%)
Total operating revenues	<u>193,460</u>	<u>198,057</u>	<u>(4,597)</u>	<u>(2.3%)</u>
Nonoperating revenues:				
State appropriations	138,863	133,623	5,240	3.9%
Gifts	962	1,504	(542)	(36.0%)
Investment income	5,173	3,277	1,896	57.9%
Federal nonoperating revenues	185,316	139,553	45,763	32.8%
Other nonoperating revenues	0	2,062	(2,062)	(100.0%)
Total nonoperating revenues	<u>330,314</u>	<u>280,019</u>	<u>50,295</u>	<u>18.0%</u>
Total revenues	<u>523,774</u>	<u>478,076</u>	<u>45,698</u>	<u>9.6%</u>
Operating expenses:				
Education and general:				
Instruction	161,011	154,022	6,989	4.5%
Public service	7,114	5,141	1,973	38.4%
Academic support	45,697	51,012	(5,315)	(10.4%)
Student services	34,573	33,298	1,275	3.8%
Institutional support	88,523	81,820	6,703	8.2%
Operations and maintenance of plant	44,293	41,042	3,251	7.9%
Depreciation	30,639	29,701	938	3.2%
Scholarships and fellowships	81,225	61,424	19,801	32.2%
Auxiliary enterprises	1,431	1,855	(424)	(22.9%)
Other operating expenses	0	321	(321)	(100.0%)
Total operating expenses	<u>494,506</u>	<u>459,636</u>	<u>34,870</u>	<u>7.6%</u>
Nonoperating expenses:				
Interest expense	14,442	11,977	2,465	20.6%
Other nonoperating expenses, net	5,944	0	5,944	100.0%
Total nonoperating expenses	<u>20,386</u>	<u>11,977</u>	<u>8,409</u>	<u>70.2%</u>
Total expenses	<u>514,892</u>	<u>471,613</u>	<u>43,279</u>	<u>9.2%</u>
Income/(Loss) before other revenues	<u>8,882</u>	<u>6,463</u>	<u>2,419</u>	<u>37.4%</u>
Capital appropriations	42,738	39,764	2,974	7.5%
Capital grants and gifts	2,576	6,980	(4,404)	(63.1%)
Other deductions, net	0	(4)	4	(100.0%)
Additions to permanent endowment	860	973	(113)	(11.6%)
Other revenues	<u>46,174</u>	<u>47,713</u>	<u>(1,539)</u>	<u>(3.2%)</u>
Change in net position	<u>55,056</u>	<u>54,176</u>	<u>880</u>	<u>1.6%</u>
Net position at beginning of year, restated	<u>(157,853)</u>	<u>(212,029)</u>	<u>54,176</u>	<u>25.6%</u>
Net position at end of year	<u>(\$102,797)</u>	<u>(\$157,853)</u>	<u>\$55,056</u>	<u>34.9%</u>

CAPITAL ASSET AND DEBT ADMINISTRATION**Capital Assets**

As of June 30, 2020, the System had invested approximately \$709.5 million in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$20.6 million, or 3.0%, from the previous fiscal year primarily due to continuing Act 360 construction projects. More detailed information about the System's capital assets is presented in note 5 to the financial statements.

Table A-3
Louisiana Community and Technical College System
Capital Assets, Net of Depreciation
(in thousands of dollars)
As of June 30, 2020, and 2019

	2020	2019 (restated)	Variance	Percentage Change
Land and improvements	\$61,292	\$61,582	(\$290)	(0.5%)
Construction-in-progress	19,471	27,582	(8,111)	(29.4%)
Buildings	586,436	561,243	25,193	4.5%
Equipment	37,758	32,279	5,479	17.0%
Software	4,541	6,187	(1,646)	(26.6%)
Total	<u>\$709,498</u>	<u>\$688,873</u>	<u>\$20,625</u>	3.0%

Debt

The System had \$477.0 million in bonds outstanding at year-end, compared to \$477.8 million last year, a decrease of 0.2%. The net decrease is primarily due to the following:

- Issuance of \$16.6 million in LCTCS Series 2019 bonds at a premium of \$2.6 million to provide additional funding for new Act 360 projects;
- Issuance of \$38.2 million in BRCC Refunding Series 2020 bonds to refund \$11.7 million of BRCC Refunding Series 2011 bonds and \$24.1 million of BRCC Refunding Series 2012 bonds;
- Current-year principal payments of \$17.0 million; and
- Reduction of bond premiums and discounts of \$5.4 million, which includes \$4.8 million in amortization and \$0.6 million from bond refunding

See Note 13 for details relating to changes in and the composition of long-term liabilities.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The following currently-known facts, decisions, or conditions are expected to have a significant effect on financial position or result of operations:

- The COVID-19 pandemic has become a major disruption to colleges and universities across the country. Its impact on the lives of the students, local business and industry, and the economy as a whole will have a far-reaching and unknown effect on future operations in the form of unexpected college operational costs and an uncertain impact on state revenues as well as the following:
 - Potential changes in state appropriations because of future economic uncertainty.
 - Reduction in self-generated revenues as a result of reduced student enrollments given that the average age of the System students is 28, and many are working adults with families having to deal with both increased economic and dependent care issues. Additionally, the state's "digital divide" with those who do not have the internet access needed for online course delivery (in response to the pandemic) will continue to be a challenge.
- Continued low state funding on a per student basis as compared to peers in southern states
- Changes in federal grant programs (A significant amount of revenue flows from the federal government through the System. A change in policy at the federal level can have dramatic effects on the operations.)
- Tuition affordability for students given income levels of prospective students and the tuition rate of the System colleges as compared to other southern states.

CONTACTING THE LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the System's finances and show the System's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the director of fiscal affairs at (225) 922-2800.

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Statement of Net Position
June 30, 2020**

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$162,205,132
Receivables, net (note 4)	41,268,516
Due from State Treasury	1,345,839
Due from federal government	19,220,726
Inventories	10,268
Prepaid expenses and advances	343,342
Other current assets	3,025
Total current assets	224,396,848

Noncurrent assets:

Restricted assets:

Cash and cash equivalents (note 2)	41,374,325
Investments (note 3)	96,120,692
Receivables, net (note 4)	2,935,402
Other	586,420
Capital assets, net (note 5)	709,497,164
Other noncurrent assets	4,965,092
Total noncurrent assets	855,479,095
Total assets	1,079,875,943

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions (note 6)	123,747,378
Deferred outflows related to other postemployment benefits (OPEB) (note 8)	27,802,155
Total deferred outflows of resources	151,549,533

LIABILITIES

Current liabilities:

Accounts payable and accruals (note 9)	39,365,338
Due to federal government	13,595
Unearned revenues (note 10)	11,329,361
Amounts held in custody for others	1,254,957
Compensated absences payable (notes 11 and 13)	1,157,672
Capital lease obligations (notes 12 and 13)	97,500
OPEB liability (note 8)	9,384,771
Bonds payable, net (note 13)	16,535,000
Other current liabilities	4,370,172
Total current liabilities	83,508,366

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Net Position
June 30, 2020**

LIABILITIES (CONT.)

Noncurrent liabilities:

Compensated absences payable (notes 11 and 13)	\$21,396,519
Capital lease obligations (notes 12 and 13)	2,095,000
Net pension liability (note 6)	382,161,460
OPEB liability (note 8)	265,186,618
Bonds payable, net (note 13)	460,512,964
Total noncurrent liabilities	<u>1,131,352,561</u>
Total liabilities	<u><u>1,214,860,927</u></u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions (note 6)	62,084,240
Deferred inflows related to OPEB (note 8)	57,277,725
Total deferred inflows of resources	<u><u>119,361,965</u></u>

NET POSITION

Net investment in capital assets	260,376,672
Restricted:	
Nonexpendable (note 14)	9,096,183
Expendable (note 14)	196,975,395
Unrestricted	<u>(569,245,666)</u>
Total net position	<u><u>(\$102,797,416)</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues, Expenses,
and Changes in Net Position
For the Fiscal Year Ended June 30, 2020**

OPERATING REVENUES

Student tuition and fees	\$222,869,624
Less scholarship allowances	<u>(104,617,395)</u>
Net student tuition and fees	118,252,229
Federal grants and contracts	52,526,168
State and local grants and contracts	16,620,411
Nongovernmental grants and contracts	3,808,897
Sales and services of educational departments	125,404
Auxiliary enterprise revenues	1,515,840
Other operating revenues	<u>611,046</u>
Total operating revenues	<u><u>193,459,995</u></u>

OPERATING EXPENSES

Educational and general:	
Instruction	161,010,796
Public service	7,114,441
Academic support	45,696,510
Student services	34,572,600
Institutional support	88,523,255
Operations and maintenance of plant	44,293,474
Depreciation	30,638,978
Scholarships and fellowships	81,225,241
Auxiliary enterprises	<u>1,431,327</u>
Total operating expenses	<u><u>494,506,622</u></u>

OPERATING LOSS	<u><u>(301,046,627)</u></u>
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(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses,
and Changes in Net Position
For the Fiscal Year Ended June 30, 2020**

NONOPERATING REVENUES (Expenses)	
State appropriations	\$138,862,959
Gifts	961,592
Federal nonoperating revenues	143,863,436
Coronavirus Aid, Relief, and Economic Security Act (CARES Act) revenues	41,452,540
Net investment income	5,173,223
Interest expense	(14,441,609)
Other nonoperating expenses, net	(5,943,698)
Net nonoperating revenues	<u>309,928,443</u>
INCOME BEFORE OTHER REVENUES AND ADDITIONS	8,881,816
Capital appropriations	42,737,693
Capital grants and gifts	2,576,066
Additions to permanent endowments	<u>860,425</u>
INCREASE IN NET POSITION	55,056,000
NET POSITION - BEGINNING OF YEAR (restated) (note 15)	<u>(157,853,416)</u>
NET POSITION - END OF YEAR	<u><u>(\$102,797,416)</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$119,439,649
Grants and contracts	74,561,211
Sales and services of educational departments	125,404
Auxiliary enterprise receipts	1,618,725
Payments for employee compensation	(207,512,913)
Payments for benefits	(85,062,079)
Payments for utilities	(11,031,829)
Payments for supplies and services	(101,127,534)
Payments for scholarships and fellowships	(81,374,682)
Other receipts, net	1,106,843
Net cash used by operating activities	(289,257,205)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State appropriations	137,977,620
Gifts and grants for other than capital purposes	146,637,494
Private gifts for endowment purposes	830,425
CARES Act receipts	21,130,005
Taylor Opportunity Program for Students (TOPS) receipts	11,234,042
TOPS disbursements	(11,219,204)
Direct lending receipts	159,385,192
Direct lending disbursements	(159,385,192)
Other receipts	(1,339,951)
Net cash provided by noncapital financing activities	305,250,431

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt	57,429,485
Capital appropriations received	37,386,420
Capital grants and gifts received	3,603,215
Purchases of capital assets	(48,267,836)
Principal paid on capital debt and leases	(17,175,000)
Interest paid on capital debt and leases	(18,562,618)
Deposit with trustees	(38,044,536)
Other uses	(4,031,259)
Net cash used by capital and related financing activities	(27,662,129)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	21,479,829
Interest received on investments	4,466,007
Purchase of investments	(20,729,788)
Net cash provided by investing activities	5,216,048

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020**

NET DECREASE IN CASH AND CASH EQUIVALENTS	(\$6,452,855)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>210,032,312</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$203,579,457</u></u>
RECONCILIATION OF OPERATING LOSS TO NET	
CASH USED BY OPERATING ACTIVITIES:	
Operating loss	(\$301,046,627)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation/amortization expense	30,638,978
Nonemployer contributing entity revenue	1,267,993
Noncash transfers of operations	187,687
Changes in assets and liabilities:	
Decrease in accounts receivables, net	4,457,273
(Increase) in due from other funds	(16,839,338)
Decrease in inventories	30,293
Decrease in prepaid expenses and advances	301,692
Decrease in other assets	16,243
(Increase) in deferred outflows related to pensions	(14,436,640)
(Increase) in deferred outflows related to OPEB	(5,909,824)
Increase in accounts payable and accrued liabilities	17,692,716
(Decrease) in unearned revenue	(463,017)
Increase in amounts held in custody for others	202,232
Increase in compensated absences	2,306,817
Increase in net pension liability	21,740,073
(Decrease) in total OPEB liability	(22,995,980)
(Decrease) in other liabilities	(17,146)
(Decrease) in deferred inflows related to pensions	(28,056,832)
Increase in deferred inflows related to OPEB	<u>21,666,202</u>
Net cash used by operating activities	<u><u>(\$289,257,205)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:	
Cash and cash equivalents classified as current assets	\$162,205,132
Cash and cash equivalents classified as noncurrent assets	<u>41,374,325</u>
Cash and cash equivalents at end of year	<u><u>\$203,579,457</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Capital appropriations for purchase of equipment, buildings, or land	\$5,351,273
Noncash capital grant/gift of capital assets	\$913,664
Noncash grants and gifts	\$65,360
(Loss) on disposal of capital assets	(\$979,824)
Unrealized gain on investments	\$601,992
(Decrease) in noncapital accounts and contracts payable	(\$64,439)
Increase in accrued interest payable	\$660,283
Amortization of bond premium	\$5,488,782
Accretion of bond discount	\$707,489
Amortization of bond issuance costs	\$509,443
(Loss) on bond refunding	(\$2,058,546)
(Decrease) in capital accounts and retainage payable	(\$2,236,907)
Decrease in nonoperating accounts receivable	\$3,390,165
Decrease in restricted assets - other	\$94,111

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

The Louisiana Community and Technical College System (System) is a publicly-supported institution of higher education. The System is a component unit of the state of Louisiana within the executive branch of government. The System is under the management and supervision of the Board of Supervisors of the System; however, the annual budget of the System and changes in the degree programs and departments of instruction of the individual institutions require the approval of the Louisiana Board of Regents of Higher Education. The Board of Supervisors is composed of 15 members appointed for six-year terms by the Governor, with the consent of the Senate, and two student members appointed for one-year terms. One student member is selected by and from a council composed of the student body presidents of the System's community colleges, and one student member is selected by and from a council composed of the student body presidents of the System's technical college campuses. As a state institution, operations of the System's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature. The chief executive officer of the System is the President.

The System comprises seven community colleges: Baton Rouge Community College, Bossier Parish Community College, Delgado Community College, Elaine P. Nunez Community College, Louisiana Delta Community College, River Parishes Community College, and South Louisiana Community College; and five technical community colleges: Central Louisiana Technical Community College; L.E. Fletcher Technical Community College, Northshore Technical Community College, Northwest Louisiana Technical Community College and SOWELA Technical Community College.

LCTCS Online is an initiative of the System to provide Louisiana citizens with better access to online courses offered via this college system, encouraging stronger links among Louisiana educational institutions and business, government, and the surrounding community.

The System colleges award associate degrees, technical diplomas, and industry-based certificates in programs that are aligned with business and industry and local economies, which lead students to good paying middle class jobs. The System is committed to the principle of providing each student access to quality educational programs and lifelong learning. This commitment includes eliminating geographic, financial, and scholastic barriers to postsecondary educational programs. As the most geographically diverse system of higher education in the state, the System has locations in rural and urban areas across the state. The System colleges are as diverse as the communities in which they serve. Students receive a world-class education, at affordable prices, in nurturing and rigorous environments that prepare them for rewarding careers.

The System's legacy is to provide thousands of students each year with knowledge, skills, and abilities to improve their lives, careers, families, and communities through the skills needed for employment in Louisiana's workforce while also providing a venue for students to transfer to Louisiana's outstanding four-year colleges and universities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. However, there are five nongovernmental blended component units (the BRCC Facilities Corporation; the South Louisiana Facilities Corporation; the Campus Facilities, Inc.; the Delta Campus Facilities Corporation; and the LCTCS Facilities Corporation), which are presented under the *Not-for-Profit Entities* topic of the FASB Accounting Standards Codification (ASC), FASB ASC Topic 958.

B. REPORTING ENTITY

Using the criteria in GASB Statement 61, the Division of Administration, Office of Statewide Reporting and Accounting Policy, has defined the governmental reporting entity to be the state of Louisiana. The System is considered a component unit blended as an enterprise fund of the state of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) a majority of the members of the governing board are appointed by the Governor; (2) the state has control and exercises authority over budget matters; and (3) the state has agreed, through cooperative endeavor agreements, to fund lease/debt service payments on all outstanding bonds. The accompanying financial statements present information only as to the transactions of the programs of the System.

Annually, the state of Louisiana issues a Comprehensive Annual Financial Report (CAFR), which includes the activity contained in the accompanying basic financial statements. Those basic financial statements are audited by the Louisiana Legislative Auditor.

Criteria described in GASB 2100 were used to evaluate whether potential component units should be blended with the System, discretely reported, disclosed in the Notes to the Financial Statements, or excluded from the reporting entity. This evaluation was made to identify those component units for which the System is financially accountable and other organizations for which the nature and significance of their relationships with the System are such that exclusion would cause the financial statements of the System to be misleading or incomplete.

- The South Louisiana Facilities Corporation is a nonprofit corporation formed in December 2001 to provide funds and oversee construction of the campus for the South Louisiana Community College (SLCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. The South Louisiana Facilities Corporation has a June 30 year-end, and audited financial statements for the corporation may be obtained at 301 Main Street, 23rd Floor, Baton Rouge, Louisiana 70825.
- Campus Facilities, Inc., is a nonprofit organization formed in May 2001 to provide funds for and oversee construction of the campus for Bossier Parish Community College (BPCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. Campus Facilities, Inc., has a December 31 year-end, and audited financial statements for Campus Facilities, Inc., may be obtained at 4442 Viking Drive, Suite 100, Bossier City, Louisiana 71111.
- BRCC Facilities Corporation is a nonprofit corporation formed in February 2002 to provide funds and oversee construction of the campus for Baton Rouge Community College (BRCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. BRCC Facilities Corporation has a June 30 year-end, and audited financial statements for the corporation may be obtained at 201 Community College Drive, Baton Rouge, Louisiana 70806.
- Delta Campus Facilities Corporation is a nonprofit corporation formed in March 2005 to provide funds and oversee construction of the campus for Louisiana Delta Community College (LDCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. Delta Campus Facilities Corporation has a December 31 year-end, and audited financial statements for the corporation may be obtained at 1811 Tower Drive, Suite D, Monroe, Louisiana 71201.
- LCTCS Facilities Corporation is a nonprofit corporation formed in August 2007 and began operations October 1, 2009, to provide funds and oversee the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of 12 community and technical college campuses and a statewide computer information system for the System. The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. LCTCS Facilities Corporation has a December 31 year-end, and audited financial statements for the corporation may be obtained at 201 St. Charles Avenue, Suite 4240, New Orleans, Louisiana 70170.

These component units are included in the reporting entity because they are fiscally dependent on the System. Although these facility corporations are legally separate, they are reported as a part of the System because:

- The majority of their revenue comes from the leasing of facilities to the System, and
- In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and 34*, if a component unit's total outstanding debt, including leases, is expected to be repaid entirely or almost entirely with the resources of its primary government, then that component unit shall be blended with its primary government.

C. BASIS OF ACCOUNTING

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

D. CASH AND CASH EQUIVALENTS

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include certificates of deposit and all highly-liquid investments with a maturity of three months or less when purchased. Under state law, the System may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the System may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In accordance with R.S. 49:327, the System is authorized to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct repurchase agreements, and money market funds. In addition, funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture.

E. INVENTORIES

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

F. NONCURRENT RESTRICTED ASSETS

Restricted cash equivalents consist of assets that are externally restricted to make debt service payments, to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets. These funds are invested in U.S. Treasury money market funds, which are considered to be cash equivalents because of their liquidity. They are maintained in trust accounts created pursuant to trust indentures of the related bonds. These trust accounts, which are administered by a trustee bank, provide for the custody of the assets, debt service payments and bond redemption requirements, and payment of administrative expenses. The bonds were issued in 2012, 2013, 2018, and 2020 to finance the costs of development, design, and construction of additions and renovations, or to refund bonds previously issued for the same purposes to SLCC, BPCC, BRCC, and LDCC. During fiscal year 2020, the BRCC Facilities, Corporation Series 2011 revenue refunding bonds were partially refunded and the 2012 revenue refunding bonds were refunded, and taxable revenue refunding bonds were issued. Also, bonds were issued in 2012, 2015, 2018, 2019, and 2020 to provide funds and oversee the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of 12 community and technical college campuses and a statewide computer information system for LCTCS.

The requirements of state law are not applicable to the cash and cash equivalents held by the facilities corporations. However, the official statements for the corporations' bonds authorize the trustee to invest in direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by the federal agencies; bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by the non-full faith and credit U.S. government agencies; money market funds; certificates of deposit, savings accounts, deposit accounts, or money market deposits; investment agreements; commercial paper; bonds or notes issued by any state or municipality; federal funds or bankers acceptances; repurchase agreements; pre-funded municipal bonds; and any other investment acceptable to the corporation, the trustee, and the bond issuer.

Restricted investments consist of assets maintained in an external investment pool administered by external foundations under agreements with the colleges within the System. These funds are invested in accordance with policies and procedures established by the Board of Regents, Endowed Professorship Program, and are reported at fair value in accordance with GASB Statement No. 31. Restricted investments also consist of endowments and similar-type accounts for which donors or other outside sources have stipulated that, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity. Changes in the carrying value of investments, resulting from unrealized gains and losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position, except for the investments of the facilities corporations where gains and losses are reported as a component of the amount capitalized to capital assets, as required by FASB 62. For purposes of the Statement of Cash Flows, the System considers all highly-liquid

investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Restricted receivables and other assets consist of assets that are externally restricted to purchase or construct capital assets.

G. CAPITAL ASSETS

The System follows the capitalization policies established by the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy. Capital assets are reported at cost at the date of acquisition. In accordance with the GASB 72, *Fair Value Measurement and Application*, donated capital assets are valued at acquisition value at the time of donation. For movable property, the System's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million is required to be capitalized. Computer software purchased for internal use with depreciable costs of \$1 million or more is capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and three to 10 years for most movable property. Library collections regardless of age with a total acquisition cost of \$5 million or more will be capitalized and depreciated.

H. UNEARNED REVENUES

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

I. 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 class. Employees who are considered having nonexempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned.

Upon separation 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 and non-classified 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 (LASERS), upon

application for retirement, the option of receiving an actuarially-determined lump-sum payment for annual and sick leave that would otherwise have been used to compute years of service for retirement. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits for the Teachers' Retirement System of Louisiana (TRSL) and LASERS, but not for the Optional Retirement System.

Upon termination or transfer, a classified employee will be paid for any time and one-half hour 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 the classified employee's hourly rate of pay at termination or transfer.

J. NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of revenue bonds payable with maturities greater than one year, estimated amounts for accrued compensated absences, capital lease obligations with contractual maturities greater than one year, the pension liability, the actuarially accrued liability for Other Postemployment Benefits, and other liabilities that will not be paid within the next fiscal year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of LASERS and TRSL, and additions to/deductions from each retirement system's fiduciary net position have been determined on the same basis as they are reported by the retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Synthetic guaranteed investment contracts are reported at contract value. All other investments are reported at fair value.

K. NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net position is classified in the following components:

- *Net investment in capital assets* consists of the System's total investment in capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position - nonexpendable* consists of endowments and similar-type funds for which donors or other outside sources have stipulated that, as a condition of the gift instrument, 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.

- *Restricted net position - expendable* consists of resources that the System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- *Unrestricted net position* consists of resources derived from student tuition and fees, state appropriations, sales and services of educational departments, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the System and may be used at the discretion of the governing board to meet current expenses and for any purpose.

