

LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM

A COMPONENT UNIT OF THE  
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT  
FOR THE YEAR ENDED JUNE 30, 2018  
ISSUED DECEMBER 26, 2018

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

December 21, 2018

## 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, 2018, 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 51.26% of total assets, 35.15% of total liabilities, 8.54% of total revenues, and 8.23% 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, 2018, 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 Matters**

As disclosed in note 6 to the financial statements, the net pension liability for the System was \$416,406,392 at June 30, 2018, 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, 2018, could be under or overstated. Our opinion is not modified with respect to this matter.

As discussed in notes 1-N and 8 to the financial statements, the System implemented Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – superseding portions of GASB Statement No. 45 and GASB Statement No. 57*, for the year ended June 30, 2018. The adoption of these standards required the System to record its proportionate share of other postemployment benefits related to its participation in a defined-benefit, multiple-employer other postemployment benefit plan, restating the previous year. As a result of the implementation, the System's net

position decreased by \$136,073,168 as of July 1, 2017. 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 70, the Schedule of the System's Contributions on page 70, and the Schedule of the System's Proportionate Share of the Total Collective OPEB Liability on page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit for the year ended June 30, 2018, 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 Schedule of Per Diem Paid Board Members (Cash Basis) on page 74 and combining financial schedules on pages 75 through 86 for the year ended June 30, 2018, 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, 2018, 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 Schedule of Per Diem Paid Board Members (Cash Basis) and combining financial schedules for the fiscal year ended June 30, 2018, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2018.

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, 2017 (not presented herein), and have issued our report thereon dated December 13, 2017, 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, 2017, 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 2017 financial statements. The combining financial schedules for the year ended June 30, 2017, have been subjected to the auditing procedures applied in the audit of the 2017 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, 2017, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2017.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, 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

KLD:CLL:BQD:EFS:aa

LCTCS 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2018. 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 College
- River Parishes Community College
- South Central Louisiana Technical 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