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

L. CLASSIFICATION OF REVENUES AND EXPENSES

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

- *Operating revenue* includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of educational departments, and (3) most federal, state, and local grants and contracts.
- *Nonoperating revenue* includes activities that have the characteristics of nonexchange transactions, such as state appropriations, certain federal revenues [Pell and Coronavirus Aid, Relief, and Economic Security Act (CARES) revenues], gifts and contributions, investment income, and grants that do not have the characteristics of exchange transactions.
- *Operating expenses* generally include transactions resulting from providing goods or services, such as (1) payments to vendors for goods or services, (2) payments to employees for services, and (3) payments for employee benefits.
- *Nonoperating expenses* include transactions resulting from financing activities, capital acquisitions, and investing activities.

M. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

N. ADOPTION OF NEW ACCOUNTING PRINCIPLES

The System did not implement any new accounting principles during the fiscal year ending June 30, 2020.

O. USE OF ESTIMATES

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2020, the System has cash and cash equivalents (book balances) of \$203,579,457 as follows:

Demand deposits	\$78,231,111
Cash equivalents - money market funds	39,712,755
Short-term investment - Louisiana Asset Management Pool	85,109,919
Cash held in foundation	504,531
Petty cash	<u>21,141</u>
Total	<u><u>\$203,579,457</u></u>

These cash and cash equivalents are reported as follows on the Statement of Net Position:

Current assets	\$162,205,132
Noncurrent assets	<u>41,374,325</u>
Total	<u><u>\$203,579,457</u></u>

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits may not be returned to it. The System does not have a formally-adopted policy that addresses custodial credit risk of deposits. Under state law, the System's deposits (or the resulting bank balances) must be secured by Federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. As of June 30, 2020, \$794,667 of the System's bank balance of \$82,524,391 was exposed to custodial credit risk, as these balances were uninsured and uncollateralized. As of June 30, 2020, demand deposits totaling \$583,183 were reported in the financial statements for the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; LCTCS Facilities Corporation; and South Louisiana Facilities Corporation, which were prepared in accordance with the pronouncements of FASB ASC Topic 958. Generally accepted accounting principles allow for the inclusion, in the same consolidated

report, of financial statements prepared in accordance with FASB with those prepared under the standards of GASB. As such, the Notes to the Financial Statements of the corporations do not reflect the requirements of GASB Statement No. 3, as revised by Statement No. 40.

Louisiana Asset Management Pool, Inc. (LAMP):

At June 30, 2020, the System has short-term investments reported on the Statement of Net Position as cash equivalents totaling \$85,109,919.

The System participates in LAMP, which is administered by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana. LAMP issues financial reports which may be obtained at www.lamppool.com. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. LAMP's permissible investments are set forth in R.S. 33:2955 and are further limited in accordance with investment guidelines promulgated by the Board of Directors.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

LAMP is rated AAAM by Standard & Poor's and is designed to be highly liquid to give its participants immediate access to their account balances. The Weighted Average Maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Disclosures required for the investments reported as cash equivalents are included in note 3.

3. INVESTMENTS

At June 30, 2020, the System has restricted investments totaling \$96,120,692 as follows:

<u>Type of Investment</u>	<u>Percentage of Investments</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
Corporate bonds - DCC	0.788%	BBB-	\$757,712
Corporate bonds - DCC	0.676%	BBB-	650,153
Corporate bonds - DCC	0.421%	BBB	404,465
Corporate bonds - FTCC	0.070%	BBB-	67,071
Equity securities - DCC ¹	0.270%		259,046
Equity securities - NCC ¹	0.017%		16,724
Equity securities - SLCC ¹	0.741%		712,553
Investments held by private foundation -			
External investment Pools - BRCC	0.418%	AAA	401,658
Cash and cash alternatives - NTCC ¹	0.090%		86,886
Mutual funds - NTCC ¹	0.607%		583,011
Open-end mutual funds - BPCC	0.100%	AA	96,446
Open-end mutual funds - LDCC	0.251%	BBB-	241,075
Open-end mutual funds - NCC	0.008%	BBB	8,112
Open-end mutual funds - SLCC	0.657%	AA	631,886
Open-end mutual funds - STCC	0.039%	AAA	37,851
Open-end mutual funds - BPCC ²	0.900%		863,554
Open-end mutual funds - DCC ²	1.750%		1,682,128
Open-end mutual funds - FTCC ²	0.202%		194,450
Open-end mutual funds - LDCC ²	0.421%		404,660
Open-end mutual funds - LDCC ²	0.054%		52,349
Open-end mutual funds - NCC ²	0.250%		240,405
Open-end mutual funds - NCC	0.028%	AAA	26,743
Open-end mutual funds - STCC ²	1.019%		979,797
U.S. agency obligations - DCC	1.100%	AAA	1,057,003
U.S. agency obligations - FTCC	0.007%	BBB-	6,386
Nonnegotiable certificates of deposit - CLTCC	0.302%		290,136
Facilities Corporations:			
Municipal bonds - LCTCS Facilities Corporation	2.430%		2,335,627
U.S. government and agency obligations - LCTCS Facilities Corporation	86.384%		83,032,805
	100.00%		\$96,120,692

¹Credit quality ratings not required for these investments.

²Not rated

<u>Type of Investment</u>	Investment Maturities in Years				
	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
Corporate bonds - DCC	\$1,812,330		\$757,712	\$650,153	\$404,465
Corporate bonds - FTCC	67,071			67,071	
Investments held by private foundation -					
External investment pools - BRCC	401,658	\$401,658			
Open-end mutual funds - BPCC	96,446		96,446		
Open-end mutual funds - LDCC	241,075			241,075	
Open-end mutual funds - NCC	34,855	8,112	26,743		
Open-end mutual funds - SLCC	631,886		631,886		
Open-end mutual funds - STCC	37,851				37,851
U.S. agency obligations - DCC	1,057,003				1,057,003
U.S. agency obligations - FTCC	6,386				6,386
Total	\$4,386,561	\$409,770	\$1,512,787	\$958,299	\$1,505,705

These investments are reported at fair market value. They are reported on the Statement of Net Position as noncurrent assets - investments. Investments held by private foundations are in an external investment pool, which is not SEC registered. They are managed in accordance with program requirements specified by the Louisiana Board of Regents that are included in management agreements executed between the System's colleges and their respective foundations. The System's colleges are voluntary participants.

The mutual funds of \$5,459,456 and investments held by the private foundation of \$1,071,555 are held pursuant to the Board of Regents Endowed Chair, Endowed Professorships, and Endowed Scholarship Program. In accordance with Article VII, Section 14(B) of the Constitution of Louisiana, no more than 74% of the Program Assets may be invested in equity. For the purpose of this limitation, publicly traded equity and alternative investments shall be considered equity. A minimum of 26% of program assets will be invested in fixed income investments. No more than 50% of publicly traded equity may be foreign equity, and no more than 50% of publicly traded debt may be foreign debt. Publicly traded debt must maintain an average credit quality of at least "A" as determined by Moody's, S&P, or Fitch. No more than 5% of publicly traded debt may be invested in any single issuer with the exception of securities issued by the U.S. Government or its agencies. No more than 25% of program assets may be invested in alternative investments which is limited to no more than 10% of program assets be invested in Real Estate Investment Trusts, no more than 15% be invested in Hedge Funds, and no more than 10% be invested in private equity and private debt combined based on committed capital. Leverage and the speculative use of derivatives are prohibited at the participant level, yet are permissible for external alternative investment managers.

For the remaining investments, there is no formally-adopted investment policy regarding the acceptable credit quality ratings of investments or that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Facilities Corporations' investments totaling \$85,368,432 and money market funds totaling \$39,589,813 were reported in the financial statements and Notes to the Financial Statements for the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; LCTCS Facilities Corporation; and South Louisiana Facilities Corporation, which were prepared in accordance with the pronouncements of FASB ASC Topic 958. Generally accepted accounting principles allow for the inclusion, in the same consolidated report, of financial statements prepared in accordance with FASB, with those prepared under the standards of GASB. As such, the Notes to the Financial Statements of the corporations do not reflect the requirements of GASB Statement No. 3, as revised by Statement No. 40. These investments and money market funds are uninsured and are collateralized by securities held by the financial institution's trust department, but not in the corporation's name.

Included in investments are nonnegotiable certificates of deposit, irrespective of maturities.

INVESTMENTS - FAIR VALUE MEASUREMENT

GASB Statement No. 72, *Fair Value Measurement and Application*, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

- Level 1 inputs – the valuation is based on quoted market prices for identical assets or liabilities traded in active markets;
- Level 2 inputs – the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability; and
- Level 3 inputs – the valuation is determined by using the best information available under the circumstances and might include the government's own data. In developing unobservable inputs, a government may begin with its own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2020, are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Corporate bonds - DCC	\$1,812,330		\$1,812,330	
Corporate bonds - FTCC	67,071	\$67,071		
Equity securities - DCC	259,046	259,046		
Equity securities - NCC	16,724			\$16,724
Equity securities - SLCC	712,553	712,553		
External investment pools - BRCC	401,658	401,658		
Cash and cash alternatives - NTCC	86,886	86,886		
Mutual funds - NTCC	583,011	583,011		
Open-end mutual funds - BPCC	960,000	960,000		
Open-end mutual funds - DCC	1,682,128	1,682,128		
Open-end mutual funds - FTCC	194,450	194,450		
Open-end mutual funds - LDCC	698,084	293,424	404,660	
Open-end mutual funds - NCC	275,260	275,260		
Open-end mutual funds - SLCC	631,886	631,886		
Open-end mutual funds - STCC	1,017,648	1,017,648		
U.S. agency obligations - DCC	1,057,003		1,057,003	
U.S. agency obligations - FTCC	6,386	6,386		
Money market funds - DCC*	122,942	122,942		
Facilities Corporations				
Money market funds - Delta Campus Facilities Corporation*	1,853,387	1,853,387		
Municipal bonds - LCTCS Facilities Corporation	2,335,627		2,335,627	
U.S. government and agency obligations - LCTCS Facilities Corporation	83,032,805	83,032,805		
	<u>\$97,806,885</u>	<u>\$92,180,541</u>	<u>\$5,609,620</u>	<u>\$16,724</u>

*This is reported on the Statement of Net Position as noncurrent assets - cash and cash equivalents.

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2020. These receivables are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net	Restricted Noncurrent Portion
Student tuition and fees	\$27,784,930	(\$12,198,410)	\$15,586,520	
Auxiliary enterprise	29,682		29,682	
Contributions and gifts	3,436,504		3,436,504	\$2,875,402
State and private grants and contracts	5,823,531		5,823,531	
Due from State - CARES Act Receivables	15,954,000		15,954,000	
Other	3,373,681		3,373,681	60,000
Total	<u>\$56,402,328</u>	<u>(\$12,198,410)</u>	<u>\$44,203,918</u>	<u>\$2,935,402</u>

5. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2020, follows:

	Balance June 30, 2019	Prior Period Adjustment	Adjusted Balance June 30, 2019	Additions	Reclassification of CIP	Retirements	Balance June 30, 2020
Capital assets not being depreciated:							
Land	\$50,152,872		\$50,152,872	\$150,000			\$50,302,872
Non-depreciable land improvements	2,874,641		2,874,641		\$137,778		3,012,419
Construction-in-progress	27,582,852		27,582,852	39,054,949	(47,167,105)		19,470,696
Total capital assets not being depreciated	<u>80,610,365</u>	<u>NONE</u>	<u>80,610,365</u>	<u>39,204,949</u>	<u>(47,029,327)</u>	<u>NONE</u>	<u>72,785,987</u>
Capital assets being depreciated:							
Land improvements	15,676,117		15,676,117	127,316		(\$142,588)	15,660,845
Buildings	773,527,423	\$1,323,553	774,850,976	1,998,288	42,649,124	(1,897,539)	817,600,849
Furniture, fixtures, and equipment	136,562,893	7,612	136,570,505	10,382,397	4,380,203	(4,828,863)	146,504,242
Software	21,228,694		21,228,694	529,792			21,758,486
Total capital assets being depreciated	<u>946,995,127</u>	<u>1,331,165</u>	<u>948,326,292</u>	<u>13,037,793</u>	<u>47,029,327</u>	<u>(6,868,990)</u>	<u>1,001,524,422</u>
Less accumulated depreciation for:							
Land improvements	(7,121,402)		(7,121,402)	(669,585)		106,936	(7,684,051)
Buildings	(212,284,454)	(1,323,553)	(213,608,007)	(18,829,649)		1,272,774	(231,164,882)
Furniture, fixtures, and equipment	(104,284,303)	(7,614)	(104,291,917)	(8,963,895)		4,509,456	(108,746,356)
Software	(15,042,107)		(15,042,107)	(2,175,849)			(17,217,956)
Total accumulated depreciation	<u>(338,732,266)</u>	<u>(1,331,167)</u>	<u>(340,063,433)</u>	<u>(30,638,978)</u>	<u>NONE</u>	<u>5,889,166</u>	<u>(364,813,245)</u>
Total capital assets being depreciated, net	<u>608,262,861</u>	<u>(2)</u>	<u>608,262,859</u>	<u>(17,601,185)</u>	<u>47,029,327</u>	<u>(979,824)</u>	<u>636,711,177</u>
Total capital assets, net	<u>\$688,873,226</u>	<u>(\$2)</u>	<u>\$688,873,224</u>	<u>\$21,603,764</u>	<u>NONE</u>	<u>(\$979,824)</u>	<u>\$709,497,164</u>

The June 30, 2019, balance of capital assets has been adjusted by \$2 to reflect prior-period adjustments resulting from the correction of prior-year errors.

6. PENSION PLANS

General Information about the Pension Plans

Plan Descriptions

The System is a participating employer in two state public employee retirement systems, Louisiana State Employees' Retirement System (LASERS) and Teachers' Retirement System of Louisiana (TRSL). Both systems have separate boards of trustees and administer cost-sharing, multiple-employer defined benefit pension plans, including classes of employees with different benefits and contribution rates (sub-plans). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all sub-plans administered by these systems to the State Legislature. Each system issues a public report that includes financial statements and required supplementary information. Copies of these reports for LASERS and TRSL may be obtained at www.lasersonline.org and www.trsl.org, respectively.

TRSL also administers an optional retirement plan (ORP), which was created by Louisiana Revised Statute (R.S.) 11:921-931 for academic and administrative employees of public institutions of higher education and is considered a defined contribution plan (see note 7 below). A portion of the employer contributions for ORP plan members is dedicated to the unfunded accrued liability of the TRSL defined benefit plan.

LASERS Retirement Benefits

LASERS administers a plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in R.S. 11:411-417. Act 992 of the 2010 Regular Legislative Session closed existing sub-plans for members hired before January 1, 2011, and created new sub-plans for regular members, hazardous duty members, and judges. Act 226 of the 2014 Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. The age and years of creditable service required for a member to receive retirement benefits are established by R.S. 11:441 and vary depending on the member's hire date, employer and job classification. The computation of retirement benefits is defined in R.S. 11:444.

The substantial majority of the System's members are regular plan members. Regular plan members hired prior to July 1, 2006, may retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, or at age 60 upon completing ten years of creditable service. Regular plan members hired from July 1, 2006, through June 30, 2015, may retire with full benefits at age 60 upon completing five years of creditable service. Regular plan members hired on or after July 1, 2015, may retire with full benefits at age 62 upon completing five years of creditable service. Additionally, all regular plan members may choose to retire with 20 years of creditable service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for regular plan members is equal to 2.5% of average compensation multiplied by the number of years of creditable service, generally not to exceed 100% of average compensation. Average compensation for regular plan members is defined in R.S. 11:403 as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006, or highest 60 consecutive months of employment for members employed on or after that date. A member leaving service before attaining minimum retirement age but after completing certain minimum service requirements, generally 10 years, becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw the accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Eligibility requirements and benefit computations for disability benefits are provided for in R.S. 11:461. Generally, active regular plan members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the LASERS Board of Trustees.

Provisions for survivor benefits are provided for in R.S. 11:471-478. Under these statutes, the deceased regular plan member, hired before January 1, 2011, who was in state service at the time of death must have a minimum of five years of service, at least two of which were earned immediately prior to death, or who had a minimum of 20 years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18 or age 23 if the child remains a full-time student. The minimum service requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child. The deceased regular plan member, hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The minimum service credits for a surviving spouse include active service at the time of death and a minimum of ten years of service credit with two years being earned immediately prior to death, or a minimum of 20 years regardless of when earned. In addition, the deceased regular plan member's spouse must have been married for at least one year before death.

TRSL Retirement Benefits

TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in R.S. 11:701. Statutory changes closed existing, and created new sub-plans for members hired on or after January 1, 2011. The age and years of creditable service required for a member to receive retirement benefits are established by R.S. 11:761 and vary depending on the member's hire date. The computation for retirement benefits is defined in R.S. 11:768.

Most of the TRSL members at the System are participants in the Regular Plan. In the regular plan, eligibility for retirement is determined by the date the member joined TRSL. Members hired prior to January 1, 2011, are eligible to receive retirement benefits (1) at the age of 60 with five years of service, (2) at the age of 55 with at least 25 years of service, or (3) at any age with at least 30 years of service. Members hired between January 1, 2011, and June 30, 2015, are eligible to retire at age 60 with five years of service. Members hired on or after July 1, 2015, are eligible to retire at age 62 with five years of service. All regular plan members are eligible to retire at any age with 20 years of service but the benefit is actuarially-reduced if the member is hired on or after July 1, 1999. Retirement benefits for regular plan members are calculated by applying a percentage ranging from 2% to 2.5% of final average compensation multiplied by years of creditable service. Average compensation is defined in R.S. 11:701 as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to January 1, 2011, or highest 60 consecutive months of employment for members employed on or after that date.

Under R.S. 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011, and attained at least five years of service or if employed on or after January 1, 2011, and attained at least ten years of service. Members employed prior to January 1, 2011, receive disability benefits equal to 2.5% of average compensation multiplied by the years of service but not more than 50% of average compensation subject to statutory minimums. Members employed on or after January 1, 2011, receive

disability benefits equivalent to the regular retirement formula without reduction by reason of age.

Survivor benefits are provided for in R.S. 11:762. In order for survivor benefits to be paid, the deceased member must have been in state service at the time of death and must have a minimum of five years of service, at least two of which were earned immediately prior to death, or must have had a minimum of 20 years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. The minimum service credit requirement is ten years for a surviving spouse with no minor children. Surviving spouse benefits are equal to 50% of the benefit to which the member would have been entitled if retired on the date of death using a factor of 2.5% regardless of years of service or age, or \$600 per month, whichever is greater. Benefits are payable to an unmarried child until age 21, or age 23 if the child remains a full-time student. Benefits are paid for life to a qualified handicapped child. Benefits are paid for life to a surviving spouse unless the deceased active member has less than 20 years of creditable service and the surviving spouse remarries before the age of 55.

Deferred Retirement Option Plan

Both LASERS and TRSL have established a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP and terminating employment, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial lump-sum benefit option in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits.

Cost of Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS and TRSL allow for the payment of ad hoc permanent benefit increases, also known as cost of living adjustments (COLAs), which are funded through investment earnings when recommended by the retirement system board of trustees and approved by the Legislature. Both LASERS and TRSL have established an Experience Account to fund permanent benefit increases for retirees. These ad hoc COLAs are not considered substantively automatic.

Contributions

Employee contribution rates are established by R.S. 11:62. Employer contribution rates are established annually under R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the respective pension system actuary. Employer contribution rates are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued

liability. Each LASERS and TRSL sub-plan pays a separate actuarially-determined employer contribution rate. However, all assets of the pension plan are used for the payment of benefits for all classes of members, regardless of their sub-plan membership. For those members participating in the TRSL defined contribution ORP, a portion of the employer contributions is used to fund the TRSL defined benefit plan's unfunded accrued liability.

Employer contributions to LASERS for fiscal year 2020 totaled \$8,682,276, with regular plan active member contributions ranging from 7.5% to 8%, and employer contributions of 40.7% of covered payroll. Employer defined benefit plan contributions to TRSL for fiscal year 2020 totaled \$43,316,722, with regular plan active member contributions of 8%, and employer contributions of 22.2% for ORP members, and 25.3% to 26.0% for defined benefit plan members. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenue, totaled \$1,267,993 for fiscal year 2020, and were recognized as revenue in fiscal year 2020 by the System.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the System reported liabilities of \$74,099,235 and \$308,062,225 under LASERS and TRSL, respectively, for its proportionate share of the collective Net Pension Liability (NPL). The NPL for LASERS and TRSL was measured as of June 30, 2019, and the total pension liabilities used to calculate the NPL were determined by actuarial valuations as of that date. The System's proportions of the NPL were based on projections of the System's long-term share of contributions to the pension plans relative to the projected contribution of all participating employers, actuarially determined. The System's projected contribution effort was calculated by multiplying the eligible annual compensation of active members in the Plan as of June 30, 2019, by the fiscal year 2020 actuarially required contribution rates. As of June 30, 2019, the most recent measurement date, the System's proportions and the changes in proportion from the prior measurement date were 1.02278%, or a decrease of 0.04302%, for LASERS, and 3.1040%, or an increase of 0.1763%, for TRSL.

For the year ended June 30, 2020, the System recognized a total pension expense of \$41,917,519 for defined benefit plans, or \$6,591,903 and \$35,325,616 for LASERS and TRSL, respectively. At June 30, 2020, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	LASERS	TRSL	Total	LASERS	TRSL	Total
Differences between expected and actual experience	\$454,993		\$454,993	\$153,973	\$9,627,050	\$9,781,023
Changes of assumptions	634,958	\$21,900,751	22,535,709			
Net difference between projected and actual earnings on pension plan investments	2,560,029		2,560,029		11,401,706	11,401,706
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,989,144	44,208,505	46,197,649	3,758,710	37,142,801	40,901,511
Employer contributions subsequent to the measurement date	8,682,276	43,316,722	51,998,998			
Total	<u>\$14,321,400</u>	<u>\$109,425,978</u>	<u>\$123,747,378</u>	<u>\$3,912,683</u>	<u>\$58,171,557</u>	<u>\$62,084,240</u>

Deferred outflows of resources related to pensions resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the LASERS and TRSL NPL in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	LASERS	TRSL	Total
2021	(\$153,506)	\$409,100	\$255,594
2022	(745,039)	(6,197,754)	(\$6,942,793)
2023	704,317	(805,504)	(\$101,187)
2024	959,599	7,162,501	\$8,122,100

Actuarial Assumptions and Methodologies

The total pension liabilities for LASERS and TRSL in the June 30, 2019, actuarial valuations were determined using the following actuarial assumptions and methodologies, applied to all periods included in the measurements:

	LASERS	TRSL
Valuation Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Approach	Closed	Closed
Expected Remaining Service Lives	2 years	5 years
Investment Rate of Return (discount rate)	7.60% per annum, net of investment expense	7.55% per annum, net of investment expense
Inflation Rate	2.5% per annum	2.5% per annum
Mortality Rates	<p>General active members: RP-2014 Blue Collar Employee tables, adjusted by 0.978 for males and 1.144 for females.</p> <p>General retiree/inactive members (males): RP-2014 Blue Collar Healthy Annuitant table, adjusted by 1.280.</p> <p>General retiree/inactive members (females): RP-2014 White Collar Healthy Annuitant table, adjusted by 1.417</p> <p>Mortality assumptions for non-disabled members include improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis.</p> <p>Disabled members: RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, with no projection for improvement.</p>	<p>Active members: RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females.</p> <p>Non-disabled inactive members: RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females</p> <p>Disabled inactive members: RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females</p> <p>Mortality base tables were adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.</p>
Termination, Disability, Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study of the plan's members	Termination, disability, and retirement assumptions were projected based on a five year (July 1, 2012-June 30, 2017) experience study of the plan's members
Projected Salary Increases	Salary increases were projected based on a 2014-2018 experience study of the plan's members. The projected salary increase for regular plan members ranges from 3.2% to 13.0% depending on duration of service.	Salary increases were projected based on a July 1, 2012 to June 30, 2017 experience study of the System's members. The projected salary increase for regular plan members ranges from 3.3% to 4.8% depending on duration of service.
Cost of Living Adjustments	Not substantively automatic	Not substantively automatic

The projected benefit payments do not include provisions for potential future increases not yet authorized by the LASERS and TRSL Boards of Trustees as these ad hoc COLAs were deemed not to be substantively automatic. However, the LASERS and TRSL assumptions include an adjustment to recognize that investment earnings will be allocated to the experience account to fund potential future increases.