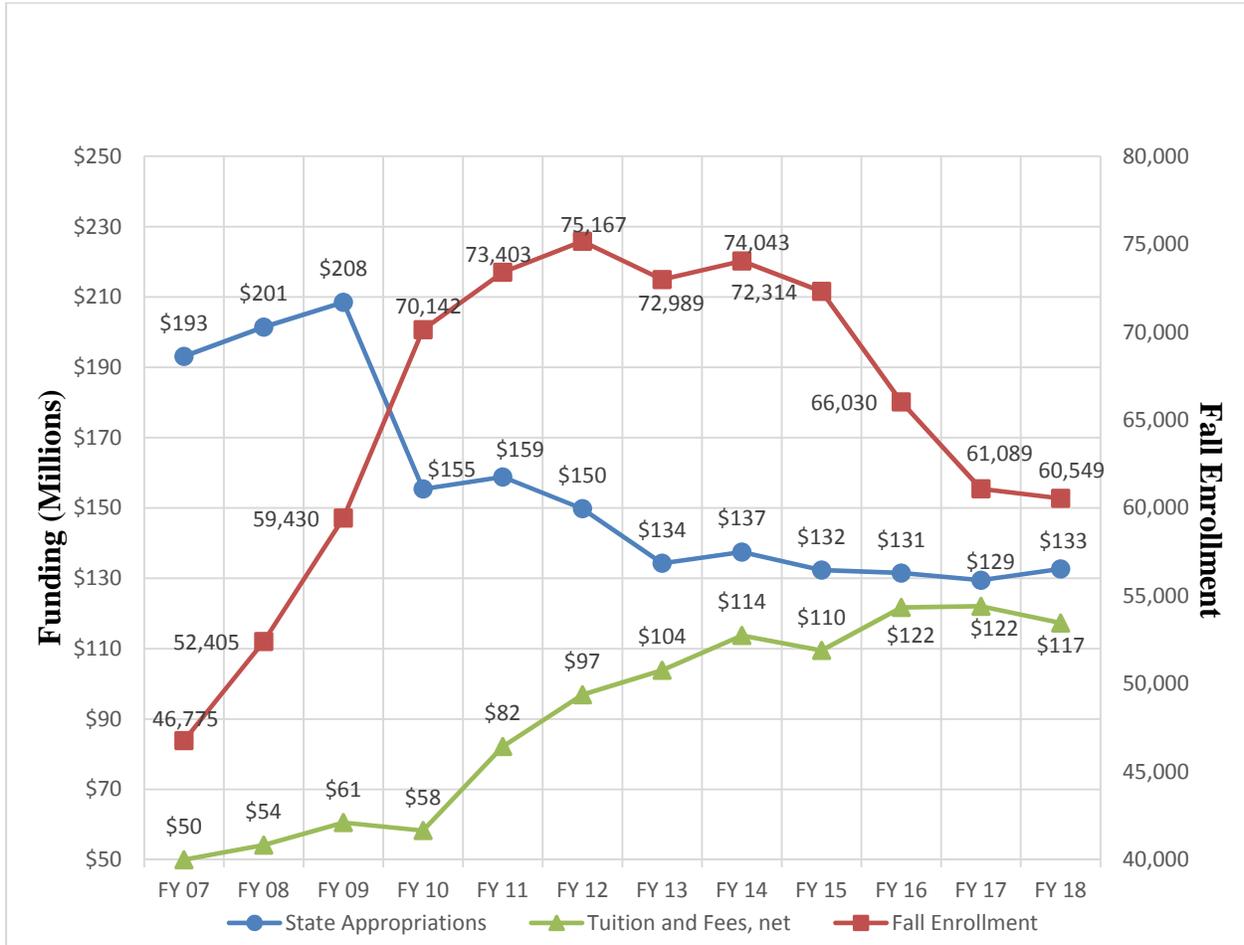
### **FINANCIAL HIGHLIGHTS**

The System's net position overall decreased from negative \$110.8 million (restated) to a negative \$212.9 million from July 1, 2017, to June 30, 2018. The overall reasons for this change included:

- \$84.7 million increase in long-term liabilities due primarily to:
  - \$45.4 million decrease in net pension liability
  - \$132.0 million increase in Total Other Postemployment Benefit (OPEB) liability due to the implementation of GASB Statement No. 75.
- \$29.7 million increase in deferred inflows related to pensions
- \$17.0 million increase in deferred inflows related to OPEB due to the implementation of GASB Statement No.75
- \$31.0 million increase in capital assets primarily due to continuing Act 360 construction projects

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 2007 through fiscal year 2018.

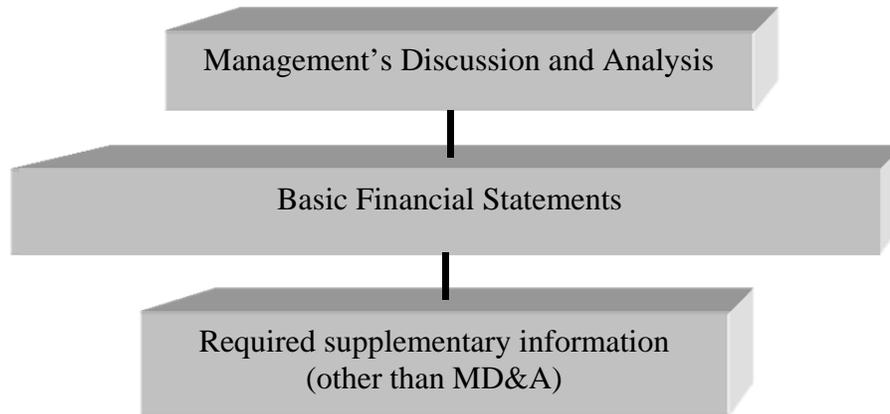
**Comparison of LCTCS Funding and Fall Student Enrollment  
FY07 through FY18**