The June 30, 2019, valuations include the following changes in assumptions:

- The LASERS and TRSL Boards adopted plans to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments beginning July 1, 2017. The TRSL Board accelerated the discount rate reduction plan resulting in a reduction of the discount rate by .10% for the June 30, 2019 valuation. Therefore, the discount rate was reduced from 7.65% to 7.60% for the LASERS June 30, 2019, valuation and from 7.65% to 7.55% for the TRSL June 30, 2019 valuation. In fiscal year 2020, the TRSL Board accelerated the discount rate reduction plan again and a 7.45% rate was used to determine the projected actuarially required contribution rates for the 2020/2021 fiscal year.
- The LASERS termination, disability, retirement, inflation, mortality, salary increase, and expected remaining service lives assumptions and methods were updated to reflect the results of the most recent experience study of the plan's members observed for the period July 1, 2013, through June 30, 2018.

For LASERS and TRSL, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adjusting for expected inflation of 2.5% and the effect of rebalancing/diversification. The resulting expected long-term nominal rate of return is 8.74%, and 8.48%, for LASERS and TRSL, respectively. The target allocation and best estimates of geometric/arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized for each plan in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
LASERS (geometric)		
Cash	0.00%	0.24%
Domestic equity	23.00%	4.83%
International equity	32.00%	5.83%
Domestic fixed income	6.00%	2.79%
International fixed income	10.00%	4.49%
Alternative investments	22.00%	8.32%
Risk Parity	7.00%	5.06%
Total	<u>100.00%</u>	6.09%
TRSL (arithmetic)		
Domestic equity	27.00%	4.60%
International equity	19.00%	5.70%
Domestic fixed income	13.00%	1.69%
International fixed income	5.50%	2.10%
Private Assets	25.50%	8.67%
Other Private Assets	10.00%	3.65%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.60% and 7.55% for LASERS and TRSL, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially-determined rates approved by PRSAC, taking into consideration the recommendation of the respective pension system's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the NPL to changes in the discount rate

The following presents the System's proportionate share of the NPL for LASERS and TRSL using the current discount rate as well as what the System's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	(6.60%) LASERS (6.55%) TRSL	(7.60%) LASERS (7.55%) TRSL	(8.60%) LASERS (8.55%) TRSL
LASERS	\$93,522,683	\$74,099,235	\$57,692,938
TRSL	\$410,074,902	\$308,062,225	\$222,081,112

Pension plan fiduciary net position

Detailed information about the LASERS and TRSL fiduciary net position is available in the separately-issued Comprehensive Annual Financial Reports at www.lasersonline.org and www.trsl.org, respectively.

Payables to the Pension Plan

At June 30, 2020, the System had \$780,509 and \$3,022,593 in payables to LASERS and TRSL, respectively, for the June 2020 employee and employer legally-required contributions.

7. OPTIONAL RETIREMENT PLAN

TRSL administers an optional retirement plan (ORP), which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants. The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than TRSL and purchase retirement and death benefits through fixed and/or variable annuity contracts provided by designated companies. Benefits payable to participants are not the obligation of the State of Louisiana or TRSL. Such benefits and other rights of the ORP are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

R.S. 11:927 sets the contribution requirements of the ORP plan members and the employer. Each plan member shall contribute monthly to the ORP an amount equal to the contribution rates established for the regular retirement plan of TRSL as disclosed in note 6. Effective July 1, 2018, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount) for employers at higher education institutions is established by board resolution at an amount equal to or greater than 6.2%. The transfer amount for employers at non-higher education institutions is the greater of: (1) the employer normal cost contribution for the TRSL Regular Plan; or (2) 6.2%. The amount must be set as a percentage of pay.

Employer ORP contributions to TRSL for fiscal year 2020 totaled \$8,752,815, which represents pension expense for the System. Employee contributions totaled \$2,462,370. The fiscal year 2020 employee and employer contribution rates were 8% and 6.2%, respectively, with an

additional employer contribution of 22.2% (shared UAL) made to the TRSL defined benefit plan described in note 6 above.

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The Office of Group Benefits (OGB) administers the State of Louisiana Post-Retirement Benefits Plan – a multiple-employer defined-benefit other post-employment plan that is not administered as a formal trust. The plan provides medical, prescription drug, and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they are enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (Louisiana State Employees' Retirement System, Teachers' Retirement System of Louisiana, Louisiana School Employees' Retirement System, or Louisiana State Police Retirement System) or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. Benefit provisions are established under R.S. 42:851 for health insurance benefits and R.S. 42:821 for life insurance benefits. The obligations of the plan members, employer(s), and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802.

Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers several different plan options for both active and retired employees. OGB offers to retirees under age 65 four self-insured healthcare plans and one fully insured plan. In addition, retired employees who have Medicare Part A and Part B coverage also have access to six fully-insured Medicare Advantage plans and an Individual Medicare Market Exchange plan that provides monthly health reimbursement arrangement credits.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who began participation or rejoined the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). For employees who began participation or rejoined on or after January 1, 2002, the percentage of premiums contributed by the employer and retiree is based on the following schedule:

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

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retirees and spouses of retirees, subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees. Life insurance amounts are reduced to 75% of the initial value at age 65 and to 50% of the original amount at age 70. The retiree is responsible for 100% of the premium for dependents and spousal coverage. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

Employer contributions for health premiums of retired employees for the fiscal year ended June 30, 2020, totaled \$9,384,771.

OGB does not issue a publicly-available financial report. However, the entity is included in the State of Louisiana's Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

During fiscal year 2020, neither the System nor the state of Louisiana made contributions to a postemployment benefits plan trust. A trust was established but was not funded and has no accumulated assets that meet the criteria of paragraph 4 of GASB Statement 75. The plan is currently financed on a pay-as-you-go basis under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments are due.

Total Collective OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the System reported a liability of \$274,571,389 for its proportionate share of the total collective OPEB liability, of which \$9,384,771 is current and the remaining \$265,186,618 is noncurrent. The total collective OPEB liability was measured as of July 1, 2019, and was determined by an actuarial valuation as of that date.

The System's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability (AAL) in relation to the total OPEB AAL liability for all participating entities included in the state of Louisiana reporting entity. At July 1, 2019, the most recent measurement date, the System's current year proportion and the change in proportion from the prior measurement date was 3.5555%, or an increase of 0.0696%.

For the year ended June 30, 2020, the System recognized total OPEB expense of \$2,145,175 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$3,320,220	\$944,937
Changes of assumptions or other inputs	0	44,261,334
Changes in employer's proportionate share	13,772,815	9,689,786
Difference between change in proportionate share of benefit payments and actual benefit payments	1,324,349	2,381,668
Benefit payments made subsequent to the measurement date	9,384,771	0
Total	<u>\$27,802,155</u>	<u>\$57,277,725</u>

Deferred outflows of resources related to OPEB resulting from the System's benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	<u>Net Amount Recognized in OPEB Expense</u>
2021	(\$14,850,763)
2022	(12,330,993)
2023	(8,340,556)
2024	(3,338,030)

Actuarial Assumptions

The total collective OPEB liability in the July 1, 2019, actuarial valuation was determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal, level percent of pay
Inflation Rate	2.80%
Salary Increase Rate	Consistent with the pension plans disclosed in note 6.
Discount Rate	2.79% based on the June 30, 2019 S&P 20 year municipal bond index rate
Healthcare cost trend rates	7.0% for pre-Medicare eligible employees decreasing by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2029; 5.5% for post-Medicare eligible employees, beginning in 2020-2021, decreasing 0.25% per year through 2024, to an ultimate rate of 4.5% for 2023-2024 and later years. The initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth
Health Care Claim Cost	Per capita costs for the self-insured plans were based on medical and prescription drug claims for retired participants for the period January 1, 2018 through December 31, 2019. The claims experience was trended to the valuation date. The last two months of claims experience was adjusted for incurred but not reported claims using completion factors based on prior year data. Per capita costs for the fully insured HMO and Medicare Advantage plans were based on calendar year 2020 premiums adjusted to the valuation date using the trend assumptions above. Per capita costs were adjusted for expected age-related differences in morbidity applicable to retirees, except for costs for the Via Benefits HRA plan, which provides a flat monthly subsidy.
Retirees' share of benefit-related costs	Baseline per capita costs (PCCs) were updated to reflect 2019 claims and enrollment and retiree contributions were updated based on 2020 premiums. The impact of the High Cost Excise Tax was removed. The High Cost Excise Tax was repealed in December 2019.
Age Related Morbidity	Per capita costs (PCCs) were adjusted to reflect expected cost differences due to age and gender.

Mortality rates Assumptions are consistent with the pension plans disclosed in note 6.

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined at June 30, 2019, is 4.5 years.

The actuarial assumptions used by the pension plans covering the same participants were used for the retirement, termination, disability, and salary scale assumptions.

Changes of assumptions and other inputs from the prior valuation include the following:

- The discount rate has been decreased from 2.98% to 2.79% since the previous valuation.
- Baseline per capita costs were updated to reflect 2019 claims and enrollment and retiree contributions were updated based on 2020 premiums.
- Life insurance contributions were updated based on updated schedules for 2020 monthly premium rates.
- The impact of the High Cost Excise tax was removed. The High Cost Excise Tax was repealed in December 2019.
- Demographic assumptions were revised for the Louisiana State Employees Retirement System to reflect the recent experience study.

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the discount rate

The following chart presents the System's proportionate share of the total collective OPEB liability using the current discount rate, as well as what the System's proportionate share of the total collective OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	(1.79%)	(2.79%)	(3.79%)
Proportionate Share of Total Collective OPEB Liability	\$322,513,443	\$ 274,571,389	\$ 236,582,042

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the healthcare cost trend rates

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

	1.0% Decrease	Current Healthcare Cost Trend Rates	1.0% Increase
Pre-65 Rates	6.0% decreasing to 3.5%	7.0% decreasing to 4.5%	8.0% decreasing to 5.5%
Post-65 Rates	4.5% decreasing to 3.5%	5.5% decreasing to 4.5%	6.5% decreasing to 5.5%
Proportionate Share of Total Collective OPEB Liability	\$235,471,993	\$274,571,389	\$324,916,226

Participation

The percentage of employees and their dependents who are eligible for early retiree benefits that will participate in the retiree medical plan is outlined in the table below. Active participants who have been covered continuously under the OGB medical plan since before January 1, 2002, are assumed to participate at a rate of 88%. This rate assumes that a one-time irrevocable election to participate is made at retirement.

Years of Service	Participation Percentage
<10	52%
10 - 14	73%
15 - 19	84%
20+	88%

Future retirees are assumed to participate in the life insurance benefit at a 52% rate and elect a total of \$45,000 in basic and supplemental life insurance coverage, before any age reductions. Spouses are assumed to elect \$2,000 of coverage.

The Schedule of the System's Proportionate Share of the Total Collective OPEB Liability is presented as required supplementary information following the Notes to the Financial Statements.

9. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accruals at June 30, 2020:

Accrued salaries and benefits	\$24,588,028
Travel and training	(9,882)
Operating services	3,548,887
Professional services	1,270,536
Supplies	565,324
Grants and public assistance	3,788,484
Other charges	1,162,279
Capital outlay	<u>4,451,682</u>
Total	<u><u>\$39,365,338</u></u>

10. UNEARNED REVENUES

The following is a summary of unearned revenues at June 30, 2020:

Prepaid tuition and fees	\$10,039,027
Prepaid rent	315,667
Grants and contracts	<u>974,667</u>
Total	<u><u>\$11,329,361</u></u>

11. COMPENSATED ABSENCES

At June 30, 2020, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$10,831,251; \$11,703,492; and \$19,448, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

12. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2020, the total rental expense for all operating leases was \$611,084. The following is a schedule, by fiscal year, of future minimum annual rental payments required under operating leases:

Nature of Operating Lease	2021	2022	Total Minimum Payments Required
Buildings	<u>\$137,719</u>	<u>\$44,720</u>	<u>\$182,439</u>
Total	<u><u>\$137,719</u></u>	<u><u>\$44,720</u></u>	<u><u>\$182,439</u></u>

Capital Leases

The System records items under capital leases as assets and obligations in the accompanying financial statements. The following is a schedule of future minimum lease payments under these capital leases, together with the present value of minimum lease payments, at June 30, 2020:

<u>Fiscal Year ending June 30:</u>	
2021	\$187,879
2022	283,460
2023	280,866
2024	282,991
2025	279,395
2026-2030	<u>1,399,250</u>
Total minimum lease payments	2,713,841
Less - amount representing interest	<u>(521,341)</u>
Present value - net minimum lease payments	<u><u>\$2,192,500</u></u>

The gross amount of assets held under capital leases as of June 30, 2020, includes buildings of \$4,395,000.

Lessor - Operating Lease

Leasing operations of the System consist of leasing buildings for the purposes of providing bookstore operations to students. The estimated cost, accumulated depreciation, and carrying amount of the System's investment in operating lease property as of June 30, 2020, was \$1,620,562; \$1,462,204; and \$158,358, respectively. This includes estimated values, which are based on the ratio of the square footage of the space leased to the total square footage of the building.

The following is a schedule, by fiscal year, of minimum future rentals on noncancelable operating leases as of June 30, 2020:

<u>Nature of Operating Lease</u>	<u>2021</u>	<u>2022</u>	<u>Total Minimum Future Rentals</u>
Buildings	<u>\$137,200</u>	<u>\$28,100</u>	<u>\$165,300</u>
Total	<u><u>\$137,200</u></u>	<u><u>\$28,100</u></u>	<u><u>\$165,300</u></u>

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. There were no contingent rentals received for the year ended June 30, 2020.

13. LONG-TERM LIABILITIES

The following is a summary of bonds and other long-term debt transactions of the System for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Portion Due Within One Year
Bonds payable, net	\$477,751,400	\$57,429,485	(\$58,132,921)	\$477,047,964	\$16,535,000
Capital lease obligations (note 12)	2,382,500		(190,000)	2,192,500	97,500
Compensated absences payable (note 11)	20,247,375	6,988,552	(4,681,736)	22,554,191	1,157,672
Total long-term liabilities **	<u>\$500,381,275</u>	<u>\$64,418,037</u>	<u>(\$63,004,657)</u>	<u>\$501,794,655</u>	<u>\$17,790,172</u>

**Changes in long-term liabilities for Pensions and Other Postemployment benefits can be found in notes 6 and 8.

Details of all debt outstanding at June 30, 2020, follow:

Bonds Payable

As presented on the Statement of Net Position, at June 30, 2020, bonds payable total \$477,047,964, of which \$16,535,000 is current, and the remaining \$460,512,964 is noncurrent.

Detailed summaries, by issues, of all bonded debt outstanding at June 30, 2020, follow:

	Date of Issue	Original Issue	Outstanding June 30, 2019	Issued (Redeemed)	Outstanding June 30, 2020	Maturities	Interest Rates	Future Interest Payments June 30, 2020	
BRCC Facilities Corporation:									
	Series 2011 Revenue Refunding Bonds	Oct. 11, 2011	\$31,495,000	\$22,100,000	(\$14,030,000)	\$8,070,000	2021-2027	2.0% - 4.098%	\$779,256
	Series 2012 Revenue Refunding Bonds	April 18, 2012	24,125,000	24,125,000	(24,125,000)			3.625% - 4.958%	
	Series 2020 Taxable Revenue Refunding Bonds	Feb. 19, 2020	38,175,000		38,175,000	38,175,000	2021-2033	1.609% - 2.652%	7,586,290
Campus Facilities, Inc.:									
	Series 2012 Revenue Refunding Bonds	Dec. 4, 2012	38,050,000	30,760,000	(2,810,000)	27,950,000	2021-2028	3.0% - 5.0%	5,207,650
South Louisiana Facilities Corporation -									
	Series 2012 Revenue Refunding Bonds	Sept. 6, 2012	13,185,000	9,410,000	(920,000)	8,490,000	2021-2028	2.0%-4.0%	1,099,109
Delta Campus Facilities, Inc. -									
	Series 2017 Revenue Refunding Bonds	Oct. 24, 2017	22,750,000	20,930,000	(1,915,000)	19,015,000	2021-2028	3.641% - 5.0%	4,322,350
LCTCS Facilities Corporation:									
	Series 2011 Revenue Bonds	Oct. 27, 2011	51,980,000	16,070,000	(8,975,000)	7,095,000	2021	2.22% - 3.85%*	
	Series 2014 Revenue Bonds	Dec. 18, 2014	128,330,000	128,330,000		128,330,000	2032-2040	3.25%-5.0%	106,207,500
	Series 2017 Revenue Refunding Bonds	Oct. 24, 2017	88,590,000	88,590,000		88,590,000	2022-2029	5.00%	25,528,500
	Series 2017 Revenue Bonds	Oct. 25, 2017	20,770,000	20,770,000		20,770,000	2021-2029	5.00%	5,386,000
	Series 2018 Revenue Bonds	Dec. 19, 2018	66,830,000	66,830,000		66,830,000	2029-2040	5.00%	41,692,500
	Series 2019 Revenue Bonds	Dec. 18, 2019	16,630,000		16,630,000	16,630,000	2021-2029	5.00%	4,140,151
	Total		<u>\$540,910,000</u>	427,915,000	2,030,000	429,945,000			<u>\$201,949,306</u>
	Net original premiums (discounts)			51,759,611	2,624,485	54,384,096			
	Net accumulated amortization of premiums/discounts			(1,923,211)	(5,357,921)	(7,281,132)			
	Bonds payable, net			<u>\$477,751,400</u>	<u>(\$703,436)</u>	<u>\$477,047,964</u>			

*This rate is the yield to maturity rate.

The annual requirements to amortize all bonds outstanding at June 30, 2020, are as follows:

	Principal	Interest	Total
2021	\$16,535,000	\$19,368,832	\$35,903,832
2022	21,920,000	19,030,878	40,950,878
2023	23,485,000	17,993,500	41,478,500
2024	24,690,000	16,913,677	41,603,677
2025	25,825,000	15,814,663	41,639,663
2026-2030	131,240,000	61,016,775	192,256,775
2031-2035	88,265,000	36,623,481	124,888,481
2036-2040	97,985,000	15,187,500	113,172,500
Total	<u>\$429,945,000</u>	<u>\$201,949,306</u>	<u>\$631,894,306</u>

Outstanding principal of \$429,945,000 plus net unamortized premium/discount of \$47,102,964 totals \$477,047,964.

The terms specified in Article VIII, Section 8.2 of the Trust Indentures for the bonds described at Note 22 identify events of default. Upon the occurrence of an Event of Default, the Authority, the Trustee, and, the Bondholders shall have all the rights and remedies as may be allowed by law, the Indenture, or pursuant to the provisions of the

Loan Agreement and/or the Facilities Lease by virtue of their assignment, including but not limited to, acceleration of the maturity of all the Bonds, or suit at law or in equity to enforce or enjoin the action or inaction of parties under the provisions.

Capital Lease Obligations

Capital lease obligations at June 30, 2020, for \$2,192,500 are detailed in note 12.

Accrued Compensated Absences Payable

Accrued compensated absences payable at June 30, 2020, for \$22,554,191 is detailed in note 11.

Debt Service Reserve Requirements

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2020:

<u>Bond Issue</u>	<u>Reserve Available</u>	<u>Reserve Requirement</u>	<u>Excess</u>
LCTCS Facilities (Act 391) Series 2011 Revenue Bonds	<u>\$1,896,547</u>	<u>\$1,896,547</u>	<u>NONE</u>
Total	<u><u>\$1,896,547</u></u>	<u><u>\$1,896,547</u></u>	<u><u>NONE</u></u>

14. RESTRICTED NET POSITION

The System has the following restricted net position at June 30, 2020:

Nonexpendable:	
Endowments	\$8,806,047
Phoebe Jackson Trust	<u>290,136</u>
Total nonexpendable	<u><u>\$9,096,183</u></u>
Expendable:	
Academic excellence fee	\$32,909,434
Albania Plantation	177,298
Building use fee	14,458,938
Endowment earnings	2,770,814
Facilities Corporations net position	97,085,413
Grants and contracts	20,512,435
Higher Education Initiatives Fund	1,094,092
Maintenance Reserve	557,590
Operational fee	802,869
Orleans Parish Excellence	2,709,555
Other restricted funds	1,779,434
Preventative maintenance	66,606
Settlement carryover fund	1,300,055
Student Government Association fees	3,139,851
Student Life Center	2,655,116
Technology fee	6,973,109
Third-party scholarships	16,131
Vehicle registration fee	<u>7,966,655</u>
Total expendable	<u><u>\$196,975,395</u></u>

Of the total net position reported in the Statement of Net Position for the year ended June 30, 2020, \$67,022,482 is restricted by enabling legislation (which also includes a legally-enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation).

15. RESTATEMENT OF BEGINNING NET POSITION

The beginning net position as reflected on Statement B has been restated to reflect the following adjustments:

Net position at June 30, 2019	(\$157,853,414)
Reclassifications and adjustments for prior-year errors:	
Capital assets adjustment	<u>(2)</u>
Net position at June 30, 2019, as restated	<u><u>(\$157,853,416)</u></u>

The restatements decreased the System's beginning net position by \$2. The restatements were due to corrections of errors. Had the error corrections affecting fiscal year 2019 been included in the June 30, 2019, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of \$54,175,872 would have been \$54,175,870.

16. CONTINGENT LIABILITIES AND RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management (ORM), the agency responsible for the state's risk management program, or by appropriation from the State's General Fund. At June 30, 2020, the System is not involved in any lawsuits that are not handled by either the ORM or the Attorney General's office.

Also, the amount of settlements paid in the past three years did not exceed insurance coverage. For the claims and litigations not being handled by the ORM, the System's individual colleges pay for settlements out of available funds, or the individual colleges can request supplemental appropriations from the state's General Fund.

17. FOUNDATIONS

The accompanying financial statements do not include the accounts of the following foundations:

- Baton Rouge Community College Foundation, Inc.
- Bossier Parish Community College Foundation, Inc.
- Delgado Community College Foundation, Inc.
- Elaine P. Nunez Community College Foundation
- LCTCS Foundation
- Fletcher Technical Community College Foundation, Inc.
- Louisiana Delta Community College Foundation
- Louisiana Technical College Tallulah Foundation
- Northshore College Enhancement Foundation
- River Parishes Community College Foundation, Inc.
- South Louisiana Community College Foundation
- SOWELA Technical Community College Foundation, Inc.