Source: LCTCS Fiscal Year 2018 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, 2018, and 2017**

|  | *                         |                           |                           |            |
|--|---------------------------|---------------------------|---------------------------|------------|
|  | 2017                      |                           |                           | Percentage |
|  | (restated)                | Variance                  |                           | Change     |
|  | 2018                      |                           |                           |            |
| <b>Assets:</b>                                     |                           |                           |                           |            |
| Current and other assets                           | \$297,549                 | \$300,564                 | (\$3,015)                 | (1.0%)     |
| Capital assets                                     | 667,858                   | 636,826                   | 31,032                    | 4.9%       |
| Total assets                                       | <u>965,407</u>            | <u>937,390</u>            | <u>28,017</u>             | 3.0%       |
| Total deferred outflow of resources                | <u>107,933</u>            | <u>105,672</u>            | <u>2,261</u>              | 2.1%       |
| Total assets and deferred outflow of resources     | <u><u>1,073,340</u></u>   | <u><u>1,043,062</u></u>   | <u><u>30,278</u></u>      | 2.9%       |
| <b>Liabilities:</b>                                |                           |                           |                           |            |
| Current liabilities                                | 72,354                    | 71,427                    | 927                       | 1.3%       |
| Long-term liabilities                              | 1,145,873                 | 1,061,154                 | 84,719                    | 8.0%       |
| Total liabilities                                  | <u>1,218,227</u>          | <u>1,132,581</u>          | <u>85,646</u>             | 7.6%       |
| Total deferred inflow of resources                 | <u>67,972</u>             | <u>21,283</u>             | <u>46,689</u>             | 219.4%     |
| Total liabilities and deferred inflow of resources | <u><u>1,286,199</u></u>   | <u><u>1,153,864</u></u>   | <u><u>132,335</u></u>     | 11.5%      |
| <b>Net Position:</b>                               |                           |                           |                           |            |
| Net investment in capital assets                   | 263,818                   | 261,640                   | 2,178                     | 0.8%       |
| Restricted   | 163,423                   | 142,684                   | 20,739                    | 14.5%      |
| Unrestricted                                       | <u>(640,100)</u>          | <u>(515,127)</u>          | <u>(124,973)</u>          | (24.3%)    |
| Total net position                                 | <u><u>(\$212,859)</u></u> | <u><u>(\$110,803)</u></u> | <u><u>(\$102,056)</u></u> | (92.1%)    |

\* Amounts for 2017 were not restated for GASB Statement No. 75 regarding OPEB. The restatement of the prior year was not practical.

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 decreased from a negative \$110.8 million (restated) to a negative \$212.9 million, or 92.1%, from July 1, 2017, to June 30, 2018.

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, 2018, and 2017**

|  | 2018               | 2017<br>*          | Variance           | Percentage<br>Change |
|--|--------------------|--------------------|--------------------|----------------------|
| <b>Operating revenues:</b>                         |                    |                    |                    |                      |
| Student tuition and fees, net                      | \$117,295          | \$122,034          | (\$4,739)          | (3.9%)               |
| Grants and contracts                               | 67,548             | 60,989             | 6,559              | 10.8%                |
| Sales and services of education departments        | 156                | 167                | (11)               | (6.6%)               |
| Auxiliary, net                                     | 2,213              | 2,303              | (90)               | (3.9%)               |
| Other  | 789                | 560                | 229                | 40.9%                |
| <b>Total operating revenues</b>                    | <u>188,001</u>     | <u>186,053</u>     | <u>1,948</u>       | 1.0%                 |
| <b>Nonoperating revenues:</b>                      |                    |                    |                    |                      |
| State appropriations                               | 132,681            | 129,476            | 3,205              | 2.5%                 |
| Gifts  | 451                | 750                | (299)              | (39.9%)              |
| Investment income                                  | 0                  | 3,853              | (3,853)            | (100.0%)             |
| Federal nonoperating revenues                      | 129,681            | 123,161            | 6,520              | 5.3%                 |
| Other nonoperating revenues                        | 0                  | 1,443              | (1,443)            | (100.0%)             |
| <b>Total nonoperating revenues</b>                 | <u>262,813</u>     | <u>258,683</u>     | <u>4,130</u>       | 1.6%                 |
| <b>Total revenues</b>                              | <u>450,814</u>     | <u>444,736</u>     | <u>6,078</u>       | 1.4%                 |
| <b>Operating expenses:</b>                         |                    |                    |                    |                      |
| Education and general:                             |                    |                    |                    |                      |
| Instruction  | 158,876            | 173,275            | (14,399)           | (8.3%)               |
| Public service                                     | 3,669              | 1,778              | 1,891              | 106.4%               |
| Academic support                                   | 51,115             | 54,292             | (3,177)            | (5.9%)               |
| Student services                                   | 33,299             | 33,473             | (174)              | (0.5%)               |
| Institutional support                              | 82,455             | 87,701             | (5,246)            | (6.0%)               |
| Operations and maintenance of plant                | 39,989             | 39,961             | 28                 | 0.1%                 |
| Depreciation                                       | 29,627             | 25,847             | 3,780              | 14.6%                |
| Scholarships and fellowships                       | 57,175             | 54,946             | 2,229              | 4.1%                 |
| Auxiliary enterprises                              | 2,434              | 3,239              | (805)              | (24.9%)              |
| Other operating expenses                           | 292                | 468                | (176)              | (37.6%)              |
| <b>Total operating expenses</b>                    | <u>458,931</u>     | <u>474,980</u>     | <u>(16,049)</u>    | (3.4%)               |
| <b>Nonoperating expenses:</b>                      |                    |                    |                    |                      |
| Interest expense                                   | 12,822             | 13,765             | (943)              | (6.9%)               |
| Investment loss                                    | 802                | 0                  | 802                | 100.0%               |
| Other nonoperating expenses, net                   | 6,381              | 0                  | 6,381              | 100.0%               |
| <b>Total nonoperating expenses</b>                 | <u>20,005</u>      | <u>13,765</u>      | <u>6,240</u>       | 45.3%                |
| <b>Total expenses</b>                              | <u>478,936</u>     | <u>488,745</u>     | <u>(9,809)</u>     | (2.0%)               |
| <b>Loss before other revenues</b>                  | <u>(28,122)</u>    | <u>(44,009)</u>    | <u>15,887</u>      | (36.1%)              |
| Capital appropriations                             | 55,378             | 56,237             | (859)              | (1.5%)               |
| Capital grants and gifts                           | 6,095              | 20,674             | (14,579)           | (70.5%)              |
| Other deductions, net                              | (1)                | (4)                | 3                  | 75.0%                |
| Additions to permanent endowment                   | 667                | 1,152              | (485)              | (42.1%)              |
| <b>Other revenues</b>                              | <u>62,139</u>      | <u>78,059</u>      | <u>(15,920)</u>    | (20.4%)              |
| <b>Change in net position</b>                      | 34,017             | 34,050             | (33)               | (0.1%)               |
| <b>Net position at beginning of year, restated</b> | <u>(246,876)</u>   | <u>(144,853)</u>   | <u>(102,023)</u>   | (70.4%)              |
| <b>Net position at end of year</b>                 | <u>(\$212,859)</u> | <u>(\$110,803)</u> | <u>(\$102,056)</u> | (92.1%)              |

\* Amounts for 2017 were not restated for GASB Statement No. 75 regarding OPEB. The restatement of the prior year was not practical.

**CAPITAL ASSET AND DEBT ADMINISTRATION****Capital Assets**

As of June 30, 2018, the System had invested approximately \$667.9 million in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$31.0 million, or 4.9%, from the previous fiscal year. 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, 2018, and 2017**

|                          | 2018             | 2017<br>(restated) | Variance        | Percentage<br>Change |
|--------------------------|------------------|--------------------|-----------------|----------------------|
| Land and improvements    | \$60,570         | \$60,870           | (\$300)         | (0.5%)               |
| Buildings                | 530,773          | 424,095            | 106,678         | 25.2%                |
| Equipment                | 28,735           | 29,234             | (499)           | (1.7%)               |
| Software                 | 7,800            | 9,378              | (1,578)         | (16.8%)              |
| Construction-in-progress | 39,980           | 113,249            | (73,269)        | (64.7%)              |
| Total                    | <u>\$667,858</u> | <u>\$636,826</u>   | <u>\$31,032</u> | 4.9%                 |

**Debt**

The System had \$421.2 million in bonds outstanding at year-end, compared to \$423.5 million last year, a decrease of 0.5%. The net decrease is primarily due to the following:

- Bond principal payments of \$16.7 million
- Issuing of \$111.3 million in LCTCS Facilities Corporation and Delta Campus Facilities Corporation Series 2017 Revenue Refunding Bonds
- \$20.8 million in new LCTCS Facilities Corporation Series 2017 Revenue Bonds for Act 360 projects
- \$21.0 million in bond premiums issued
- Refunding of \$137.4 million in outstanding bonds for LCTCS Facilities Corporation Series 2009B, LCTCS Facilities Corporation Series 2010, and Delta Campus Facilities Corporation Series 2008 Revenue Bonds. More detailed information is presented in note 13 to the financial statements.