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

Certain colleges of the System have contracted with their respective foundations to invest the colleges' Endowed Professorship and Endowed Scholarship Program endowment funds in accordance with the Board of Regents for Higher Education's investment policies. The

Endowed Professorship Program endowment funds are established for \$100,000 each, with \$60,000 of private contributions and \$40,000 of state matching portion allocated by the Board of Regents for Higher Education. Once a college has received state match for 15 Endowed Professorship slots, that college will be eligible only for the 80% non-state/20% state ratio. The Endowed Scholarship Program endowment funds are established for \$20,000 each, with \$10,000 of private contributions and \$10,000 of state matching portion allocated by the Board of Regents for Higher Education. Also, other Endowed Scholarship Program endowment funds are established for \$40,000 each, with \$30,000 of private contributions and \$10,000 of state matching portion allocated by the Board of Regents for Higher Education. Higher levels are permitted subject to the same ratios and matching levels. At June 30, 2020, the foundations hold in custody \$1,071,555 of State Endowed Professorship and Scholarship Program funds. Amounts invested by private foundations for the System are included as investments held by private foundations in external investment pools in note 3.

18. DONOR-RESTRICTED ENDOWMENTS

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

At June 30, 2020, net appreciation of \$2,769,163 is available to be spent, of which \$2,769,163 is restricted to specific purposes (net appreciation decreased \$55,192 during the fiscal year). The System limits endowment spending to the income earned in a given year for purposes specified by donors. The donated portion of the endowments is reported in “restricted net position - nonexpendable” in the Statement of Net Position; the endowment income is reported in “restricted net position - expendable.”

19. DEFERRED COMPENSATION PLAN

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

20. SEGMENT INFORMATION

BRCC Facilities Corporation is a nonprofit corporation formed in February 2002 to provide funds and oversee construction of the campus for Baton Rouge Community College (BRCC).

Campus Facilities, Inc., is a nonprofit organization formed in May 2001 to provide funds for and oversee construction of the campus for Bossier Parish Community College (BPCC).

Delta Campus Facilities Corporation is a nonprofit corporation formed in March 2005 to provide funds and oversee construction of the campus for Louisiana Delta Community College (LDCC).

LCTCS Facilities Corporation is a nonprofit corporation formed in August 2007 and began operations October 1, 2009, to provide funds and oversee the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of 12 community and technical college campuses and a statewide computer information system for the System.

The South Louisiana Facilities Corporation is a nonprofit corporation formed in December 2001 to provide funds and oversee construction for the South Louisiana Community College (SLCC) campus.

Condensed financial information for these blended component units follows:

Facilities Corporations
Condensed Statement of Net Position
For the Year Ended June 30, 2020

	BRCC Facilities Corporation	Campus Facilities Inc.*	Delta Campus Facilities Corporation*	LCTCS Facilities Corporation*	South Louisiana Facilities Corporation
Assets:					
Capital Assets	\$48,542,366	\$37,592,113	\$25,335,404	\$309,827,127	\$9,529,792
Other Assets	3,232,601	2,170,399	2,600,442	124,028,113	1,936,787
Total Assets	<u>51,774,967</u>	<u>39,762,512</u>	<u>27,935,846</u>	<u>433,855,240</u>	<u>11,466,579</u>
Liabilities:					
Current Liabilities	90,672	3,040,771	2,241,780	16,909,616	1,015,118
Long-Term Liabilities	46,448,344	27,278,469	19,566,835	359,591,144	7,628,172
Total Liabilities	<u>46,539,016</u>	<u>30,319,240</u>	<u>21,808,615</u>	<u>376,500,760</u>	<u>8,643,290</u>
Net Position:					
Net Investment in Capital Assets	2,734,463	7,378,644	4,098,593	(31,357,233)	1,044,343
Restricted Net Position - Expendable	2,501,488	2,064,628	2,028,638	88,711,713	1,778,946
Total Net Position	<u>\$5,235,951</u>	<u>\$9,443,272</u>	<u>\$6,127,231</u>	<u>\$57,354,480</u>	<u>\$2,823,289</u>

Facilities Corporations
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

Depreciation Expense	\$2,258,372	\$1,495,873	\$1,323,961	\$9,077,567	\$414,438
Net Operating Loss	<u>(2,258,372)</u>	<u>(1,495,873)</u>	<u>(1,323,961)</u>	<u>(9,077,567)</u>	<u>(414,438)</u>
Nonoperating Revenues (Expenses):					
Investment Income	60,532	40,610	38,937	2,794,504	21,068
Interest Expense	(1,191,967)	(1,018,922)	(607,719)	(11,279,837)	(247,729)
Other (net)	(2,765,938)	(376,861)	(179,586)	(5,311,667)	(35,676)
Capital Appropriations	5,095,129	4,424,493	3,149,950	23,356,565	1,360,283
Capital Grants and Gifts	NONE	NONE	NONE	1,597,042	NONE
Changes in Net Position	<u>(1,060,616)</u>	<u>1,573,447</u>	<u>1,077,621</u>	<u>2,079,040</u>	<u>683,508</u>
Net Position, Beginning of the Year	6,296,567	7,869,825	5,049,610	55,275,440	2,139,781
Net Position, End of the Year	<u>\$5,235,951</u>	<u>\$9,443,272</u>	<u>\$6,127,231</u>	<u>\$57,354,480</u>	<u>\$2,823,289</u>

Facilities Corporations
Condensed Statement of Cash Flows
For the Year Ended June 30, 2020

Net cash flows provided (used) by:					
Noncapital Financing	(\$613,229)	(\$357,857)	(\$120,418)	(\$2,014,960)	NONE
Capital and Related Financing	(1,516,958)	281,662	\$228,435	(18,515,395)	\$148,890
Investing Activities	60,532	40,610	38,937	3,597,779	21,068
Net Increase (Decrease) in Cash	<u>(2,069,655)</u>	<u>(35,585)</u>	<u>146,954</u>	<u>(16,932,576)</u>	<u>169,958</u>
Cash, Beginning of the Year	4,563,872	2,205,984	2,111,430	48,338,508	1,674,106
Cash, End of the Year	<u>\$2,494,217</u>	<u>\$2,170,399</u>	<u>\$2,258,384</u>	<u>\$31,405,932</u>	<u>\$1,844,064</u>

*For the year ended December 31, 2019

21. RELATED-PARTY TRANSACTIONS

During 2019, the Chairman of the LCTCS Facilities Corporation was also a member of the Board of Supervisors of the Louisiana Community and Technical College System (the Board).

One law firm is serving as both the counsel to the Board and the LCTCS Facilities Corporation. In the event of a dispute between the Board and LCTCS Facilities Corporation, this law firm may face a conflict of interest and may need to resign from representing the Board and/or the LCTCS Facilities Corporation.

The Financial Advisor serving the LCTCS Facilities Corporation in connection with the issuance of the bonds, and the Program Administrator serving in connection with the implementation of the project, including matters relating to the investment and expenditure of the bond proceeds, are related and affiliated companies under common control and ownership.

Delgado Community College entered into a capital lease transaction with the Delgado Community College Foundation to finance the building of the City Park Campus Student Life Center. The term of the lease is 30 years with interest payments that began April 1, 2000. Interest is paid semiannually, and principal payments are made annually commencing October 1, 2000. The system records this capital lease as an asset and an obligation in the accompanying financial statements. This capital lease is included in note 12.

The lease was refinanced on September 28, 2011 for the purpose of reducing interest rates. Refinanced interest rates range from 2.0% to 4.5%.

22. ALTERNATIVE FINANCING AGREEMENTS

Baton Rouge Community College (BRCC)

On May 16, 2002, the Louisiana State Bond Commission approved issuing up to \$65,000,000 in bonds for constructing and furnishing new campus buildings and for renovating existing buildings on property adjacent to the BRCC campus. In December 2002, the Louisiana Government Environmental Facilities and Community Development Authority issued \$55,000,000 in revenue bonds on behalf of the BRCC Facilities Corporation, a nonprofit organization. In December 2003, the Louisiana Local Government Environmental Facilities and Community Development Authority issued an additional \$10,000,000 in revenue bonds on behalf of the BRCC Facilities Corporation. In October 2011, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$31,495,000 in revenue refunding bonds on behalf of the BRCC Facilities Corporation. In April 2012, the Louisiana Local Government Environmental Facilities and Community Development Authority issued an additional \$24,125,000 in revenue refunding bonds on behalf of the BRCC Facilities Corporation. In February 2020, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$38,175,000 in taxable revenue refunding bonds on behalf of the BRCC Facilities Corporation. Pursuant to the terms of a Ground Lease agreement, effective December 1, 2002, the corporation has leased the land from the Board of Supervisors (Board) of the System. The lease term expires on December 1, 2032. In accordance with the provisions of the facilities lease, the corporation, on behalf of the Board, is developing and

constructing new facilities that are being leased back to the Board for use by the students, faculty, and staff of the community college. During the latter part of the fiscal year ended June 30, 2007, construction of a health/ wellness center was started and was completed in the early part of fiscal year ended June 30, 2009.

Future monies appropriated to the System will be used to fund the annual lease payments.

See note 25 for the bond refundings.

Bossier Parish Community College (BPCC)

On December 13, 2001, the Louisiana State Bond Commission approved issuing up to \$45,000,000 in bonds for constructing a new BPCC campus. On April 18, 2002, the Louisiana Government Facilities and Community Development Authority issued \$45,000,000 in revenue bonds on behalf of Campus Facilities, Inc., a nonprofit organization. In June 2003, an amount of \$10,000,000 in Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds was issued to provide additional funds to complete construction. In December 2012, the Louisiana Local Government Environmental Facilities and Community Development Authority issued an additional \$38,050,000 in revenue refunding bonds on behalf of the Campus Facilities, Inc. Pursuant to terms of a Ground Lease agreement, effective April 1, 2002, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on January 1, 2028. In accordance with the provisions of the facilities lease, the corporation, on behalf of the Board, has developed and constructed new facilities that are being leased back to the Board for use by the students, faculty, and staff of the community college.

Future monies appropriated to the System will be used to fund the annual lease payments.

South Louisiana Community College (SLCC)

On May 16, 2002, the Louisiana State Bond Commission approved issuing up to \$20,000,000 in bonds for constructing a new SLCC campus. On October 29, 2002, the Lafayette Public Trust Financing Authority issued \$17,840,000 in revenue bonds on behalf of the South Louisiana Facilities, Inc., a nonprofit organization. In September 2012, the Lafayette Public Trust Financing Authority issued an additional \$13,185,000 in revenue refunding bonds on behalf of the South Louisiana Facilities Corporation. Pursuant to terms of a Ground Lease agreement effective October 29, 2002, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on October 1, 2028. In accordance with the provisions of the facilities lease, the corporation, on behalf of the Board, has developed and constructed new facilities that are being leased back to the Board for use by the students, faculty, and staff of the community college.

Future monies appropriated to the System will be used to fund the annual lease payments.

Louisiana Delta Community College (LDCC)

On January 22, 2008, the Louisiana State Bond Commission approved issuing up to \$45,000,000 in bonds for constructing a new LDCC campus. In November 2008, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$42,470,000 in revenue bonds on behalf of the Delta Campus Facilities Corporation, Inc., a nonprofit organization. On October 24, 2017, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$22,750,000 in revenue refunding bonds on behalf of the Delta Campus Facilities Corporation, Inc., a nonprofit organization, for the purpose of refunding outstanding Series 2008 bonds previously issued. Pursuant to terms of a Ground Lease agreement effective October 29, 2002, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on October 1, 2028. In accordance with the provisions of the facilities lease, the corporation, on behalf of the Board, will develop and construct new facilities which will be leased back to the Board for use by the students, faculty, and staff of the community college. On April 9, 2009, LDCC broke ground for construction of its new campus, which was completed in June 2010.

Future monies appropriated to the System will be used to fund the annual lease payments.

LCTCS Facilities Corporation**Act 391**

During the 2007 Regular Session, the Louisiana Legislature authorized financing of \$173,700,000 for 23 capital outlay projects at 14 System locations through Act 391 (R.S. 17:3394.3). The 23 projects will be completed in three phases.

Phase 1: On October 1, 2009, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$64,570,000 in revenue bonds on behalf of the LCTCS Facilities Corporation, a nonprofit organization, for the following projects: Northwest Campus of Northwest Louisiana Technical Community College in Minden, Huey P. Long Campus of Central Louisiana Technical Community College in Winnfield, Young Memorial Campus of South Louisiana Community College in Morgan City, Shelby M. Jackson Campus of Central Louisiana Technical Community College in Ferriday, Gulf Area Campus of South Louisiana Community College in Abbeville, Elaine P. Nunez Community College in Chalmette, Statewide Information System Infrastructure and Equipment for Campuses, L.E. Fletcher Technical Community College in Houma, and Florida Parishes Campus of Northshore Technical Community College in Greensburg. Pursuant to terms of a Ground Lease agreement effective October 1, 2009, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on October 1, 2038. In accordance with the provisions of the facilities lease, the corporation, on behalf of the Board, will develop and construct new facilities which will be leased back to the Board for use by the students, faculty, and staff of the colleges.

Phase 2: On August 31, 2010, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$64,025,000 in revenue bonds on behalf of the LCTCS Facilities Corporation, a nonprofit organization, for the following projects: Evangeline

Campus of South Louisiana Community College in St. Martinville, Huey P. Long Campus of Central Louisiana Technical Community College in Winnfield, Northwest Campus of Northwest Louisiana Technical Community College in Minden, Young Memorial Campus of South Louisiana Community College in Morgan City, Florida Parishes Campus of Northshore Technical Community College in Greensburg, Westside Campus of River Parishes Community College in Plaquemine, Gulf Area Campus of South Louisiana Community College in Abbeville, Shelby M. Jackson Campus of Central Louisiana Technical Community College in Ferriday, L.E. Fletcher Technical Community College in Houma, Elaine P. Nunez Community College in Chalmette, SOWELA Technical Community College in Lake Charles, River Parishes Community College in Sorrento, Delgado Community College - New Orleans Campus in New Orleans, and Delgado Community College - Sidney N. Collier Campus in New Orleans.

Phase 3: On October 27, 2011, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$42,646,377 in revenue bonds, for a total debt service of \$51,980,000, on behalf of the LCTCS Facilities Corporation, a nonprofit organization, for the following projects: Evangeline Campus of South Louisiana Community College in St. Martinville, Elaine P. Nunez Community College in Chalmette, Delgado Community College - New Orleans Campus in New Orleans, Delgado Community College - Sidney N. Collier Campus in New Orleans, and Statewide Information System Infrastructure and Equipment for Campuses. On October 24, 2017, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$88,590,000 in revenue refunding bonds on behalf of the LCTCS Facilities Corporation, a nonprofit organization, for the purpose of refunding outstanding Series 2009B and Series 2010 bonds previously issued for Act 391.

Future monies appropriated to the System will be used to fund the annual lease payments.

Act 360

During the 2013 Regular Session, the Louisiana Legislature authorized financing of \$251,610,500 with a 12% private match for 29 capital outlay projects at 13 System locations through Act 360 (R.S. 17:3394.3). The 29 projects will be completed in multiple phases.

Phase 1: On December 18, 2014, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$128,330,000 in revenue bonds on behalf of the LCTCS Facilities Corporation, a nonprofit organization, for the following projects: New Workforce Training Center of Baton Rouge Community College in Baton Rouge; Smiley Heights Technology Center of Baton Rouge Community College in Baton Rouge; Science, Technology, Engineering, and Math (STEM) Building of Bossier Parish Community College in Bossier City; Workforce Industrial Training Campus of Central Louisiana Technical Community College in Alexandria; Training Center for Transportation, Maritime, Engineering of Delgado Community College in New Orleans; Advanced Manufacturing Center of Excellence of Delgado Community College in New Orleans; Technology and Career Program Training Center of Louisiana Delta Community College in Winnsboro; Welding, Vehicle Operation, and Industrial Training Center of Louisiana Delta Community College in Jonesboro; Training Center for Industrial Technologies of Northshore Technical Community College in Lacombe; Workforce Development Center of Northwest Louisiana Technical Community College in Minden; Center

for Advanced Technology of River Parishes Community College in Gonzales; New PTech Building of River Parishes Community College in Reserve; Center for Advancement of Technical Education Building of River Parishes Community College in Reserve; Marine Operations and Industrial Safety Training Center of South Louisiana Community College in Morgan City; Allied Health and Science Training Program Building of South Louisiana Community College in Lafayette; and One Stop Shop for Student Programs and Services of SOWELA Technical Community College in Lake Charles. Pursuant to terms of a Ground Lease agreement effective December 1, 2014, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on December 1, 2039. In accordance with the provisions of the facilities lease, the corporation, on behalf of the Board, will develop and construct new facilities which will be leased back to the Board for use by the students, faculty, and staff of the colleges.

Phase 2: On October 25, 2017, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$20,770,000 in revenue bonds on behalf of the LCTCS Facilities Corporation, a nonprofit organization, for Act 360 Phase 2 for the following projects: North Baton Rouge Campus of the Baton Rouge Community College in Baton Rouge; Bossier City Campus of Bossier Parish Community College in Bossier City; Advanced Workforce Training Campus of Louisiana Delta Community College in Tallulah; Advanced Technology Center of Louisiana Delta Community College in Monroe; and the Workforce Training Center of Northshore Technical Community College in Walker.

Phase 3: On December 19, 2018, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$66,830,000 in revenue bonds on behalf of the LCTCS Facilities Corporation, a nonprofit organization, for Act 360 Phase 3 for the following projects: Delgado Charity School of Nursing and Allied Health Campus of Delgado Community College in New Orleans; Delgado Culinary Institute of Delgado Community College in New Orleans; Delgado Advanced Technology Building and Campus Expansion of Delgado Community College in New Orleans; Louisiana Delta Community College Nursing, Welding, Workforce Training Campus of Louisiana Delta Community College in Ruston; and SOWELA Technical Community College Hospitality & Tourism of SOWELA Technical Community College in Lake Charles.

Phase 4: On December 18, 2019, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$16,630,000 in revenue bonds on behalf of the LCTCS Facilities Corporation, a nonprofit organization, for Act 360 Phase 4 for the following projects: City Park Campus of Delgado Community College in New Orleans; Schriever Campus of L.E. Fletcher Technical Community College in Schriever; and Chalmette Campus of Elaine P. Nunez Community College in Chalmette.

Additional Phases: Additional phases have not been scheduled.

Future monies appropriated to the System will be used to fund the annual lease payments.

Appropriation Dependency

The Facilities Corporations are dependent upon the State Legislature appropriating funds to the System Board sufficient to make payments of base rental to the Facilities Corporations. The State, the System Board, and the Facilities Corporations entered into Cooperative Endeavor Agreements pursuant to which the Commissioner of Administration agreed to include in the Executive Budget and request that the State Legislature provide funding for the payment of Base Rental pursuant to the facilities lease without further obligations. A failure by the Legislature to appropriate sufficient funds to satisfy the obligations of the System Board under the facilities lease shall permit the System Board to terminate the facilities lease without any further obligations. Absent an appropriation by the Legislature sufficient to allow the System Board to make payments of base rental under the facilities leases, the Facilities Corporations will not be able to make payments under the Loan Agreement. The System Board is under no obligation to use any other of its funds to make payments of base rental.

23. COMMITMENTS

The LCTCS Facilities Corporation entered into contracts with a consulting firm to create and institute the program of construction projects established by Act 391, Act 360, and the CDBG CEA and provide administrative duties over the life of each program. The original contract for Act 391 was extended through May 2017 for a monthly fee of \$28,463. The contract was amended during 2017 with monthly fees ranging from \$3,333 to \$10,000 from July 2017 through project completion. The original contract for Act 360 expired in May 2017 with monthly fees of \$64,332 payable on the first day of each month. The contract was amended during 2017 with monthly fees ranging from \$3,333 to \$30,000 from July 2017 through project completion.

The LCTCS Facilities Corporation has entered into a contract with an engineering firm to serve as the program manager for the construction projects established by Act 391 and Act 360 at the various campuses. The original Act 391 management contract expired on October 1, 2014 and was extended through December 31, 2016 for a fixed fee of \$450,750. The original contract associated with Act 360 was a fixed fee of \$11,436,840 paid in 60 equal installments beginning November 2014. The Act 360 contract was amended in 2017 with monthly fees ranging from \$45,714 to \$115,863 beginning in March 2017 through November 2019. The Act 360 contract was amended again in 2018 with monthly fees ranging from \$45,714 to \$254,684 beginning March 2018 through May 2021.

The LCTCS Facilities Corporation has active construction projects at various campuses as of December 31, 2019. The LCTCS Facilities Corporation's commitments to contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
ACT 360		
Baton Rouge Community College - North Acadian Campus	\$6,684,530	\$334,226
Louisiana Delta Community College - Monroe	2,040,220	206,407
Northshore Technical Community College - Livingston	4,482,994	15,779
Louisiana Delta Community College - Tallulah	6,778,982	348,949
Central Louisiana Technical Community College - Alexandria	10,438,888	265,164
	<u>\$30,425,614</u>	<u>\$1,170,525</u>

24. MAINTENANCE RESERVE REQUIREMENTS

In connection with the lease of facilities and equipment to the System under a facilities lease agreement, the terms of the cooperative endeavors call for a maintenance reserve fund to be established and payments to be made annually. The “Maintenance Reserve Fund Requirement” requires an amount reserved annually equal to a certain percentage of the hard cost (not including professional services and fees) that are payable from the proceeds of the bonds. The maintenance reserve requirements for the Facilities Corporations are as follows:

	<u>Maintenance Reserve Requirement per Bond Covenant</u>	<u>Annual Required Payment per Facilities Lease Agreement</u>	<u>Maintenance Reserve Balance</u>
BRCC Facilities Corporation	1.50%	\$750,000	\$2,438,081
Campus Facilities, Inc.	0.60%	280,000	2,089,197
Delta Campus Facilities Corporation	0.60%	225,000	1,850,198
LCTCS Facilities Corporation	0.60%	1,813,171	8,377,579
South Louisiana Facilities Corporation	1.50%	141,414	1,771,034
Total		<u>\$3,209,585</u>	<u>\$16,526,089</u>

25. DEBT REFUNDING

Bond Refunding

On February 19, 2020, Louisiana Local Government Environmental Facilities and Community Development Authority, on behalf of the Baton Rouge Community College Facility Corporation, issued \$38,175,000 of taxable revenue refunding bonds, BRCC Refunding Series 2020, to advance refund \$11,665,000 of BRCC Refunding Series 2011 revenue refunding bonds and \$24,125,000 of BRCC Refunding Series 2012 revenue refunding bonds to reduce total future debt service payments. The bond proceeds of \$38,175,000 plus the additional capital appropriation of \$566,255 less bond issuance costs of \$679,815 were deposited in an irrevocable trust with an escrow agent pursuant to an escrow agreement dated February 1, 2020, to provide resources for the purpose of generating resources for all future debt service payments of the

refunded bonds. As a result, \$11,665,000 of BRCC Refunding Series 2011 revenue refunding bonds and \$24,125,000 of BRCC Refunding Series 2012 revenue refunding bonds are considered defeased and the liability for those bonds has been removed from the BRCC Facilities Corporation's long-term debt. The refunding reduced the total debt service payments by \$3,165,804 and resulted in an economic gain of \$3,072,739.

Defeasement of Debt

The Facilities Corporations defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Facilities Corporations' financial statements. At June 30, 2020, \$64,025,000 in LCTCS Series 2010, \$11,665,000 in BRCC Refunding Series 2011, and \$24,125,000 in BRCC Refunding Series 2012, totaling \$99,815,000 of bonds outstanding are considered defeased.