**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:

- 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.)
- New bonds issued by blended component units (More detailed information is presented in note 13 to the financial statements.)
- Significant new or additional capital appropriations
- Capital outlay projects (23 projects) at 14 System locations through Act 391 [Louisiana Revised Statute (R.S.) 17:3394.3]
- Capital outlay projects (29 projects) at 13 System locations through Act 360 [R.S. 17:3394.3(A)]
- Tuition affordability for students given income levels of prospective students

**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, 2018**

**ASSETS**

Current assets:

|                                    |                    |
|------------------------------------|--------------------|
| Cash and cash equivalents (note 2) | \$144,592,295      |
| Receivables, net (note 4)          | 21,408,393         |
| Due from State Treasury            | 481,036            |
| Due from Federal Government        | 15,720,909         |
| Inventories                        | 10,284             |
| Prepaid expenses and advances      | 558,061            |
| Other current assets               | 39,182             |
| Total current assets               | <u>182,810,160</u> |

Noncurrent assets:

Restricted assets:

|                                    |                    |
|------------------------------------|--------------------|
| Cash and cash equivalents (note 2) | 40,245,107         |
| Investments (note 3)               | 65,991,384         |
| Receivables, net (note 4)          | 3,747,832          |
| Other                              | 593,251            |
| Investments (note 3)               | 46,970             |
| Capital assets, net (note 5)       | 667,857,718        |
| Other noncurrent assets            | 4,114,620          |
| Total noncurrent assets            | <u>782,596,882</u> |
| <b>Total assets</b>                | <u>965,407,042</u> |

**DEFERRED OUTFLOWS OF RESOURCES**

|  |                    |
|--|--------------------|
| Deferred outflows related to pensions (note 6)                             | 98,110,095         |
| Deferred outflows related to other postemployment benefits (OPEB) (note 8) | 9,822,942          |
| <b>Total deferred outflows of resources</b>                                | <u>107,933,037</u> |

**LIABILITIES**

Current liabilities:

|  |                   |
|--|-------------------|
| Accounts payable and accruals (note 9)         | 37,850,772        |
| Due to Federal government                      | 9,468             |
| Unearned revenues (note 10)                    | 11,274,319        |
| Compensated absences payable (notes 11 and 13) | 1,475,004         |
| Capital lease obligations (notes 12 and 13)    | 90,000            |
| Amounts held in custody for others             | 773,172           |
| Bonds payable, net (note 13)                   | 16,665,000        |
| Other current liabilities                      | 4,215,986         |
| Total current liabilities                      | <u>72,353,721</u> |

(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, 2018**

**LIABILITIES (CONT.)**

## Noncurrent liabilities:

|  |                             |
|--|-----------------------------|
| Compensated absences payable (notes 11 and 13) | \$17,963,178                |
| Capital lease obligations (notes 12 and 13)    | 2,475,000                   |
| Net pension liability (note 6)                 | 416,406,392                 |
| Total OPEB Liability (note 8)                  | 304,450,972                 |
| Bonds payable, net (note 13)                   | 404,577,593                 |
| Total noncurrent liabilities                   | <u>1,145,873,135</u>        |
| <b>Total liabilities</b>                       | <u><u>1,218,226,856</u></u> |

**DEFERRED INFLOWS OF RESOURCES**

|   |                          |
|---|--------------------------|
| Deferred inflows related to pensions (note 6) | 50,946,792               |
| Deferred inflows related to OPEB (note 8)     | 17,025,392               |
| <b>Total deferred inflows of resources</b>    | <u><u>67,972,184</u></u> |

**NET POSITION**

|                                  |                               |
|----------------------------------|-------------------------------|
| Net investment in capital assets | 263,818,617                   |
| Restricted:                      |                               |
| Nonexpendable (note 14)          | 7,848,796                     |
| Expendable (note 14)             | 155,574,201                   |
| Unrestricted                     | <u>(640,100,575)</u>          |
| <b>Total net position</b>        | <u><u>(\$212,858,961)</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, 2018**

**OPERATING REVENUES**

|   |                           |
|---|---------------------------|
| Student tuition and fees                      | \$208,728,821             |
| Less scholarship allowances                   | (91,433,402)              |
| Net student tuition and fees                  | <u>117,295,419</u>        |
| Federal grants and contracts                  | 48,712,207                |
| State and local grants and contracts          | 14,845,941                |
| Nongovernmental grants and contracts          | 3,989,384                 |
| Sales and services of educational departments | 155,551                   |
| Auxiliary enterprise revenues                 | 2,212,847                 |
| Other operating revenues                      | <u>789,378</u>            |
| <b>Total operating revenues</b>               | <u><u>188,000,727</u></u> |

**OPERATING EXPENSES**

|                                     |                           |
|-------------------------------------|---------------------------|
| Educational and general:            |                           |
| Instruction                         | 158,876,066               |
| Public service                      | 3,668,680                 |
| Academic support                    | 51,114,518                |
| Student services                    | 33,298,859                |
| Institutional support               | 82,454,865                |
| Operations and maintenance of plant | 39,988,757                |
| Depreciation                        | 29,627,037                |
| Scholarships and fellowships        | 57,174,566                |
| Auxiliary enterprises               | 2,434,410                 |
| Other operating expenses            | <u>292,269</u>            |
| <b>Total operating expenses</b>     | <u><u>458,930,027</u></u> |

**OPERATING LOSS** (270,929,300)

(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, 2018**

|  |                               |
|--|-------------------------------|
| <b>NONOPERATING REVENUES (Expenses)</b>                      |                               |
| State appropriations   | \$132,680,805                 |
| Gifts  | 450,977                       |
| Federal nonoperating revenues                                | 129,680,591                   |
| Investment loss  | (802,447)                     |
| Interest expense   | (12,821,860)                  |
| Other nonoperating expenses, net                             | (6,381,122)                   |
| <b>Net nonoperating revenues</b>                             | <u>242,806,944</u>            |
| <b>LOSS BEFORE OTHER REVENUES AND ADDITIONS</b>              | (28,122,356)                  |
| Capital appropriations                                       | 55,378,315                    |
| Capital grants and gifts                                     | 6,094,832                     |
| Additions to permanent endowments                            | 666,609                       |
| Other deductions, net  | <u>(530)</u>                  |
| <b>INCREASE IN NET POSITION</b>                              | 34,016,870                    |
| <b>NET POSITION - BEGINNING OF YEAR (restated) (note 15)</b> | <u>(246,875,831)</u>          |
| <b>NET POSITION - END OF YEAR</b>                            | <u><u>(\$212,858,961)</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, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

|   |                      |
|---|----------------------|
| Tuition and fees                              | \$118,700,348        |
| Grants and contracts                          | 62,835,705           |
| Sales and services of educational departments | 155,551              |
| Auxiliary enterprise receipts                 | 2,247,514            |
| Payments for employee compensation            | (186,759,943)        |
| Payments for benefits                         | (76,367,083)         |
| Payments for utilities                        | (12,376,388)         |
| Payments for supplies and services            | (94,248,235)         |
| Payments for scholarships and fellowships     | (57,356,472)         |
| Other receipts, net                           | 1,044,126            |
| <b>Net cash used by operating activities</b>  | <u>(242,124,877)</u> |

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

|   |                    |
|---|--------------------|
| State appropriations  | 132,677,629        |
| Gifts and grants for other than capital purposes            | 133,337,087        |
| Private gifts for endowment purposes                        | 655,358            |
| Taylor Opportunity Program for Students (TOPS) receipts     | 8,127,068          |
| TOPS disbursements  | (8,127,068)        |
| Federal Emergency Management Agency receipts                | 2,010,194          |
| Direct lending receipts                                     | 146,010,854        |
| Direct lending disbursements                                | (146,010,854)      |
| Other receipts  | 1,090,565          |
| <b>Net cash provided by noncapital financing activities</b> | <u>269,770,833</u> |