26. SUBSEQUENT EVENTS

On August 27, 2020, Hurricane Laura made landfall along the Texas/Louisiana border impacting three colleges of the Louisiana Community and Technical College System: Central Louisiana Technical Community College, Louisiana Delta Community College, and SOWELA Technical Community College. As a result of the hurricane, all students at the SOWELA Technical Community College main campus in Lake Charles were impacted from the lack of utilities and internet connectivity for which plans for their reestablishment and operation are still under development. While the damage to Central Louisiana Technical Community College and Louisiana Delta Community College is considered minor, the damage to the SOWELA Technical Community College is considered to be extensive. No estimate of the damage is available at this time.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate it have and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Corporation operates. While it is unknown how long these conditions will last, particularly given the advent of various vaccines currently under development by multiple pharmaceutical corporations, the complete financial effect on the Facilities Corporations is unknown.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the System's Proportionate Share of the Net Pension Liability

Schedule 1 presents the System's Net Pension Liability.

Schedule of the System's Contributions

Schedule 2 presents the amount of contributions the System made to pension systems.

Schedule of the System's Proportionate Share of the Total Collective OPEB Liability

Schedule 3 presents the System's Other Postemployment Benefits Plan.

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Schedules of Required Supplementary Information
Fiscal Year Ended June 30, 2020**

**Schedule of the System's Proportionate Share
of the Net Pension Liability** **Schedule 1**

Fiscal Year*	System's proportion of the net pension liability (asset)	System's proportionate share of the net pension liability (asset)	System's covered payroll	System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System					
2015	1.19406%	\$74,663,401	\$22,120,231	338%	65.0%
2016	1.17163%	\$79,688,458	\$22,328,326	357%	62.7%
2017	1.17685%	\$92,412,913	\$22,217,956	416%	57.7%
2018	1.12188%	\$78,967,293	\$21,418,739	369%	62.5%
2019	1.06580%	\$72,686,645	\$20,704,446	351%	64.3%
2020	1.02278%	\$74,099,235	\$20,700,390	358%	62.9%
Teachers' Retirement System of Louisiana					
2015	3.03832%	\$310,559,572	\$108,071,790	287%	63.7%
2016	3.14133%	\$337,764,405	\$111,646,416	303%	62.5%
2017	3.14709%	\$369,373,656	\$114,167,862	324%	59.9%
2018	3.29149%	\$337,439,101	\$113,004,943	299%	65.6%
2019	2.92770%	\$287,734,742	\$115,804,730	248%	68.2%
2020	3.10401%	\$308,062,225	\$120,502,773	256%	68.6%

*Amounts presented were determined as of the measurement date (previous fiscal year end).

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

Schedule of the System's Contributions **Schedule 2**

Fiscal Year*	(a) Statutorily- required contribution	(b) Contributions in relation to the statutorily- required contribution	(a-b) Contribution deficiency (excess)	System's covered payroll	Contributions as a percentage of covered payroll
Louisiana State Employees' Retirement System					
2015	\$7,638,053	\$7,638,053		\$22,328,326	34.2%
2016	\$8,248,134	\$8,248,134		\$22,217,956	37.1%
2017	\$7,697,600	\$7,697,600		\$21,418,739	35.9%
2018	\$7,837,800	\$7,837,800		\$20,704,446	37.9%
2019	\$7,851,412	\$7,851,412		\$20,700,390	37.9%
2020	\$8,682,276	\$8,682,276		\$21,459,924	40.5%
Teachers' Retirement System of Louisiana					
2015	\$37,388,060	\$37,388,060		\$111,646,416	33.5%
2016	\$37,524,964	\$37,524,964		\$114,167,862	32.9%
2017	\$35,517,191	\$35,517,191		\$113,004,944	31.4%
2018	\$37,602,992	\$37,602,992		\$115,804,730	32.5%
2019	\$38,840,620	\$38,840,620		\$120,502,773	32.2%
2020	\$43,316,722	\$43,316,722		\$137,442,266	31.5%

*Amounts presented were determined as of the end of the fiscal year.

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

Notes to Required Supplementary Information

Changes of Benefit Terms include:

LASERS

- 2015 (1) A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session, and,
2015 (2) Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections as established by Act 852 of 2014.
- 2017 (3) A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session, and,
2017 (4) Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015, by Act 648 of 2014.
- 2019 (5) Added survivor and disability benefits for members of the Hazardous Duty, Corrections Primary and Secondary, Wildlife, and Harbor Police sub-plans as a result of Acts 224 and 595 of the 2018 Regular Legislative Session.

TRSL

- 2015 (1) A 1.5% COLA, effective July 1, 2014, provided by Act 204 of the 2014 Louisiana Regular Legislative Session.
- 2016 (2) Regular plan members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015, may retire with a 2.5% benefit factor after attaining age 62 with at least five years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.
- 2017 (3) A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session.

Changes of Assumptions include:

LASERS

- 2018 (1) Effective July 1, 2017, the LASERS Board reduced the inflation assumption from 3.0% to 2.75%. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25% in the June 30, 2017, valuation.
- 2018 (2) Effective July 1, 2017, the projected contribution requirement includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.
- 2018-2020 (3) Effective July 1, 2017, the LASERS board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017, valuation, to 7.65% for the June 30, 2018, valuation, and to 7.60% for the June 30, 2019 valuation.
- 2020 (4) Retirement, termination, disability, inflation, salary increase, and expected remaining service life assumptions and methods were updated with the June 30, 2019 valuation to reflect the results of the most recent experience study observed for the period July 1, 2013 - June 30, 2018.

TRSL

- 2018 (1) Effective July 1, 2017, the projected contribution requirement includes direct funding of administrative expenses rather than a reduction in the assumed rate of return, per Act 94 of 2016.
- 2018-2020 (2) Effective July 1, 2017, the TRSL board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017, valuation, and to 7.65% for the June 30, 2018, valuation. In fiscal year 2019, the TRSL Board of Trustees accelerated the rate reduction plan by one year. Therefore, the discount rate was reduced from 7.65% to 7.55% for the June 30, 2019 valuation.
- 2019 (3) Demographic, mortality, and salary increase assumptions were updated with the June 30, 2018, valuation to reflect the results of the most recent experience study observed for the period July 1, 2012 - June 30, 2017.

Changes to Covered Payroll:

- 2017 Due to the implementation of GASBS 82 in fiscal year 2017, prior amounts presented for covered payroll were restated to reflect payroll on which contributions are based.

Changes to Size or Composition of the Population:

- 2020 Beginning in fiscal year 2020, the Louisiana Community and Technical College System began expensing the retirement benefits of its deferred pay employees as wages are earned versus expensing when those employees are paid over the summer months.

**Schedule of the System's Proportionate Share
 of the Total Collective OPEB Liability
 Fiscal Year Ended June 30, 2020**

Fiscal Year*	System's proportion of the total collective OPEB liability	System's proportionate share of the total collective OPEB liability	System's covered-employee payroll	System's proportionate share of the total collective OPEB liability as a percentage of the covered-employee payroll
2017	3.5031%	\$317,839,787	\$119,877,258	265%
2018	3.5031%	\$304,450,972	\$116,260,468	262%
2019	3.4859%	\$297,567,369	\$119,289,652	249%
2020	3.5555%	\$274,571,389	\$125,384,115	219%

*Amounts presented were determined as of the measurement date (beginning of the fiscal year).

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

Notes to Required Supplementary Information

There were no assets accumulated in a trust that meets the criteria in GASB 75 paragraph 4 to pay related benefits.

Changes of Assumptions include:

The July 1, 2017 valuation reflects an increase in the discount rate from 2.71% as of July 1, 2016, to 3.13% as of July 1, 2017.

The July 1, 2018 valuation reflects the following changes of assumptions and other inputs:

- (1) decreased the discount rate from 3.13% to 2.98%,
- (2) the baseline per capita costs were adjusted to reflect 2018 claims and enrollment, retiree contributions were updated based on 2019 premiums, and the impact of the High Cost Excise Tax was revisited, reflecting updated plan premiums, and
- (3) the percentage of future retirees assumed to elect medical coverage was adjusted based on recent plan experience.

The July 1, 2019 valuation reflects the following changes of assumptions and other inputs:

- (1) decreased the discount rate from 2.98% to 2.79%.
- (2) the baseline per capita costs were adjusted to reflect 2019 claims and enrollment, retiree contributions were updated based on 2020 premiums, and life insurance contributions were updated to reflect 2020 premium schedules.
- (3) the impact of the High Cost Excise Tax was removed because the tax was repealed in December 2019.
- (4) the demographic assumptions for the LASERS plan were revised to reflect the recent experience study reflected in the June 30, 2019, pension valuation.

SUPPLEMENTARY INFORMATION SCHEDULES

Combining Schedule of Net Position, by College, June 30, 2020

Schedule 4 presents a combining Schedule of Net Position, by College, for the year ended June 30, 2020.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, For the Year Ended June 30, 2020

Schedule 5 presents a combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, for the year ended June 30, 2020.

Combining Schedule of Cash Flows, by College, For the Year Ended June 30, 2020

Schedule 6 presents a combining Schedule of Cash Flows, by College, for the year ended June 30, 2020.

Combining Schedule of Net Position, by College, June 30, 2019

Schedule 7 presents a combining Schedule of Net Position, by College, for the year ended June 30, 2019.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, For the Year Ended June 30, 2019

Schedule 8 presents a combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, for the year ended June 30, 2019.

Combining Schedule of Cash Flows, by College, For the Year Ended June 30, 2019

Schedule 9 presents a combining Schedule of Cash Flows, by College, for the year ended June 30, 2019.

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

Combining Schedule of Net Position, by College

June 30, 2020

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College
ASSETS					
Current Assets					
Cash and cash equivalents	\$20,374,826	\$22,320,283	\$8,534,724	\$1,070,281	\$28,711,384
Receivables, net	17,468,846	2,183,268	4,477,990	740,337	5,717,353
Due from State Treasury	1,345,839				
Due from federal government	5,112,286	1,494,395	103,304	558,336	1,741,877
Due from LCTCS colleges/LCTCS	2,698,799	2,061,834	2,777,179	1,111,178	5,279,079
Inventories					
Prepaid expenses and advances		178,638		24,334	33,001
Other current assets					
Total current assets	<u>47,000,596</u>	<u>28,238,418</u>	<u>15,893,197</u>	<u>3,504,466</u>	<u>41,482,694</u>
Noncurrent Assets					
Restricted assets:					
Cash and cash equivalents			106,159	10,281	122,942
Investments		401,658	960,000	290,136	4,810,507
Receivables, net			60,000		
Other					
Capital assets, net	4,571,852	43,084,756	19,046,488	7,375,834	72,970,350
Other noncurrent assets					
Total noncurrent assets	<u>4,571,852</u>	<u>43,486,414</u>	<u>20,172,647</u>	<u>7,676,251</u>	<u>77,903,799</u>
Total Assets	<u>51,572,448</u>	<u>71,724,832</u>	<u>36,065,844</u>	<u>11,180,717</u>	<u>119,386,493</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	10,129,118	10,854,380	10,101,132	5,818,957	26,357,024
Deferred outflows related to OPEB	2,120,001	1,579,659	1,693,628	1,666,034	4,020,847
Total deferred outflows of resources	<u>12,249,119</u>	<u>12,434,039</u>	<u>11,794,760</u>	<u>7,484,991</u>	<u>30,377,871</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accruals	11,468,436	2,992,893	2,462,969	1,244,633	5,319,239
Due to federal government		2,000		7,930	
Due to LCTCS colleges/LCTCS	20,430,863	381,915	282,654	137,909	596,550
Unearned revenues		1,258,409	1,131,827	526,396	3,937,334
Amounts held in custody for others		32,607	401,555	68,451	285,967
Compensated absences payable	100,143	126,856	90,439	46,509	278,199
Capital lease obligations					97,500
OPEB liability	206,118	875,501	450,396	964,602	2,382,995
Bonds payable, net					
Other current liabilities			144		23,387
Total current liabilities	<u>32,205,560</u>	<u>5,670,181</u>	<u>4,819,984</u>	<u>2,996,430</u>	<u>12,921,171</u>
Noncurrent Liabilities					
Compensated absences payable	2,210,127	3,169,442	2,329,910	830,560	4,776,502
Capital lease obligations					2,095,000
Net pension liability	29,950,204	47,292,529	38,728,225	15,782,287	88,240,060
OPEB liability	11,032,466	30,417,862	21,824,363	18,236,029	67,324,494
Bonds payable, net					
Total noncurrent liabilities	<u>43,192,797</u>	<u>80,879,833</u>	<u>62,882,498</u>	<u>34,848,876</u>	<u>162,436,056</u>
Total Liabilities	<u>75,398,357</u>	<u>86,550,014</u>	<u>67,702,482</u>	<u>37,845,306</u>	<u>175,357,227</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	2,502,538	7,691,463	4,102,501	1,487,698	27,513,436
Deferred inflows related to OPEB	2,188,428	5,902,184	4,258,011	4,778,681	12,135,390
Total deferred inflows of resources	<u>4,690,966</u>	<u>13,593,647</u>	<u>8,360,512</u>	<u>6,266,379</u>	<u>39,648,826</u>
NET POSITION					
Net investment in capital assets	4,571,852	43,084,756	19,046,488	7,375,834	70,777,850
Restricted:					
Nonexpendable		270,000	1,100,000	290,136	2,649,515
Expendable	504,681	11,022,256	7,133,620	3,268,574	30,858,950
Unrestricted	(21,344,289)	(70,361,802)	(55,482,498)	(36,380,521)	(169,528,004)
Total Net Position	<u>(\$16,267,756)</u>	<u>(\$15,984,790)</u>	<u>(\$28,202,390)</u>	<u>(\$25,445,977)</u>	<u>(\$65,241,689)</u>

(Continued)

Schedule 4

Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northshore Technical Community College	Northwest Louisiana Technical Community College	River Parishes Community College	South Louisiana Community College	SOWELA Technical Community College
\$4,382,268	\$457,696	\$9,191,642	\$8,781,987	\$9,124,407	\$2,878,735	\$12,129,826	\$19,311,864	\$14,935,209
1,123,104		578,863	2,315,129	530,244	578,345	3,408,787	731,103	1,415,147
1,090,826		15,517	1,405,534	1,221,379	352,030	1,404,833	4,582,956	137,453
839,323	31,149	506,949	876,337	1,701,554	1,291,643	1,002,404	2,358,748	1,094,624
43,242		11,355	10,268	45,811	5,527		1,434	
		3,025						
<u>7,478,763</u>	<u>488,845</u>	<u>10,307,351</u>	<u>13,389,255</u>	<u>12,623,395</u>	<u>5,106,280</u>	<u>17,945,850</u>	<u>26,986,105</u>	<u>17,582,433</u>
359,954						111,993	350,000	140,000
291,984		267,907	698,084	669,897			1,344,439	1,017,648
38,058,639		12,536,341	6,827,580	8,587,977	3,526,893	3,818,156	16,066,746	42,198,750
<u>38,710,577</u>		<u>12,804,248</u>	<u>7,525,664</u>	<u>9,257,874</u>	<u>3,526,893</u>	<u>3,930,149</u>	<u>17,761,185</u>	<u>43,356,398</u>
<u>46,189,340</u>	<u>488,845</u>	<u>23,111,599</u>	<u>20,914,919</u>	<u>21,881,269</u>	<u>8,633,173</u>	<u>21,875,999</u>	<u>44,747,290</u>	<u>60,938,831</u>
4,184,568		4,096,419	7,763,158	7,791,405	2,187,530	7,489,468	18,149,451	8,824,768
2,066,877		1,137,282	1,084,528	1,469,026	1,041,193	2,169,276	6,105,937	1,647,867
<u>6,251,445</u>		<u>5,233,701</u>	<u>8,847,686</u>	<u>9,260,431</u>	<u>3,228,723</u>	<u>9,658,744</u>	<u>24,255,388</u>	<u>10,472,635</u>
424,083	18,850	1,574,883	1,995,015	2,007,864	627,575	1,026,273	4,330,099	1,455,059
				2,324				1,341
96,852	469,995	104,170	266,340	176,523	63,440	152,787	317,962	152,840
363,128		401,159	735,829	333,981	152,757	336,224	1,494,334	657,983
28,909		17,254	12,578	35,725	100,951	185,587	67,206	18,167
73,988		70,972	73,893	23,636	53,201	25,647	117,164	77,025
302,509		286,218	753,601	327,492	547,227	230,131	1,542,975	515,006
1,151								
<u>1,290,620</u>	<u>488,845</u>	<u>2,454,656</u>	<u>3,837,256</u>	<u>2,907,545</u>	<u>1,545,151</u>	<u>1,956,649</u>	<u>7,869,740</u>	<u>2,877,421</u>
615,946		678,817	1,162,266	1,072,019	477,139	804,856	2,100,408	1,168,527
13,549,658		11,976,979	24,626,192	21,676,164	7,776,195	14,415,428	45,133,401	23,014,138
10,637,640		8,904,656	18,184,347	10,625,917	9,537,453	8,016,907	35,466,376	14,978,108
<u>24,803,244</u>		<u>21,560,452</u>	<u>43,972,805</u>	<u>33,374,100</u>	<u>17,790,787</u>	<u>23,237,191</u>	<u>82,700,185</u>	<u>39,160,773</u>
<u>26,093,864</u>	<u>488,845</u>	<u>24,015,108</u>	<u>47,810,061</u>	<u>36,281,645</u>	<u>19,335,938</u>	<u>25,193,840</u>	<u>90,569,925</u>	<u>42,038,194</u>
1,360,697		1,478,721	3,584,014	1,375,827	2,674,376	1,014,184	4,182,074	3,116,711
1,921,465		1,615,536	4,247,515	1,901,933	2,265,981	1,611,687	11,740,549	2,710,365
<u>3,282,162</u>		<u>3,094,257</u>	<u>7,831,529</u>	<u>3,277,760</u>	<u>4,940,357</u>	<u>2,625,871</u>	<u>15,922,623</u>	<u>5,827,076</u>
38,058,639		12,536,341	6,827,580	8,587,977	3,526,893	3,818,156	16,066,746	42,198,750
540,000		230,000	558,504	650,000		110,000	1,650,000	1,048,028
4,635,254		3,188,679	4,471,604	7,325,331	1,780,733	7,131,967	12,441,569	6,126,764
(20,169,134)		(14,719,085)	(37,736,673)	(24,981,013)	(17,722,025)	(7,345,091)	(67,648,185)	(25,827,346)
<u>\$23,064,759</u>	<u>NONE</u>	<u>\$1,235,935</u>	<u>(\$25,878,985)</u>	<u>(\$8,417,705)</u>	<u>(\$12,414,399)</u>	<u>\$3,715,032</u>	<u>(\$37,489,870)</u>	<u>\$23,546,196</u>

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Net Position, by College
June 30, 2020**

	Facilities Corporations	System Eliminating Entries	Total Per System
ASSETS			
Current Assets			
Cash and cash equivalents			\$162,205,132
Receivables, net			41,268,516
Due from State Treasury			1,345,839
Due from federal government			19,220,726
Due from LCTCS colleges/LCTCS		(\$23,630,800)	-
Inventories			10,268
Prepaid expenses and advances			343,342
Other current assets			3,025
Total current assets		(23,630,800)	224,396,848
Noncurrent Assets			
Restricted assets:			
Cash and cash equivalents	\$40,172,996		41,374,325
Investments	85,368,432		96,120,692
Receivables, net	2,875,402		2,935,402
Other	586,420		586,420
Capital assets, net	430,826,802		709,497,164
Other noncurrent assets	4,965,092		4,965,092
Total noncurrent assets	564,795,144		855,479,095
Total Assets	564,795,144	(23,630,800)	1,079,875,943
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions			123,747,378
Deferred outflows related to OPEB			27,802,155
Total deferred outflows of resources			151,549,533
LIABILITIES			
Current Liabilities			
Accounts payable and accruals	2,417,467		39,365,338
Due to federal government			13,595
Due to LCTCS colleges/LCTCS		(23,630,800)	-
Unearned revenues			11,329,361
Amounts held in custody for others			1,254,957
Compensated absences payable			1,157,672
Capital lease obligations			97,500
OPEB liability			9,384,771
Bonds payable, net	16,535,000		16,535,000
Other current liabilities	4,345,490		4,370,172
Total current liabilities	23,297,957	(23,630,800)	83,508,366
Noncurrent Liabilities			
Compensated absences payable			21,396,519
Capital lease obligations			2,095,000
Net pension liability			382,161,460
OPEB liability			265,186,618
Bonds payable, net	460,512,964		460,512,964
Total noncurrent liabilities	460,512,964		1,131,352,561
Total Liabilities	483,810,921	(23,630,800)	1,214,860,927
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions			62,084,240
Deferred inflows related to OPEB			57,277,725
Total deferred inflows of resources			119,361,965
NET POSITION			
Net investment in capital assets	(16,101,190)		260,376,672
Restricted:			
Nonexpendable			9,096,183
Expendable	97,085,413		196,975,395
Unrestricted			(569,245,666)
Total Net Position	\$80,984,223	NONE	(\$102,797,416)

(Concluded)

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by College
For the Year Ended June 30, 2020**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College
OPERATING REVENUES					
Student tuition and fees		\$30,508,998	\$23,726,544	\$8,814,022	\$57,585,305
Less scholarship allowances		(15,139,615)	(7,242,399)	(4,900,482)	(20,456,256)
Net student tuition and fees		15,369,383	16,484,145	3,913,540	37,129,049
Federal grants and contracts	\$29,985,121	3,583,313	2,032,406	1,665,099	5,649,263
State and local grants and contracts	8,169,784	979,886	968,970	493,693	3,022,628
Nongovernmental grants and contracts	175,738		203,295	600,079	2,189,605
Sales and services of educational departments		4,712	5,903		25,273
Interagency revenue	9,243,422	205,942	81,071	3,420	65,949
Auxiliary enterprise revenues		141,500	9,049	136,169	839,384
Other operating revenues	92,607	27,184	44,420	898	72,942
Total operating revenues	47,666,672	20,311,920	19,829,259	6,812,898	48,994,093
OPERATING EXPENSES					
Educational and general:					
Instruction		17,248,174	18,223,566	8,470,523	42,029,363
Public service			408,940		
Academic support	42,147,226	4,823,492	1,830,454	1,194,182	8,375,698
Student services	839,395	6,928,087	3,970,757	1,388,987	5,889,504
Institutional support	24,214,030	7,165,139	6,524,713	3,342,468	12,649,407
Operations and maintenance of plant	208,294	6,823,097	3,637,047	1,465,980	13,380,921
Depreciation	2,193,826	1,759,632	1,208,785	747,522	3,462,977
Scholarships and fellowships		10,540,105	13,740,401	3,698,923	28,303,288
Auxiliary enterprises		4,003	9,049	170,071	942,839
Interagency expense	259,909	1,394,862	972,067	423,911	2,116,378
Total operating expenses	69,862,680	56,686,591	50,525,779	20,902,567	117,150,375
OPERATING LOSS	(22,196,008)	(36,374,671)	(30,696,520)	(14,089,669)	(68,156,282)
NONOPERATING REVENUES (Expenses)					
State appropriations	19,149,749	15,169,650	11,436,926	5,684,511	26,965,544
Gifts				116,381	
Federal nonoperating revenues		19,661,675	17,168,960	5,203,265	39,792,095
CARES Act revenues		6,212,509	4,325,124	1,586,578	10,681,900
Net investment income (loss)	439,642	306,829	161,493	5,547	495,854
Interest expense					(95,435)
Other nonoperating revenues (expenses)	104,380	2,402,134	877,956	2,480,623	1,618,165
Net nonoperating revenues (expenses)	19,693,771	43,752,797	33,970,459	15,076,905	79,458,123
Income (loss) before other revenues and additions	(2,502,237)	7,378,126	3,273,939	987,236	11,301,841
Capital appropriations		262,466			4,670,352
Capital grants and gifts				150,000	
Additions to permanent endowments		30,000	140,000	400	
Interagency transfers					
Increase (decrease) in net position	(2,502,237)	7,670,592	3,413,939	1,137,636	15,972,193
NET POSITION - BEGINNING OF YEAR					
(restated)	(13,765,519)	(23,655,382)	(31,616,329)	(26,583,613)	(81,213,882)
NET POSITION - END OF YEAR	(\$16,267,756)	(\$15,984,790)	(\$28,202,390)	(\$25,445,977)	(\$65,241,689)