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

|  |                     |
|--|---------------------|
| Proceeds from capital debt                                       | 156,430,408         |
| Capital appropriations received                                  | 42,460,673          |
| Capital grants and gifts received                                | 1,780,843           |
| Purchases of capital assets                                      | (44,928,721)        |
| Principal paid on capital debt and leases                        | (16,890,000)        |
| Interest paid on capital debt and leases                         | (17,416,496)        |
| Deposit with trustees  | (147,771,141)       |
| Other uses   | (5,691,493)         |
| <b>Net cash used by capital and related financing activities</b> | <u>(32,025,927)</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES:**

|   |                   |
|---|-------------------|
| Proceeds from sales and maturities of investments | 49,158,772        |
| Interest received on investments                  | 1,389,748         |
| Purchase of investments                           | (37,693,911)      |
| <b>Net cash provided by investing activities</b>  | <u>12,854,609</u> |

(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, 2018**

|  |                               |
|--|-------------------------------|
| NET INCREASE IN CASH AND CASH EQUIVALENTS  | \$8,474,638                   |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR   | <u>176,362,764</u>            |
| CASH AND CASH EQUIVALENTS AT END OF YEAR   | <u><u>\$184,837,402</u></u>   |
| <b>RECONCILIATION OF OPERATING LOSS TO NET</b>   |                               |
| <b>CASH USED BY OPERATING ACTIVITIES:</b>  |                               |
| Operating loss   | (\$270,929,300)               |
| Adjustments to reconcile operating loss to net cash used by operating activities:        |                               |
| Depreciation expense   | 29,627,037                    |
| Nonemployer contributing entity revenue  | 1,275,880                     |
| Noncash capital expenses   | 116,042                       |
| Changes in assets and liabilities:   |                               |
| (Increase) in accounts receivables, net  | (4,009,484)                   |
| Decrease in due from other funds   | 14,253                        |
| (Increase) in inventories  | (3,172)                       |
| Decrease in prepaid expenses and advances  | 332,591                       |
| Decrease in other assets   | 65,639                        |
| Decrease in deferred outflows related to pensions  | 7,562,013                     |
| (Increase) in deferred outflows related to OPEB (as restated)                            | (494,642)                     |
| Increase in accounts payable and accrued liabilities                                     | 5,329,630                     |
| Increase in unearned revenue   | 609,713                       |
| Increase in amounts held in custody for others   | 80,602                        |
| Increase in compensated absences   | 409,485                       |
| (Decrease) in net pension liability  | (45,380,177)                  |
| (Decrease) in Total OPEB liability (as restated)   | (13,388,814)                  |
| (Decrease) in other liabilities  | (31,392)                      |
| Increase in deferred inflows related to pensions   | 29,663,827                    |
| Increase in deferred inflows related to OPEB   | <u>17,025,392</u>             |
| <b>Net cash used by operating activities</b>   | <u><u>(\$242,124,877)</u></u> |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS<br/>TO THE STATEMENT OF NET POSITION:</b> |                               |
| Cash and cash equivalents classified as current assets                                   | \$144,592,295                 |
| Cash and cash equivalents classified as noncurrent assets                                | <u>40,245,107</u>             |
| <b>Cash and cash equivalents at end of year</b>  | <u><u>\$184,837,402</u></u>   |
| <b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>                             |                               |
| Capital appropriations for purchase of equipment, buildings, or land                     | \$12,767,642                  |
| Noncash capital grant/gift of capital assets   | \$4,177,474                   |
| Noncash grants and gifts   | \$253,721                     |
| (Loss) on disposal of capital assets   | (\$650,219)                   |
| Unrealized (loss) on investments   | (\$2,180,944)                 |
| (Decrease) in noncapital accounts and contracts payable                                  | (\$83,969)                    |
| (Decrease) in accrued interest payable   | (\$353,411)                   |
| Capitalized interest including capitalized amortization                                  | \$4,111,348                   |
| Amortization of bond premium   | \$1,179,180                   |
| Accretion of bond discount   | \$1,049,304                   |
| Amortization of bond issuance costs  | \$250,975                     |
| (Loss) on bond refunding   | (\$7,126,601)                 |
| (Decrease) in capital accounts and retainage payable                                     | (\$4,755,853)                 |
| (Increase) in nonoperating accounts receivable   | (\$105,155)                   |
| (Increase) in restricted assets - other  | (\$5,218)                     |