(Continued)

Schedule 5

Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northshore Technical Community College	Northwest Louisiana Technical Community College	River Parishes Community College	South Louisiana Community College	SOWELA Technical Community College
\$8,148,501		\$9,072,560	\$16,007,972	\$13,253,678	\$3,368,740	\$11,366,551	\$26,548,785	\$14,467,968
(3,941,087)		(3,723,848)	(12,230,780)	(7,448,610)	(2,260,484)	(5,373,613)	(14,552,785)	(7,347,436)
4,207,414		5,348,712	3,777,192	5,805,068	1,108,256	5,992,938	11,996,000	7,120,532
473,760		528,764	5,974,250	3,952,209	871,000	791,646	9,966,776	768,217
233,554		707,110	3,797,914	716,684	256,105	138,528	1,246,306	97,281
			112,864			270,673		382,381
			1,606		22,830		11,462	53,618
26,119		16,728	33,083	30,139		20,500	261,984	23,717
26,483		44,396	66,831	201,944		50,084		
103,674		26,975	12,307	58,341		60,010	7,023	120,013
5,071,004		6,672,685	13,776,047	10,764,385	2,258,191	7,324,379	23,489,551	8,565,759
5,806,518		6,463,385	10,922,871	12,119,893	2,763,592	7,963,507	17,412,773	11,586,631
1,278,203	\$813,033	2,350,594	4,352,655	2,055,461	146,790	1,315,273	6,705,501	2,347,090
1,327,598		841,936	2,344,088	2,428,069	708,240	1,483,746	4,247,843	2,174,350
2,709,860	3,117	2,920,090	7,595,752	4,787,027	2,054,116	3,603,356	5,946,678	5,007,502
1,660,951		1,065,133	2,383,657	1,788,557	700,505	1,759,895	6,231,664	3,187,773
1,260,077		248,512	875,349	407,220	304,800	155,536	1,450,445	1,994,086
3,971,553		3,571,799	1,532,755	3,089,610	1,897,577	1,536,584	5,897,898	3,444,748
4,291		41,518	62,746	196,810				
310,808	469,995	395,125	662,602	492,452	241,859	605,230	989,425	677,451
18,329,859	1,286,145	17,898,092	30,732,475	27,365,099	8,817,479	18,423,127	51,603,725	30,419,631
(13,258,855)	(1,286,145)	(11,225,407)	(16,956,428)	(16,600,714)	(6,559,288)	(11,098,748)	(28,114,174)	(21,853,872)
4,212,143	1,286,145	4,845,559	8,446,677	6,499,697	4,449,542	6,097,496	14,572,201	10,047,119
		6,362		18,222				820,627
6,452,889		6,023,438	10,469,786	7,987,183	3,316,295	5,142,990	15,548,669	7,096,191
1,482,743		1,082,091	2,096,744	2,825,076	1,752,697	1,381,842	5,800,466	2,224,770
42,656		52,506	18,073	117,978		186,371	209,845	180,778
435,404		(38,889)	1,109,459	2,223,319	267,579	229,627	1,554,853	1,451,785
12,625,835	1,286,145	11,971,067	22,140,739	19,671,475	9,786,113	13,038,326	37,686,034	21,821,270
(633,020)		745,660	5,184,311	3,070,761	3,226,825	1,939,578	9,571,860	(32,602)
418,455		168,580		595,084			65,360	
50,000			9,875	70,000		10,000	350,000	200,150
(164,565)		914,240	5,194,186	3,735,845	3,226,825	1,949,578	9,987,220	167,548
23,229,324		321,695	(31,073,171)	(12,153,550)	(15,641,224)	1,765,454	(47,477,090)	23,378,648
\$23,064,759	NONE	\$1,235,935	(\$25,878,985)	(\$8,417,705)	(\$12,414,399)	\$3,715,032	(\$37,489,870)	\$23,546,196

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by College
For the Year Ended June 30, 2020**

	Facilities Corporations	System Eliminating Entries	Total Per System
OPERATING REVENUES			
Student tuition and fees			\$222,869,624
Less scholarship allowances			(104,617,395)
Net student tuition and fees			118,252,229
Federal grants and contracts		(\$13,715,656)	52,526,168
State and local grants and contracts		(4,208,032)	16,620,411
Nongovernmental grants and contracts		(125,738)	3,808,897
Sales and services of educational departments			125,404
Interagency revenue		(10,012,074)	-
Auxiliary enterprise revenues			1,515,840
Other operating revenues		(15,348)	611,046
Total operating revenues		(28,076,848)	193,459,995
OPERATING EXPENSES			
Educational and general:			
Instruction			161,010,796
Public service			7,114,441
Academic support		(30,055,139)	45,696,510
Student services			34,572,600
Institutional support			88,523,255
Operations and maintenance of plant			44,293,474
Depreciation	\$14,570,211		30,638,978
Scholarships and fellowships			81,225,241
Auxiliary enterprises			1,431,327
Interagency expense		(10,012,074)	-
Total operating expenses	14,570,211	(40,067,213)	494,506,622
OPERATING LOSS	(14,570,211)	11,990,365	(301,046,627)
NONOPERATING REVENUES (Expenses)			
State appropriations			138,862,959
Gifts			961,592
Federal nonoperating revenues			143,863,436
CARES Act revenues			41,452,540
Net investment income (loss)	2,955,651		5,173,223
Interest expense	(14,346,174)		(14,441,609)
Other nonoperating revenues (expenses)	(8,669,728)	(11,990,365)	(5,943,698)
Net nonoperating revenues (expenses)	(20,060,251)	(11,990,365)	309,928,443
Income (loss) before other revenues and additions	(34,630,462)		8,881,816
Capital appropriations	37,386,420		42,737,693
Capital grants and gifts	1,597,042		2,576,066
Additions to permanent endowments			860,425
Interagency transfers			
Increase (decrease) in net position	4,353,000		55,056,000
NET POSITION - BEGINNING OF YEAR			
(restated)	76,631,223		(157,853,416)
NET POSITION - END OF YEAR	\$80,984,223	NONE	(\$102,797,416)

(Concluded)

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2020**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College	Elaine P. Nunez Community College
CASH FLOWS FROM OPERATING ACTIVITIES:						
Tuition and fees		\$15,081,168	\$16,942,181	\$4,651,367	\$37,106,853	\$4,225,939
Grants and contracts	\$40,563,811	5,373,481	2,515,139	3,202,484	9,440,532	844,157
Sales and services of educational departments		4,712	5,903		25,273	
Auxiliary enterprise receipts		141,500	119,124	136,169	832,194	26,483
Payments for employee compensation	(14,144,819)	(26,346,770)	(19,883,201)	(9,093,177)	(48,049,143)	(7,090,213)
Payments for benefits	(5,684,915)	(9,872,306)	(8,036,620)	(4,231,696)	(20,151,544)	(2,766,412)
Payments for utilities		(2,389,431)	(892,068)	(487,516)	(2,563,746)	(308,583)
Payments for supplies and services	(48,990,109)	(8,058,469)	(6,592,849)	(3,706,740)	(17,762,401)	(2,508,642)
Payments for scholarships and fellowships		(10,566,055)	(13,667,139)	(3,698,923)	(28,303,288)	(3,971,553)
Other receipts (payments)	9,212,045	(1,066,065)	(614,717)	(434,675)	(1,953,590)	(202,293)
Net cash provided (used) by operating activities	(19,043,987)	(37,698,235)	(30,104,247)	(13,662,707)	(71,378,860)	(11,751,117)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	19,149,749	15,143,301	11,423,561	5,443,345	26,915,841	4,206,987
Gifts and grants for other than capital purposes		21,910,428	17,726,786	7,747,289	40,679,222	8,361,360
Private gifts for endowment purposes			140,000	400		50,000
CARES Act receipts		3,482,916	1,957,956	864,881	5,655,211	780,550
TOPS receipts		1,669,184	851,331	332,036	1,797,722	342,396
TOPS disbursements		(1,654,346)	(851,331)	(332,036)	(1,797,722)	(342,396)
Direct lending receipts		20,038,751	24,945,977	3,994,693	52,921,806	8,195,558
Direct lending disbursements		(20,038,751)	(24,945,977)	(3,994,693)	(52,921,806)	(8,195,558)
Other receipts (payments)	5,861		194,536	12,821	583,191	28,046
Net cash provided (used) by noncapital financing activities	19,155,610	40,551,483	31,442,839	14,068,736	73,833,465	13,426,943
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt						
Capital appropriations received						
Capital grants and gifts received						
Purchases of capital assets	(542,185)	(391,501)	(274,427)	(15,825)	(1,739,861)	(153,068)
Principal paid on capital debt and leases					(190,000)	
Interest paid on capital debt and leases					(96,322)	
Deposit with trustees						
Other uses						
Net cash used by capital and related financing activities	(542,185)	(391,501)	(274,427)	(15,825)	(2,026,183)	(153,068)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments						3,586
Interest received on investments	439,642	333,108	161,493	5,547	334,683	42,656
Purchase of investments			26,159	(400)		
Net cash provided (used) by investing activities	439,642	333,108	187,652	5,147	334,683	46,242
Net Increase (decrease) in Cash and Cash Equivalents	9,080	2,794,855	1,251,817	395,351	763,105	1,569,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
	20,365,746	19,525,428	7,389,066	685,211	28,071,221	3,173,222
CASH AND CASH EQUIVALENTS AT END OF YEAR						
	\$20,374,826	\$22,320,283	\$8,640,883	\$1,080,562	\$28,834,326	\$4,742,222

(Continued)

Schedule 6

LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northshore Technical Community College	Northwest Louisiana Technical Community College	River Parishes Community College	South Louisiana Community College
	\$5,436,346	\$4,093,149	\$5,836,851	\$1,066,730	\$5,640,634	\$12,296,034
	1,461,544	11,275,867	4,165,376	1,103,839	581,379	10,397,025
		1,606		22,830		11,462
	44,396	66,831	201,944		50,084	
	(7,221,916)	(13,234,174)	(11,805,218)	(4,487,024)	(7,812,137)	(25,728,069)
	(2,820,929)	(5,605,443)	(4,536,416)	(2,244,505)	(3,075,009)	(10,970,860)
	(339,758)	(655,262)	(402,499)	(441,326)	(415,508)	(1,375,021)
(\$829,200)	(3,199,436)	(9,271,628)	(5,154,075)	(1,245,455)	(3,267,153)	(15,633,937)
	(3,571,799)	(1,532,755)	(3,286,363)	(1,897,577)	(1,536,584)	(5,897,898)
(448,147)	(353,936)	(823,501)	(389,029)	(191,427)	(461,117)	(602,881)
(1,277,347)	(10,565,488)	(15,685,310)	(15,369,429)	(8,313,915)	(10,295,411)	(37,504,145)
1,286,145	4,839,489	8,432,470	6,261,790	4,211,848	6,088,988	14,545,858
	6,607,328	11,375,119	10,155,467	3,758,359	5,247,386	16,681,518
		9,875	70,000		10,000	350,000
	687,560	1,481,878	1,177,397	490,154	481,842	2,822,968
	761,150	906,691	682,218	124,661	730,817	1,460,021
	(761,150)	(906,691)	(682,218)	(124,661)	(730,817)	(1,460,021)
	5,939,080	13,161,196	8,384,312		5,436,019	16,367,800
	(5,939,080)	(13,161,196)	(8,384,312)		(5,436,019)	(16,367,800)
	13,945	117,674	6,186	13,606	98,982	140,848
1,286,145	12,148,322	21,417,016	17,670,840	8,473,967	11,927,198	34,541,192
	(427,529)	(599,392)	(725,184)	(22,448)	(67,251)	(1,990,809)
	(427,529)	(599,392)	(725,184)	(22,448)	(67,251)	(1,990,809)
	49,922	4,141	117,978		186,371	23,314
			(202,047)			202,005
	49,922	4,141	(84,069)		186,371	(330,000)
	49,922	4,141	(84,069)		186,371	(104,681)
8,798	1,205,227	5,136,455	1,492,158	137,604	1,750,907	(5,058,443)
448,898	7,986,415	3,645,532	7,632,249	2,741,131	10,490,912	24,720,307
\$457,696	\$9,191,642	\$8,781,987	\$9,124,407	\$2,878,735	\$12,241,819	\$19,661,864

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2020**

	SOWELA Technical Community College	Facilities Corporations	System Eliminating Entries	Total Per System
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees	\$7,062,397			\$119,439,649
Grants and contracts	1,686,003		(\$18,049,426)	74,561,211
Sales and services of educational departments	53,618			125,404
Auxiliary enterprise receipts				1,618,725
Payments for employee compensation	(12,617,052)			(207,512,913)
Payments for benefits	(5,065,424)			(85,062,079)
Payments for utilities	(761,111)			(11,031,829)
Payments for supplies and services	(4,962,579)		30,055,139	(101,127,534)
Payments for scholarships and fellowships	(3,444,748)			(81,374,682)
Other receipts (payments)	(548,476)		(15,348)	1,106,843
Net cash provided (used) by operating activities	(18,597,372)		11,990,365	(289,257,205)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	10,028,248			137,977,620
Gifts and grants for other than capital purposes	8,377,597		(11,990,365)	146,637,494
Private gifts for endowment purposes	200,150			830,425
CARES Act receipts	1,246,692			21,130,005
TOPS receipts	1,575,815			11,234,042
TOPS disbursements	(1,575,815)			(11,219,204)
Direct lending receipts				159,385,192
Direct lending disbursements				(159,385,192)
Other receipts (payments)	550,817	(\$3,106,464)		(1,339,951)
Net cash provided (used) by noncapital financing activities	20,403,504	(3,106,464)	(11,990,365)	305,250,431
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital debt		57,429,485		57,429,485
Capital appropriations received		37,386,420		37,386,420
Capital grants and gifts received		3,603,215		3,603,215
Purchases of capital assets	(1,052,961)	(40,265,395)		(48,267,836)
Principal paid on capital debt and leases		(16,985,000)		(17,175,000)
Interest paid on capital debt and leases		(18,466,296)		(18,562,618)
Deposit with trustees		(38,044,536)		(38,044,536)
Other uses		(4,031,259)		(4,031,259)
Net cash used by capital and related financing activities	(1,052,961)	(19,373,366)		(27,662,129)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments		21,452,929		21,479,829
Interest received on investments	180,778	2,407,683		4,466,007
Purchase of investments	(121,814)	(20,101,686)		(20,729,788)
Net cash provided (used) by investing activities	58,964	3,758,926		5,216,048
Net Increase (decrease) in Cash and Cash Equivalents	812,135	(18,720,904)		(6,452,855)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14,263,074	58,893,900		210,032,312
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$15,075,209	\$40,172,996	NONE	\$203,579,457

(Continued)

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2020**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College	Elaine P. Nunez Community College
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	(\$22,196,008)	(\$36,374,671)	(\$30,696,520)	(\$14,089,669)	(\$68,156,282)	(\$13,258,855)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation/amortization expense	2,193,826	1,759,632	1,208,785	747,522	3,462,977	1,260,077
Nonemployer contributing entity revenue	98,519	155,383	125,594	56,396	275,864	46,974
Noncash transfers of operations		187,687				
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable, net	2,711,760	516,860	382,195	1,306,582	(882,662)	94,491
(Increase) decrease in due from other funds	(16,839,338)					
(Increase) decrease in inventories				33,558		
(Increase) decrease in prepaid expenses and advances		4,065			5,641	36,299
(Increase) decrease in other assets						19,268
(Increase) decrease in deferred outflows related to pensions	(2,049,159)	(221,004)	(1,602,339)	489,117	3,911,413	(1,189,434)
(Increase) decrease in deferred outflows related to OPEB	(237,557)	(254,244)	(916,206)	(316,563)	(1,619,352)	(1,332,094)
Increase (decrease) in accounts payable and accrued liabilities	14,283,151	(313,532)	527,210	(450,437)	2,581,752	(282,701)
Increase (decrease) in unearned revenue	(125,737)	(86,885)	430,379	(107,006)	(619,609)	39,778
Increase (decrease) in amounts held in custody for others		2,189	191,835	21,648	64,572	1,181
Increase (decrease) in compensated absences	359,761	241,045	228,335	108,807	468,288	(25,567)
Increase (decrease) in net pension liability	3,097,307	(218,803)	2,500,144	242,525	(1,259,081)	1,804,686
Increase (decrease) in total OPEB liability	(477,230)	(3,595,320)	(1,443,462)	(2,165,081)	(6,393,904)	449,135
Increase (decrease) in other liabilities			144		(17,152)	(138)
Increase (decrease) in deferred inflows related to pensions	(950,560)	(2,505,861)	(3,139,493)	(680,235)	(9,178,074)	(510,476)
Increase (decrease) in deferred inflows related to OPEB	1,087,278	3,005,224	2,099,152	1,140,129	5,976,749	1,096,259
Net cash provided (used) by operating activities:	(\$19,043,987)	(\$37,698,235)	(\$30,104,247)	(\$13,662,707)	(\$71,378,860)	(\$11,751,117)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:						
Cash and cash equivalents classified as current assets	\$20,374,826	\$22,320,283	\$8,534,724	\$1,070,281	\$28,711,384	\$4,382,268
Cash and cash equivalents classified as noncurrent assets			106,159	10,281	122,942	359,954
Cash and cash equivalents at the end of the year	\$20,374,826	\$22,320,283	\$8,640,883	\$1,080,562	\$28,834,326	\$4,742,222
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Capital appropriations for purchase of equipment, buildings, or land		\$262,466			\$4,670,352	\$418,455
Noncash capital grant/gift of capital assets				\$150,000		
Noncash grants and gifts						
Gain (loss) on disposal of capital assets		(\$69,205)		(\$16,237)	(\$128,017)	(\$9,431)
Unrealized gain (loss) on investments		(\$26,279)			\$55,948	
Increase (decrease) in noncapital accounts and contracts payable						
Increase (decrease) in accrued interest payable					(\$887)	
Amortization of bond premium						
Accretion of bond discount						
Amortization of bond issuance costs						
Gain (Loss) on bond refunding						
Increase (decrease) in capital accounts and retainage payable				\$161,337	(\$275,204)	
(Increase) decrease in nonoperating accounts receivables					\$203,824	\$1,538,654
(Increase) decrease in restricted assets - other						

Schedule 6

LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northshore Technical Community College	Northwest Louisiana Technical Community College	River Parishes Community College	South Louisiana Community College
(\$1,286,145)	(\$11,225,407)	(\$16,956,428)	(\$16,600,714)	(\$6,559,288)	(\$11,098,748)	(\$28,114,174)
	248,512 41,579	875,349 86,452	407,220 75,025	304,800 25,909	155,536 51,249	1,450,445 147,346
(31,149)	173,567	1,861,854	(297,799)	(20,700)	(953,205)	(775,560)
		(3,265)				
	14,299 (3,025)		194,258		37,948	8,322
	(1,326,241)	(925,253)	(1,068,042)	157,630	(3,781,323)	(5,596,810)
	(83,588)	(229,450)	(854,278)	(124,781)	627,607	(184,305)
39,947	335,776	569,449	216,636	287,152	(75,478)	110,712
	149,108	(185,736)	(204,898)	(42,592)	(39,067)	310,351
	574	(156,346)	13,683	14,485	55,205	(5,694)
	99,569	48,131	204,766	81,530	185,544	169,342
	1,560,645	2,056,788	2,214,518	(205,805)	4,991,522	1,728,791
	(733,959)	(2,206,963)	(190,847)	(1,252,119)	(950,619)	(2,868,767)
	(630,355)	(1,915,329)	(535,892)	(1,805,783)	(281,317)	(4,879,440)
	813,458	1,395,437	1,056,935	825,647	779,735	995,296
(\$1,277,347)	(\$10,565,488)	(\$15,685,310)	(\$15,369,429)	(\$8,313,915)	(\$10,295,411)	(\$37,504,145)
\$457,696	\$9,191,642	\$8,781,987	\$9,124,407	\$2,878,735	\$12,129,826	\$19,311,864
					111,993	350,000
\$457,696	\$9,191,642	\$8,781,987	\$9,124,407	\$2,878,735	\$12,241,819	\$19,661,864
	\$168,580		\$595,084			\$65,360
	(\$671,941)		(\$7,954)			(\$77,039)
	\$2,584	\$13,932				\$7,839
		\$195,082	\$580,166			
		\$86,452				

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2020**

	SOWELA Technical Community College	Facilities Corporations	System Eliminating Entries	Total Per System
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**RECONCILIATION OF OPERATING
LOSS TO NET CASH USED BY
OPERATING ACTIVITIES:**

Operating income (loss)	(\$21,853,872)	(\$14,570,211)	\$11,990,365	(\$301,046,627)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation/amortization expense	1,994,086	14,570,211		30,638,978
Nonemployer contributing entity revenue	81,703			1,267,993
Noncash transfers of operations				187,687
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	371,039			4,457,273
(Increase) decrease in due from other funds				(16,839,338)
(Increase) decrease in inventories				30,293
(Increase) decrease in prepaid expenses and advances	860			301,692
(Increase) decrease in other assets				16,243
(Increase) decrease in deferred outflows related to pensions	(1,235,195)			(14,436,640)
(Increase) decrease in deferred outflows related to OPEB	(385,013)			(5,909,824)
Increase (decrease) in accounts payable and accrued liabilities	(136,921)			17,692,716
Increase (decrease) in unearned revenue	18,897			(463,017)
Increase (decrease) in amounts held in custody for others	(1,100)			202,232
Increase (decrease) in compensated absences	137,266			2,306,817
Increase (decrease) in net pension liability	3,226,836			21,740,073
Increase (decrease) in total OPEB liability	(1,166,844)			(22,995,980)
Increase (decrease) in other liabilities				(17,146)
Increase (decrease) in deferred inflows related to pensions	(1,044,017)			(28,056,832)
Increase (decrease) in deferred inflows related to OPEB	1,394,903			21,666,202
Net cash provided (used) by operating activities:	(\$18,597,372)	NONE	\$11,990,365	(\$289,257,205)

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

Cash and cash equivalents classified as current assets	\$14,935,209			\$162,205,132
Cash and cash equivalents classified as noncurrent assets	140,000	\$40,172,996		41,374,325
Cash and cash equivalents at the end of the year	\$15,075,209	\$40,172,996	NONE	\$203,579,457

**NONCASH INVESTING, CAPITAL, AND
FINANCING ACTIVITIES**

Capital appropriations for purchase of equipment, buildings, or land				\$5,351,273
Noncash capital grant/gift of capital assets				\$913,664
Noncash grants and gifts				\$65,360
Gain (loss) on disposal of capital assets				(\$979,824)
Unrealized gain (loss) on investments		\$547,968		\$601,992
Increase (decrease) in noncapital accounts and contracts payable		(\$64,439)		(\$64,439)
Increase (decrease) in accrued interest payable		\$661,170		\$660,283
Amortization of bond premium		\$5,488,782		\$5,488,782
Accretion of bond discount		\$707,489		\$707,489
Amortization of bond issuance costs		\$509,443		\$509,443
Gain (Loss) on bond refunding		(\$2,058,546)		(\$2,058,546)
Increase (decrease) in capital accounts and retainage payable	(\$43,918)	(\$2,854,370)		(\$2,236,907)
(Increase) decrease in nonoperating accounts receivables	(\$358,486)	\$2,006,173		\$3,390,165
(Increase) decrease in restricted assets - other		\$7,659		\$94,111

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Net Position, by College
June 30, 2019**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College
ASSETS					
Current Assets					
Cash and cash equivalents	\$20,365,746	\$19,525,428	\$7,389,066	\$677,814	\$27,963,947
Receivables, net	729,696	1,863,900	5,085,317	1,745,610	4,731,017
Due from State Treasury	460,501				
Due from federal government	8,033,536	534,448	46,913	370,378	1,106,202
Due from LCTCS colleges/LCTCS	3,274,459	1,102,070	287,905	637,582	942,036
Inventories					
Prepaid expenses and advances		182,704		57,892	38,642
Other current assets					
Total current assets	32,863,938	23,208,550	12,809,201	3,489,276	34,781,844
Noncurrent Assets					
Restricted assets:					
Cash and cash equivalents				7,397	107,274
Investments		397,937	986,159	289,736	4,754,559
Receivables, net					
Other					
Capital assets, net	6,223,495	44,378,108	19,980,846	7,812,431	70,426,335
Other noncurrent assets					
Total noncurrent assets	6,223,495	44,776,045	20,967,005	8,109,564	75,288,168
Total Assets	39,087,433	67,984,595	33,776,206	11,598,840	110,070,012
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	8,079,959	10,633,376	8,498,793	6,308,074	30,268,437
Deferred outflows related to OPEB	1,882,444	1,325,415	777,422	1,349,471	2,401,495
Total deferred outflows of resources	9,962,403	11,958,791	9,276,215	7,657,545	32,669,932
LIABILITIES					
Current Liabilities					
Accounts payable and accruals	13,401,549	3,338,810	1,945,888	1,045,661	3,024,291
Due to federal government				7,215	
Due to LCTCS colleges/LCTCS	4,214,599	349,531	272,525	626,696	584,950
Unearned revenues	125,737	1,345,295	701,448	633,402	4,662,166
Amounts held in custody for others		15,580	209,720	46,803	221,395
Compensated absences payable	113,756	162,130	112,892	51,685	314,049
Capital lease obligations					92,500
Total OPEB liability	218,776	869,370	469,444	1,049,446	2,401,495
Bonds payable, net					
Other current liabilities					41,426
Total current liabilities	18,074,417	6,080,716	3,711,917	3,460,908	11,342,272
Noncurrent Liabilities					
Compensated absences payable	1,836,753	2,893,123	2,079,122	716,577	4,272,364
Capital lease obligations					2,290,000
Net pension liability	26,852,897	47,511,332	36,228,081	15,539,762	89,499,141
Total OPEB liability	11,497,038	34,019,313	23,248,777	20,316,266	73,699,898
Bonds payable, net					
Total noncurrent liabilities	40,186,688	84,423,768	61,555,980	36,572,605	169,761,403
Total Liabilities	58,261,105	90,504,484	65,267,897	40,033,513	181,103,675
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	3,453,098	10,197,324	7,241,994	2,167,933	36,691,510
Deferred inflows related to OPEB	1,101,150	2,896,960	2,158,859	3,638,552	6,158,641
Total deferred inflows of resources	4,554,248	13,094,284	9,400,853	5,806,485	42,850,151
NET POSITION					
Net investment in capital assets	6,223,495	44,378,107	19,980,846	7,812,431	67,598,670
Restricted:					
Nonexpendable		240,000	960,000	289,736	3,207,105
Expendable	367,946	10,427,868	6,836,347	1,862,151	25,621,035
Unrestricted	(20,356,958)	(78,701,357)	(59,393,522)	(36,547,931)	(177,640,692)
Total Net Position	(\$13,765,517)	(\$23,655,382)	(\$31,616,329)	(\$26,583,613)	(\$81,213,882)

(Continued)

Schedule 7

Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northshore Technical Community College	Northwest Louisiana Technical College	River Parishes Community College	South Central Louisiana Technical College	South Louisiana Community College	SOWELA Technical Community College
\$2,949,767 1,136,416	\$448,898	\$7,986,415 703,003	\$3,645,532 3,063,482	\$7,496,121 599,353	\$2,741,131 552,031	\$10,390,912 2,948,008		\$24,720,307 436,496	\$14,263,074 1,381,416
2,580,554 262,079		53,526 117,766	2,455,279 311,020 7,003	546,153 124,286	7,420 355,630	877,004 154,299		2,621,465 624,596	105,753 125,659
79,541 19,268		25,654		240,069	5,527	37,948		9,756	860
<u>7,027,625</u>	<u>448,898</u>	<u>8,886,364</u>	<u>9,482,316</u>	<u>9,005,982</u>	<u>3,661,739</u>	<u>14,408,171</u>		<u>28,412,620</u>	<u>15,876,762</u>
223,455 295,570		265,323	684,152	136,128 467,850		100,000		1,359,914	895,834 50,000
38,756,626		12,860,685	6,908,455	7,102,717	3,809,245	3,906,441		15,538,061	43,183,793
<u>39,275,651</u>		<u>13,126,008</u>	<u>7,592,607</u>	<u>7,706,695</u>	<u>3,809,245</u>	<u>4,006,441</u>		<u>16,897,975</u>	<u>44,129,627</u>
<u>46,303,276</u>	<u>448,898</u>	<u>22,012,372</u>	<u>17,074,923</u>	<u>16,712,677</u>	<u>7,470,984</u>	<u>18,414,612</u>		<u>45,310,595</u>	<u>60,006,389</u>
2,995,134 734,783		2,770,178 1,053,694	6,837,905 855,078	6,723,363 614,748	2,345,160 916,412	3,708,145 2,796,883		12,552,641 5,921,632	7,589,573 1,262,854
<u>3,729,917</u>		<u>3,823,872</u>	<u>7,692,983</u>	<u>7,338,111</u>	<u>3,261,572</u>	<u>6,505,028</u>		<u>18,474,273</u>	<u>8,852,427</u>
711,615	750	1,234,771	1,239,932	1,244,914	356,213	1,126,780		4,604,824	1,617,095
92,021 323,350 27,728 52,488	448,148	108,506 252,051 16,680 85,917	256,892 921,565 168,924 74,695	144,995 538,879 22,042 39,488	47,650 195,349 86,466 102,193	127,758 375,291 130,382 23,492		262,525 1,183,983 72,900 121,094	172,985 639,085 19,267 59,647
319,740		291,823	749,402	326,672	574,695	221,697		1,547,408	483,205
1,289									
<u>1,528,231</u>	<u>448,898</u>	<u>1,989,748</u>	<u>3,411,410</u>	<u>2,316,990</u>	<u>1,362,566</u>	<u>2,005,400</u>		<u>7,792,734</u>	<u>2,991,284</u>
663,013		564,303	1,113,333	851,401	346,617	621,467		1,927,137	1,048,639
11,744,972 10,171,274		10,416,334 9,633,010	22,569,404 20,395,509	19,461,646 10,817,584	7,982,000 10,762,104	9,423,906 8,975,960		43,404,610 38,330,710	19,787,302 16,176,753
<u>22,579,259</u>		<u>20,613,647</u>	<u>44,078,246</u>	<u>31,130,631</u>	<u>19,090,721</u>	<u>19,021,333</u>		<u>83,662,457</u>	<u>37,012,694</u>
<u>24,107,490</u>	<u>448,898</u>	<u>22,603,395</u>	<u>47,489,656</u>	<u>33,447,621</u>	<u>20,453,287</u>	<u>21,026,733</u>		<u>91,455,191</u>	<u>40,003,978</u>
1,871,173 825,206		2,109,076 802,078	5,499,343 2,852,078	1,911,719 844,998	4,480,159 1,440,334	1,295,501 831,952		9,061,514 10,745,253	4,160,728 1,315,462
<u>2,696,379</u>		<u>2,911,154</u>	<u>8,351,421</u>	<u>2,756,717</u>	<u>5,920,493</u>	<u>2,127,453</u>		<u>19,806,767</u>	<u>5,476,190</u>
38,756,626		12,860,685	6,908,455	7,102,717	3,809,245	3,906,441		15,538,061	43,183,793
490,000 4,315,176 (20,332,478)		230,000 3,379,873 (16,148,863)	547,023 2,187,725 (40,716,374)	580,000 4,813,249 (24,649,516)		100,000 5,784,358 (8,025,345)		1,300,000 12,371,192 (76,686,343)	847,878 5,093,052 (25,746,075)
<u>\$23,229,324</u>	<u>NONE</u>	<u>\$321,695</u>	<u>(\$31,073,171)</u>	<u>(\$12,153,550)</u>	<u>(\$15,641,224)</u>	<u>\$1,765,454</u>	<u>NONE</u>	<u>(\$47,477,090)</u>	<u>\$23,378,648</u>

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Net Position, by College
June 30, 2019**

	Facilities Corporations	System Eliminating Entries	Total Per System
ASSETS			
Current Assets			
Cash and cash equivalents			\$150,564,158
Receivables, net			24,975,745
Due from State Treasury			460,501
Due from federal government			19,338,631
Due from LCTCS colleges/LCTCS		(\$8,319,387)	
Inventories			7,003
Prepaid expenses and advances			678,593
Other current assets			19,268
Total current assets		(8,319,387)	196,043,899
Noncurrent Assets			
Restricted assets:			
Cash and cash equivalents	\$58,893,900		59,468,154
Investments	86,171,707		96,568,741
Receivables, net	4,881,575		4,931,575
Other	594,079		594,079
Capital assets, net	407,985,988		688,873,226
Other noncurrent assets	4,875,970		4,875,970
Total noncurrent assets	563,403,219		855,311,745
Total Assets	563,403,219	(8,319,387)	1,051,355,644
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions			109,310,738
Deferred outflows related to OPEB			21,892,331
Total deferred outflows of resources			131,203,069
LIABILITIES			
Current Liabilities			
Accounts payable and accruals	4,232,745		39,125,838
Due to federal government			7,215
Due to LCTCS colleges/LCTCS	609,606	(8,319,387)	
Unearned revenues			11,897,601
Amounts held in custody for others			1,037,887
Compensated absences payable			1,313,526
Capital lease obligations			92,500
Total OPEB liability			9,523,173
Bonds payable, net	16,985,000		16,985,000
Other current liabilities	4,178,245		4,220,960
Total current liabilities	26,005,596	(8,319,387)	84,203,700
Noncurrent Liabilities			
Compensated absences payable			18,933,849
Capital lease obligations			2,290,000
Net pension liability			360,421,387
Total OPEB liability			288,044,196
Bonds payable, net	460,766,400		460,766,400
Total noncurrent liabilities	460,766,400		1,130,455,832
Total Liabilities	486,771,996	(8,319,387)	1,214,659,532
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions			90,141,072
Deferred inflows related to OPEB			35,611,523
Total deferred inflows of resources			125,752,595
NET POSITION			
Net investment in capital assets	(14,472,354)		263,587,218
Restricted:			
Nonexpendable			8,791,742
Expendable	91,103,577		175,920,983
Unrestricted			(606,153,357)
Total Net Position	\$76,631,223	NONE	(\$157,853,414)

(Concluded)

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by College
For the Year Ended June 30, 2019**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College
OPERATING REVENUES					
Student tuition and fees		\$31,454,161	\$24,729,082	\$9,287,644	\$53,936,344
Less scholarship allowances		(15,464,028)	(8,063,531)	(4,117,284)	(16,665,405)
Net student tuition and fees		15,990,133	16,665,551	5,170,360	37,270,939
Federal grants and contracts	\$32,870,045	3,366,999	2,392,588	2,149,013	7,277,198
State and local grants and contracts	5,962,463	648,654	2,332,257	496,755	1,814,359
Nongovernmental grants and contracts	7,955	8,440	317,753	566,201	1,769,506
Sales and services of educational departments		13,812	22,530		
Interagency revenue	9,167,697	174,527	78,915	21,350	43,485
Auxiliary enterprise revenues		221,201	276,389	150,655	1,176,750
Other operating revenues	52,855	32,288	93,105		249,268
Total operating revenues	48,061,015	20,456,054	22,179,088	8,554,334	49,601,505
OPERATING EXPENSES					
Educational and general:					
Instruction		16,973,506	18,368,101	6,584,699	41,817,490
Public service			257,597		
Academic support	42,279,842	4,497,706	2,139,897	1,328,768	7,548,592
Student services	902,936	6,546,237	3,903,067	1,490,679	5,646,002
Institutional support	21,928,414	6,994,123	6,034,288	3,601,019	12,063,008
Operations and maintenance of plant	217,391	6,574,298	3,526,544	1,526,699	11,008,899
Depreciation	2,138,367	1,778,799	1,199,492	638,458	3,532,837
Scholarships and fellowships		6,922,264	11,605,914	3,371,209	22,123,930
Auxiliary enterprises			2,723	337,446	1,142,929
Interagency expense	280,573	1,320,833	1,001,829	439,137	2,112,503
Other operating expenses					320,867
Total operating expenses	67,747,523	51,607,766	48,039,452	19,318,114	107,317,057
OPERATING LOSS	(19,686,508)	(31,151,712)	(25,860,364)	(10,763,780)	(57,715,552)
NONOPERATING REVENUES (Expenses)					
State appropriations	17,099,163	14,952,875	11,514,429	5,591,283	26,996,976
Gifts			750	86,387	
Federal nonoperating revenues		19,522,787	17,620,886	5,297,364	38,078,277
Net investment income (loss)	387,799	298,104	66,666	8,768	575,089
Interest expense					(95,596)
Other nonoperating revenues (expenses)	90,324	2,121,346	877,600	936,194	2,584,242
Net nonoperating revenues (expenses)	17,577,286	36,895,112	30,080,331	11,919,996	68,138,988
Income (loss) before other revenues and additions	(2,109,222)	5,743,400	4,219,967	1,156,216	10,423,436
Capital appropriations		364,150			3,412,014
Capital grants and gifts					1,312,000
Additions to permanent endowments			110,000	200	
Interagency transfers				(85,484)	
Other deductions, net					(4,594)
Increase (decrease) in net position	(2,109,222)	6,107,550	4,329,967	1,070,932	15,142,856
NET POSITION - BEGINNING OF YEAR (restated)	(11,656,295)	(29,762,932)	(35,946,296)	(27,654,545)	(96,356,738)
NET POSITION - END OF YEAR	(\$13,765,517)	(\$23,655,382)	(\$31,616,329)	(\$26,583,613)	(\$81,213,882)

(Continued)

Schedule 8

Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northshore Technical Community College	Northwest Louisiana Technical College	River Parishes Community College	South Central Louisiana Technical College	South Louisiana Community College	SOWELA Technical Community College
\$7,403,702 (2,862,590)		\$8,510,133 (3,996,198)	\$15,005,646 (10,018,860)	\$12,488,186 (7,217,472)	\$2,963,172 (2,149,400)	\$12,719,447 (5,186,176)		\$26,439,532 (13,318,012)	\$13,056,570 (6,372,374)
4,541,112		4,513,935	4,986,786	5,270,714	813,772	7,533,271		13,121,520	6,684,196
348,994		548,622	5,317,489	2,155,188	735,230	1,120,220		8,588,085	826,782
456,467		1,162,218	3,995,591	288,938	192,700	204,185		1,013,365	461,878
62,029		7,416	87,190	17,500		14,119			102,335
		116	2,161		20,086			11,396	21,971
5,506		37,500	5,773	8,218	3,738	12,500		187,912	6,369
28,610		48,471	72,204	164,162		8,814			
5,691		38,205	51,045	60,555		133,893		13,843	319,112
5,448,409		6,356,483	14,518,239	7,965,275	1,765,526	9,027,002		22,936,121	8,422,643
5,566,372		5,058,202	10,063,110	9,441,317	3,121,398	6,409,776		19,733,228	10,884,746
								4,882,976	
1,185,223	(\$115,204)	2,230,896	4,581,562	1,702,812	165,317	1,376,543		5,798,500	2,238,629
1,153,308		727,347	2,074,417	2,121,366	526,274	1,540,085		4,636,487	2,029,202
2,663,414	5,257	2,473,895	7,197,576	3,449,741	1,455,327	2,600,985		6,853,366	4,500,022
1,753,317		1,411,171	2,303,977	1,270,631	777,144	1,458,565		6,348,514	2,864,750
1,306,369		462,083	569,163	317,355	306,740	234,952		1,435,772	2,155,016
3,231,697		1,807,298	1,200,142	1,788,934	1,264,521	1,890,752		3,856,820	2,360,876
		154,911	57,369	159,823					
310,491	547,550	363,237	607,619	486,242	207,213	580,046		948,019	548,198
17,170,191	437,603	14,689,040	28,654,935	20,738,221	7,823,934	16,091,704		54,493,682	27,581,439
(11,721,782)	(437,603)	(8,332,557)	(14,136,696)	(12,772,946)	(6,058,408)	(7,064,702)		(31,557,561)	(19,158,796)
4,049,130	1,286,145	4,484,007	7,658,221	6,084,664	4,037,068	5,477,823		14,909,586	9,481,505
14,232		54,268		14,870		3,500			1,329,745
6,844,994		5,191,633	9,948,785	7,302,470	3,167,146	5,037,128		15,141,367	6,399,845
75,955		39,598	70,058	144,221		44,824		210,727	161,790
741,987		400,458	1,153,636	1,306,679	358,162	268,353		1,651,007	1,563,858
11,726,298	1,286,145	10,169,964	18,830,700	14,852,904	7,562,376	10,831,628		31,912,687	18,936,743
4,516	848,542	1,837,407	4,694,004	2,079,958	1,503,968	3,766,926		355,126	(222,053)
815,266				2,996,848	90,940			19,438	3,250
10,000				440,000		20,000		330,000	62,520
		(4,068,300)				2,077,913	\$16,527,139	(14,536,752)	85,484
829,782	848,542	(2,230,893)	4,694,004	5,516,806	1,594,908	5,864,839	16,527,139	1	(70,799)
22,399,542	(848,542)	2,552,588	(35,767,175)	(17,670,356)	(17,236,132)	(4,099,385)	(16,527,139)	(33,644,903)	23,449,447
\$23,229,324	NONE	\$321,695	(\$31,073,171)	(\$12,153,550)	(\$15,641,224)	\$1,765,454	NONE	(\$47,477,090)	\$23,378,648

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Revenues, Expenses,
and Changes in Net Position, by College
For the Year Ended June 30, 2019**

	Facilities Corporations	System Eliminating Entries	Total Per System
OPERATING REVENUES			
Student tuition and fees			\$217,993,619
Less scholarship allowances			(95,431,330)
Net student tuition and fees			122,562,289
Federal grants and contracts		(\$15,267,233)	52,429,220
State and local grants and contracts		(2,205,475)	16,824,355
Nongovernmental grants and contracts		(7,955)	2,952,489
Sales and services of educational departments			92,072
Interagency revenue		(9,753,490)	
Auxiliary enterprise revenues			2,147,256
Other operating revenues			1,049,860
Total operating revenues		(27,234,153)	198,057,541
OPERATING EXPENSES			
Educational and general:			
Instruction			154,021,945
Public service			5,140,573
Academic support		(25,946,936)	51,012,147
Student services			33,297,407
Institutional support			81,820,435
Operations and maintenance of plant			41,041,900
Depreciation	\$13,625,353		29,700,756
Scholarships and fellowships			61,424,357
Auxiliary enterprises			1,855,201
Interagency expense		(9,753,490)	
Other operating expenses			320,867
Total operating expenses	13,625,353	(35,700,426)	459,635,588
OPERATING LOSS	(13,625,353)	8,466,273	(261,578,047)
NONOPERATING REVENUES (Expenses)			
State appropriations			133,622,875
Gifts			1,503,752
Federal nonoperating revenues			139,552,682
Net investment income (loss)	1,193,782		3,277,381
Interest expense	(11,881,549)		(11,977,145)
Other nonoperating revenues (expenses)	(3,525,239)	(8,466,273)	2,062,334
Net nonoperating revenues (expenses)	(14,213,006)	(8,466,273)	268,041,879
Income (loss) before other revenues and additions	(27,838,359)		6,463,832
Capital appropriations	35,987,526		39,763,690
Capital grants and gifts	1,742,481		6,980,223
Additions to permanent endowments			972,720
Interagency transfers			
Other deductions, net			(4,593)
Increase (decrease) in net position	9,891,648		54,175,872
NET POSITION - BEGINNING OF YEAR (restated)	66,739,575		(212,029,286)
NET POSITION - END OF YEAR	\$76,631,223	NONE	(\$157,853,414)

(Concluded)

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2019**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College
CASH FLOWS FROM OPERATING ACTIVITIES:					
Tuition and fees		\$16,114,105	\$16,242,018	\$4,559,074	\$36,644,731
Grants and contracts	\$39,259,160	3,555,615	5,185,400	2,775,391	11,390,160
Sales and services of educational departments		13,812	22,530		
Auxiliary enterprise receipts		221,201	167,276	150,655	1,173,112
Payments for employee compensation	(13,460,326)	(24,605,939)	(19,416,826)	(7,858,203)	(49,491,045)
Payments for benefits	(4,798,839)	(9,223,839)	(7,546,579)	(3,892,775)	(19,248,167)
Payments for utilities		(2,451,299)	(1,101,216)	(410,121)	(3,390,335)
Payments for supplies and services	(46,912,114)	(8,017,697)	(9,731,646)	(3,475,405)	(17,037,682)
Payments for scholarships and fellowships		(6,933,013)	(11,679,176)	(3,371,209)	(22,123,930)
Other receipts (payments)	8,808,254	(1,161,122)	(893,603)	(376,784)	(1,955,734)
Net cash used by operating activities	(17,103,865)	(32,488,176)	(28,751,822)	(11,899,377)	(64,038,890)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	17,099,163	14,801,599	11,515,942	5,594,584	27,002,065
Gifts and grants for other than capital purposes		21,644,133	18,623,491	6,261,266	39,741,220
Private gifts for endowment purposes			110,000	200	
TOPS receipts		1,469,994	1,561,642	227,033	1,509,186
TOPS disbursements		(1,469,958)	(1,561,642)	(227,033)	(1,509,186)
Direct lending receipts		20,484,580	25,645,828	4,071,085	52,755,925
Direct lending disbursements		(20,484,580)	(25,645,828)	(4,071,085)	(52,755,925)
Other receipts (disbursements)	7,169		443,974	4,980	645,241
Net cash provided (used) by noncapital financing activities	17,106,332	36,445,768	30,693,407	11,861,030	67,388,526
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from capital debt					
Capital appropriations received					
Capital grants and gifts received					
Proceeds from sale of capital assets					
Purchases of capital assets	(509,574)	(329,636)	(1,125,027)	(710,867)	(2,901,187)
Principal paid on capital debt and leases					(182,500)
Interest paid on capital debt and leases					(95,596)
Other uses					
Net cash used by capital and related financing activities	(509,574)	(329,636)	(1,125,027)	(710,867)	(3,179,283)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments					
Interest received on investments	387,799	262,870	66,666	8,768	575,089
Purchase of investments			(110,000)	(200)	(159,224)
Net cash provided (used) by investing activities	387,799	262,870	(43,334)	8,568	415,865
Net Increase (decrease) in Cash and Cash Equivalents	(119,308)	3,890,826	773,224	(740,646)	586,218
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,485,054	15,634,602	6,615,842	1,425,857	27,485,003
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$20,365,746	\$19,525,428	\$7,389,066	\$685,211	\$28,071,221

(Continued)

Schedule 9

Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northshore Technical Community College	Northwest Louisiana Technical College	River Parishes Community College	South Central Louisiana Technical College	South Louisiana Community College
\$4,350,423		\$4,430,174	\$5,399,984	\$5,315,663	\$919,042	\$6,997,137		\$13,329,687
381,150		1,648,594	8,064,830	2,344,097	955,312	25,692		9,404,355
		116	2,161		20,086			11,396
28,610		48,471	72,204	164,162		8,814		
(7,067,696)		(6,146,058)	(12,847,136)	(9,752,339)	(4,484,312)	(7,171,347)		(24,388,067)
(2,603,432)		(2,464,416)	(5,249,565)	(4,363,442)	(2,093,242)	(2,794,280)		(10,024,086)
(403,782)		(416,890)	(621,577)	(360,602)	(456,352)	(443,187)		(1,576,292)
(2,637,780)	(\$748,360)	(3,521,137)	(10,034,157)	(3,436,818)	(1,205,032)	(2,559,668)		(17,432,677)
(3,223,812)		(1,807,298)	(1,188,442)	(1,948,682)	(1,264,521)	(1,688,345)		(3,806,280)
(302,504)	(560,242)	111,469	(329,503)	(417,253)	(193,477)	494,654	(\$2,312,436)	166,074
(11,478,823)	(1,308,602)	(8,116,975)	(16,731,201)	(12,455,214)	(7,802,496)	(7,130,530)	(2,312,436)	(34,315,890)
4,049,713	1,286,145	4,480,843	7,659,830	6,085,559	4,039,263	5,469,126		14,913,203
6,469,888		5,548,713	10,726,074	8,566,484	3,253,433	5,123,969		16,643,807
10,000				440,000		20,000		330,000
278,599		619,015	440,845	414,048	135,800	662,291		1,109,434
(278,599)		(619,015)	(440,845)	(414,048)	(135,800)	(662,291)		(1,109,434)
7,402,254		4,803,284	10,451,627	7,693,683		4,981,089		14,794,258
(7,402,254)		(4,803,284)	(10,451,627)	(7,693,683)		(4,981,089)		(14,794,258)
27,201		71,300	157,427	29,259	31,386	138,077		213,360
10,556,802	1,286,145	10,100,856	18,543,331	15,121,302	7,324,082	10,751,172		32,100,370
			200,000					
(252,908)		(252,035)	(328,663)	(517,361)	(405,607)	(219,044)		(1,675,386)
(252,908)		(252,035)	(128,663)	(517,361)	(405,607)	(219,044)		(1,675,386)
79,720								19,161
75,955		34,041	20,874	144,221		44,824		171,340
				(467,850)				
155,675		34,041	20,874	(323,629)		44,824		190,501
(1,019,254)	(22,457)	1,765,887	1,704,341	1,825,098	(884,021)	3,446,422	(2,312,436)	(3,700,405)
4,192,476	471,355	6,220,528	1,941,191	5,807,151	3,625,152	7,044,490	2,312,436	28,420,712
\$3,173,222	\$448,898	\$7,986,415	\$3,645,532	\$7,632,249	\$2,741,131	\$10,490,912	NONE	\$24,720,307

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2019**

	SOWELA Technical Community College	Facilities Corporations	System Eliminating Entries	Total Per System
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees	\$6,605,387			\$120,907,425
Grants and contracts	2,208,383		(\$17,480,663)	69,717,476
Sales and services of educational depart.	21,971			92,072
Auxilliary enterprise receipts				2,034,505
Payments for employee compensation	(11,951,353)			(198,640,647)
Payments for benefits	(4,714,520)			(79,017,182)
Payments for utilities	(770,049)			(12,401,702)
Payments for supplies and services	(5,601,105)		25,946,936	(106,404,342)
Payments for scholarships and fellowships	(2,352,251)			(61,386,959)
Other receipts (payments)	(205,406)			872,387
Net cash used by operating activities	(16,758,943)		8,466,273	(264,226,967)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	9,480,564			133,477,599
Gifts and grants for other than capital purposes	9,134,952		(8,466,273)	143,271,157
Private gifts for endowment purposes	62,520			972,720
TOPS receipts	1,246,311			9,674,198
TOPS disbursements	(1,246,311)			(9,674,162)
Direct lending receipts				153,083,613
Direct lending disbursements				(153,083,613)
Other receipts (disbursements)	531,522	(\$1,852,826)		448,070
Net cash provided (used) by noncapital financing activities	19,209,558	(1,852,826)	(8,466,273)	278,169,582
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital debt		76,792,300		76,792,300
Capital appropriations received		35,987,526		35,987,526
Capital grants and gifts received		608,738		608,738
Proceeds from sale of capital assets				200,000
Purchases of capital assets	(1,650,636)	(28,814,717)		(39,692,648)
Principal paid on capital debt and leases		(16,665,000)		(16,847,500)
Interest paid on capital debt and leases		(16,317,185)		(16,412,781)
Other uses		(2,460,334)		(2,460,334)
Net cash used by capital and related financing activities	(1,650,636)	49,131,328		38,175,301
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments		43,516,568		43,615,449
Interest received on investments	161,790	1,329,763		3,284,000
Purchase of investments	(115,842)	(72,969,339)		(73,822,455)
Net cash provided (used) by investing activities	45,948	(28,123,008)		(26,923,006)
Net Increase (decrease) in Cash and Cash Equivalents	845,927	19,155,494		25,194,910
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,417,147	39,738,406		184,837,402
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$14,263,074	\$58,893,900	NONE	\$210,032,312

(Continued)

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2019**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating loss	(\$19,686,508)	(\$31,151,712)	(\$25,860,364)	(\$10,763,780)	(\$57,715,552)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation expense	2,138,367	1,778,799	1,199,492	638,458	3,532,837
Nonemployer contributing entity revenue	83,155	154,259	114,661	53,449	276,058
Noncash transfers of operations		74,989			
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable, net	(914,609)	(594,882)	(1,454,218)	(912,770)	(978,662)
(Increase) decrease in due from other funds	20,535				
(Increase) decrease in inventories					
(Increase) decrease in prepaid expenses and advances		68,737		(14,098)	602
(Increase) decrease in other assets					
(Increase) decrease in deferred outflows related to pensions	(2,473,585)	(873,971)	(773,274)	(1,809,491)	859,839
(Increase) decrease in deferred outflows related to OPEB	(1,718,087)	(471,471)	(341,431)	(249,665)	10,793
Increase (decrease) in accounts payable and accrued liabilities	1,128,202	259,121	(208,379)	295,271	(1,652,761)
Increase (decrease) in unearned revenue	(7,956)	34,620	(105,222)	(153,945)	716,190
Increase (decrease) in amounts held in custody for others		5,769	23,548	2,614	30,473
Increase (decrease) in compensated absences	160,548	206,896	136,775	29,779	(194,722)
Increase (decrease) in net pension liability	1,728,665	(7,494,054)	(3,369,076)	1,436,982	(33,864,076)
Increase (decrease) in total OPEB liability	1,745,010	(75,208)	(53,636)	(2,911,616)	(1,987,719)
Increase (decrease) in other liabilities					(2,704)
Increase (decrease) in deferred inflows related to pensions	196,421	4,752,708	1,301,684	158,082	25,032,191
Increase (decrease) in deferred inflows related to OPEB	495,977	837,224	637,618	2,301,353	1,898,323
Net cash used by operating activities:	(\$17,103,865)	(\$32,488,176)	(\$28,751,822)	(\$11,899,377)	(\$64,038,890)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:					
Cash and cash equivalents classified as current assets	\$20,365,746	\$19,525,428	\$7,389,066	\$677,814	\$27,963,947
Cash and cash equivalents classified as noncurrent assets				7,397	107,274
Cash and cash equivalents at the end of the year	\$20,365,746	\$19,525,428	\$7,389,066	\$685,211	\$28,071,221
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Capital appropriations for purchase of equipment, buildings, or land		\$364,150			\$3,412,014
Noncash capital grant/gift of capital assets					\$1,312,000
Noncash grants and gifts					
(Loss) on disposal of capital assets			(\$682,890)		(\$4,594)
Unrealized gain on investments		\$35,234			
(Decrease) in noncapital accounts and contracts payable					
Increase in accrued interest payable					
Capitalized interest including capitalized amortization					
Amortization of bond premium					
Accretion of bond discount					
Amortization of bond issuance costs					
Increase (decrease) in capital accounts and retainage payable					
(Increase) in nonoperating accounts receivables					
(Increase) in restricted assets - other					
Noncash transfers of operations - gain (loss) on disposal of capital assets				(\$85,234)	

(Continued)

Schedule 9

Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northshore Technical Community College	Northwest Louisiana Technical College	River Parishes Community College	South Central Louisiana Technical College	South Louisiana Community College
(\$11,721,782)	(\$437,603)	(\$8,332,557)	(\$14,136,696)	(\$12,772,946)	(\$6,058,408)	(\$7,064,702)		(\$31,557,561)
1,306,369		462,083	569,163	317,355	306,740	234,952		1,435,772
40,426		33,571	74,920	65,676	26,489	32,201		133,667
		350,344				806,581	\$19,661,666	(20,818,589)
(599,229)	15	(92,105)	(1,427,681)	(255,638)	88,642	(1,966,280)	1,725,541	(1,412,012)
			3,281					
4,284		(3,587)		(191,467)		1		(1,210)
		19,914						
(168,965)	127,704	(523,694)	(759,833)	(566,545)	(758,749)	(1,885,279)	2,022,818	(3,862,300)
(501,686)		(793,470)	21,750	(324,446)	(60,080)	(2,675,716)	328,447	(4,486,438)
(4,048)	(22,472)	245,865	(207,637)	287,465	(204,160)	974,957	(1,013,592)	1,265,907
(80,701)		(119,451)	500,943	174,840	42,510	47,585		52,411
1,321		12,561	147,510	2,364	9,442	39,424	(19,320)	1,080
77,779	(24,623)	45,385	64,242	149,592	(14,625)	162,050	(346,276)	285,684
(1,467,957)	(24,092)	(1,307,709)	(746,255)	(288,541)	(65,986)	490,433	(12,702,496)	4,899,268
316,765		750,563	(2,013,772)	149,878	(971,238)	2,978,124	(9,644,138)	4,183,141
647								
1,063,649	(927,531)	863,101	(449,415)	535,121	(933,000)	258,430	(1,811,287)	6,706,305
254,305		272,211	1,628,279	262,078	789,927	436,709	(513,799)	8,858,985
(\$11,478,823)	(\$1,308,602)	(\$8,116,975)	(\$16,731,201)	(\$12,455,214)	(\$7,802,496)	(\$7,130,530)	(\$2,312,436)	(\$34,315,890)
\$2,949,767	\$448,898	\$7,986,415	\$3,645,532	\$7,496,121	\$2,741,131	\$10,390,912		\$24,720,307
223,455				136,128		100,000		
\$3,173,222	\$448,898	\$7,986,415	\$3,645,532	\$7,632,249	\$2,741,131	\$10,490,912	NONE	\$24,720,307
\$815,266				\$2,996,848	\$90,940			\$19,438
(\$6,080)		(\$7,225)	(\$56,000)	(\$37,400)		(\$10,266)		(\$252,953)
		\$5,557	\$49,184					\$39,387
				(\$4,492)				
(\$1,069,778)								
		(\$4,418,644)				\$1,271,333	(\$3,134,527)	\$6,281,838

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2019**

	SOWELA Technical Community College	Facilities Corporations	System Eliminating Entries	Total Per System
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	(\$19,158,796)	(\$13,625,353)	\$8,466,273	(\$261,578,047)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	2,155,016	13,625,353		29,700,756
Nonemployer contributing entity revenue	69,384			1,157,916
Noncash transfers of operations				74,991
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	735,231			(8,058,657)
(Increase) decrease in due from other funds				20,535
(Increase) decrease in inventories				3,281
(Increase) decrease in prepaid expenses and advances	(860)			(137,598)
(Increase) decrease in other assets				19,914
(Increase) decrease in deferred outflows related to pensions	244,681			(11,200,644)
(Increase) decrease in deferred outflows related to OPEB	(807,888)			(12,069,388)
Increase (decrease) in accounts payable and accrued liabilities	(319,164)			824,575
Increase (decrease) in unearned revenue	(66,407)			1,035,417
Increase (decrease) in amounts held in custody for others	4,256			261,042
Increase (decrease) in compensated absences	70,708			809,192
Increase (decrease) in net pension liability	(3,210,110)			(55,985,004)
Increase (decrease) in total OPEB liability	650,243			(6,883,603)
Increase (decrease) in other liabilities				(2,057)
Increase (decrease) in deferred inflows related to pensions	2,447,821			39,194,280
Increase (decrease) in deferred inflows related to OPEB	426,942			18,586,132
Net cash used by operating activities:	(\$16,758,943)	NONE	\$8,466,273	(\$264,226,967)

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

Cash and cash equivalents classified as current assets	\$14,263,074			\$150,564,158
Cash and cash equivalents classified as noncurrent assets		\$58,893,900		59,468,154
Cash and cash equivalents at the end of the year	\$14,263,074	\$58,893,900	NONE	\$210,032,312

**NONCASH INVESTING, CAPITAL, AND
FINANCING ACTIVITIES**

Capital appropriations for purchase of equipment, buildings, or land				\$3,776,164
Noncash capital grant/gift of capital assets	\$3,250			\$5,218,304
Noncash grants and gifts				\$19,438
Loss on disposal of capital assets				(\$1,057,408)
Unrealized gain on investments		\$135,981		\$265,343
Decrease in noncapital accounts and contracts payable		(\$25,745)		(\$30,237)
Increase in accrued interest payable		\$232,136		\$232,136
Capitalized interest including capitalized amortization		\$1,049,276		\$1,049,276
Amortization of bond premium		\$4,177,628		\$4,177,628
Accretion of bond discount		\$559,134		\$559,134
Amortization of bond issuance costs		\$313,442		\$313,442
Increase (decrease) in capital accounts and retainage payable	(\$63,586)	\$1,893,609		\$1,830,023
(Increase) in nonoperating accounts receivables		(\$1,133,743)		(\$2,203,521)
(Increase) in restricted assets - other		(\$828)		(\$828)
Noncash transfer of operations - gain (loss) on disposal of capital assets	\$85,234			

(Concluded)

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Exhibit A

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



December 15, 2020

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

Independent Auditor's Report

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Louisiana Community and Technical College System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 15, 2020. Our report includes a reference to other auditors who audited the financial statements of the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; and the LCTCS Facilities Corporation, as described in our report on the System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report was modified to include an emphasis of matter section regarding actuarial assumptions and an other matters paragraph regarding an internal transfer of college operations.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified the following deficiency in internal control that we consider to be a material weakness.

Weaknesses in Controls over Financial Reporting

The System did not have adequate controls to ensure the annual financial report (AFR) was accurately prepared. Inadequate controls over the preparation of financial statements increases the risk of material misstatement and could result in inaccurate conclusions by users of those financial statements.

Based on our procedures, we identified the following errors in the System's AFR:

- Statement of Net Position
 - The LCTCS Facilities Corporation's net position totaling \$88.7 million was misclassified as unrestricted rather than restricted - expendable. This error caused related adjustments to the restricted net position and segment information note disclosures.
- Statement of Cash Flows
 - The Delgado Community College's direct lending receipts and direct lending disbursements of \$52.9 million were omitted.

The LCTCS Facilities Corporation's AFR was compiled by an outside CPA firm and the misclassification error occurred as the result of management's lack of internal controls to ensure the AFR was free from material misstatement during compilation of the System financial statements. In addition, management relied on the Delgado Community College's AFR, which omitted the direct lending receipts and disbursements in error. System management should strengthen its internal control over the compilation of the AFR, to include the performance of analytical procedures that would identify significant reporting variances from the prior year. Management partially concurred with the finding and outlined a plan of corrective action (see Appendix A, page 1).

Compliance and Other Matters

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

Failure to Make Proper Notifications of Suspected Misappropriations

The System failed to notify the Louisiana Legislative Auditor and the parish district attorney of certain suspected misappropriations of assets as required by Louisiana Revised Statute (R.S.) 24:523. The System Director of Internal Audit had knowledge of suspected misappropriations as early as March 2020 that were not reported until December 2020, after specific inquiry by the auditors. Failure to make proper notifications places the System in noncompliance with state law, impairs a timely response to control weaknesses by the auditor, and could delay the potential prosecution of guilty parties.

R.S. 24:523 states, in part, "An agency head of an auditee who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of the public funds or assets of his agency shall immediately notify, in writing, the legislative auditor and the district attorney of the parish in which the agency is domiciled of such misappropriation." In addition, System Policy 5.019 states, in part, "Notification to the director of internal audit should be as expedient as possible. The director of internal audit shall, in accordance with R.S. 24:523 notify the Legislative Auditor and the appropriate district attorney and shall copy the System president, the appropriate chancellor and vice chancellor on all such notifications."

The System Director of Internal Audit explained that the notifications received from the college did not contain enough information to report the suspected misappropriations and required additional investigation by internal audit.

Management should immediately report any suspected misappropriation of public funds or assets that are communicated by the colleges to the System Director of Internal Audit, in writing, to the legislative auditor and district attorney in accordance with system policy and state law. Management partially concurred with the finding and outlined a plan of corrective action (see Appendix A, page 2).

System's Responses to the Findings

The System's responses to the findings identified in our audit are attached in Appendix A. The System's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Other Reports

Other external auditors audited the South Louisiana Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; BRCC Facilities Corporation; and the LCTCS Facilities Corporation, which are blended component units included in the System's basic financial statements for the year ended June 30, 2020. To obtain copies of those reports, refer to note 1-B to the basic financial statements for mailing addresses. These reports are also available on the Internet at www.lla.la.gov.

As a part of our audit of the System's basic financial statements for the year ended June 30, 2020, we performed certain procedures on colleges within the System. Our reports on those procedures for those colleges are listed as follows:

College	Audit Type	Issue Date	Finding Title
Baton Rouge Community College	Fiscal Year 2020 Management Letter	Pending	Pending
Bossier Parish Community College	Fiscal Year 2020 Management Letter	December 21, 2020	None
Central Louisiana Technical Community College	Fiscal Year 2020 Full Scope	Pending	Pending
Delgado Community College	Fiscal Year 2020 Management Letter	Pending	Pending
Elaine P. Nunez Community College	None	N/A	N/A
L. E. Fletcher Technical Community College	None	N/A	N/A
Louisiana Delta Community College	Fiscal Year 2020 Management Letter	November 25, 2020	Inadequate Controls over Banner System
Northshore Technical Community College	Fiscal Year 2020 Full Scope	October 30, 2020	Late Additions of Movable Property
Northwest Louisiana Technical Community College	Fiscal Year 2020 Full Scope	Pending	Pending Improper Tuition and Fee Charges Inadequate Controls over Outstanding Student Account Balances
River Parishes Community College	Fiscal Year 2020 Procedural Report	August 5, 2020	Ineffective Bank Reconciliations
South Louisiana Community College	Fiscal Year 2020 Management Letter	Pending	Pending
SOWELA Technical Community College	None	N/A	N/A

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

Purpose of this Report

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

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

KDN:CLL:BQD:EFS:aa

LCTCS 2020

APPENDIX A

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



**Changing Lives,
Creating Futures**

Monty Sullivan
System President

Officers:

Paul Price, Jr.
Chair

Willie L. Mount
First Vice Chair

Alterman L. "Chip" Jackson
Second Vice Chair

Members:

Tari T. Bradford
Helen Bridges Carter
Rhoman J. Hardy
Timothy W. Hardy
Erika McConduit
Michael J. Murphy
Joe Potts
Stanton W. Salathe
Stephen C. Smith
Mark D. Spears, Jr.
Craig Spohn
Stephen Toups

Student Members:

Tara Mitchell
Joshua Turner

Louisiana
Community
& Technical
College System

265 South Foster Drive
Baton Rouge, LA 70806

Phone: 225-922-2800
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www.lctcs.edu

LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

December 14, 2020

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Weaknesses in Controls Over Financial Reporting

The Louisiana Community and Technical College System (i.e. System) reviews college annual financial reports (AFRs) prior to their compilation into one system report. However, the purpose of the compilation of all twelve LCTCS colleges is to provide consistency among reports while ensuring that information in the financial statements balance and agree to the financial statement note disclosures prior to submittal to the state. This is usually performed over a short four-week timeframe through the electronic AFR preparation packet developed and provided by the System to our colleges. With that said, the System relies on member colleges to perform inquiries, analytical procedures and to have an understanding of their internal controls or other audit procedures prior to submittal to the System for compilation given that as "cost centers," they are intimately involved in the management of their fiscal operations and best able to provide that assurance.

We concur with the finding pertaining to "*Statement of Net Position – LCTCS Facilities Corporation's net position misclassification as unrestricted rather than restricted – expendable*". This was a misclassification between lines in the report, and while a technical inaccuracy, it had no impact to the total net position reported. However, to ensure further accuracy, the System will implement additional analytical review procedures by the Director of Fiscal Affairs and the Associate Director of Fiscal Affairs of the Facilities Corporation's compiled AFR to prevent a reoccurrence of this type of error which will preclude our office from providing information on the AFRs until such time this analysis is completed and the System AFR is officially submitted to the state.

While we concur with the facts of the finding related to "*Statement of Cash Flows – Delgado Community College's direct lending receipts and direct lending disbursements omission*", we do not concur with the presentation as a system finding as this is a college level finding. This omission was an oversight by the college when they prepared and submitted their AFR to the System. This omission, while an inaccuracy, had no impact on the net cash flow reported as they are an inflow and equal outflow of cash. However, in the future, the System will add a column to the college AFR packet to calculate differences between current year and prior year data to aid the colleges in their analysis when preparing their AFR. This change will be incorporated in the FY21 college packet.

Given the above, management of the System partially concurs with the finding.

Respectfully,

Joseph F. Marin
LCTCS Chief Operations Officer

cc: Dr. Monty Sullivan, President, LCTCS
Mr. Craig Spohn, Chair, LCTCS Audit Committee

A.1



***Changing Lives,
Creating Futures***

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System President

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LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

December 14, 2020

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Failure to Make Proper Notification of Suspected Misappropriations

The management of the Louisiana Community and Technical College System – Board of Supervisors (System) partially concurs with the finding *“Failure to Make Proper Notification of Suspected Misappropriations.”*

As noted in the report, Louisiana Revised Statute (LRS) 24:523 provides that referrals to the legislative auditor and parish district attorney shall be made after “actual knowledge of or reasonable cause to believe that there has been a misappropriation of the public funds or assets.” As stated in the report, my office was so notified. However, in our professional judgment as internal auditors, we believed that there was insufficient information to report until further vetting to provide “reasonable cause” as provided by state law. The law provides this to ensure that frivolous or unfounded allegations do not get referred. However, given the finding, in the future my office will forward to the Legislative Auditor and the parish district attorney any information received related to known or suspected misappropriation of assets rather than provide any further review prior to referring.

Additionally, while the report notes that failure of timely notification “impairs a timely response to control weakness by the auditor,” it should be noted that college internal controls discovered the federal financial aid anomalies that were raised to my office. Additionally, while the report states that the timely failure to notify “could delay the potential prosecution of guilty parties,” all of the questionable anomalies were timely reported by the college to the United States Department of Education Office of the Inspector General as the primary agency with jurisdiction over such matters, simultaneously with their reporting to my office. The investigation and prosecution of any guilty parties would, almost always, be under their jurisdiction and was not delayed.

Please call my office if you have any additional questions.

Respectfully,

Michael G. Redmond, CPA, CIA, CFE, CISA, MS
Director of Internal Audit

cc: Dr. Monty Sullivan, President, LCTCS
Joseph F. Marin, COO, LCTCS
Mr. Craig Spohn, Chair, LCTCS Audit Committee