(Concluded)

The accompanying notes are an integral part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS

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## INTRODUCTION

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; four technical community colleges: Central Louisiana Technical Community College; L.E. Fletcher Technical Community College, Northshore Technical Community College, and SOWELA Technical Community College; and two technical colleges: Northwest Louisiana Technical College and South Central Louisiana Technical 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, 23<sup>rd</sup> 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 13 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 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 2002, 2003, and 2008 to finance the costs of development, design, and construction of additions and renovations to SLCC, BPCC, BRCC, and LDCC. During fiscal years 2012 and 2013, the BRCC Facilities Corporation Series 2002; Campus Facilities, Inc., Series 2002; and South Louisiana Facilities Corporations Series 2002 bonds were refunded, and revenue refunding bonds were issued. During fiscal year 2018, the Delta Campus Facilities Corporation Series 2008 and LCTCS Facilities Corporation Series 2009B and 2010 bonds were refunded, and revenue refunding bonds were issued. Also, bonds were issued in 2009, 2010, 2011, 2014, and 2017 to provide funds and oversee the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of 13 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), 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 implemented Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued by the Government Accounting Standards Board. This Statement addresses accounting and financial reporting of OPEB that is provided to the employees of state and local governmental employers and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to the actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

The cumulative effect of applying this Statement is reported as a restatement of beginning net position for fiscal year 2018. The restatement of the prior year presented was not practical because the earliest available measurement date of the OPEB valuation under GASB 75 is July 1, 2017. See note 15 GASB Statement No. 75, *OPEB Restatement* for the effect on 2018's beginning net position.

**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, 2018, the System has cash and cash equivalents (book balances) of \$184,837,402 as follows:

|  |                             |
|--|-----------------------------|
| Demand deposits  | \$129,867,904               |
| Money Market Demand Accounts                                   | 8,085,261                   |
| Cash equivalents - money market funds                          | 38,936,492                  |
| Short-term investment - Louisiana Asset Management Pool (LAMP) | 7,553,439                   |
| Cash held in foundaiton  | 372,915                     |
| Petty cash   | 21,391                      |
|  | <hr/>                       |
| Total  | <u><u>\$184,837,402</u></u> |

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

|                   |                             |
|-------------------|-----------------------------|
| Current assets    | \$144,592,295               |
| Noncurrent assets | 40,245,107                  |
|                   | <hr/>                       |
| Total             | <u><u>\$184,837,402</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, 2018, \$2,715,419 of the System's bank balance of \$142,868,369 was exposed to custodial credit risk, as these balances were uninsured and uncollateralized. As of June 30, 2018, demand deposits totaling \$801,914 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, 2018, the System has short-term investments reported on the Statement of Net Position as cash equivalents totaling \$7,553,439.

The System participates in the Louisiana Asset Management Pool (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](http://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, 2018, the System has restricted investments totaling \$65,991,384 and unrestricted investments totaling \$46,970 as follows:

| Type of Investment  | Percentage of Investments | Credit Quality Rating | Fair Value          |
|---|---------------------------|-----------------------|---------------------|
| Corporate bonds - DCC   | 0.409%                    | A                     | \$269,873           |
| Corporate bonds - DCC   | 0.097%                    | A                     | 63,923              |
| Corporate bonds - DCC   | 0.265%                    | A-                    | 175,103             |
| Corporate bonds - DCC   | 0.253%                    | A-                    | 167,143             |
| Corporate bonds - DCC   | 0.191%                    | A-                    | 126,272             |
| Corporate bonds - DCC   | 0.114%                    | A-                    | 74,966              |
| Corporate bonds - DCC   | 0.106%                    | A+                    | 69,677              |
| Corporate bonds - DCC   | 0.091%                    | AA-                   | 60,017              |
| Corporate bonds - DCC   | 0.015%                    | AA-                   | 10,203              |
| Corporate bonds - DCC   | 0.073%                    | AA+                   | 48,173              |
| Corporate bonds - DCC   | 0.213%                    | BBB                   | 140,609             |
| Corporate bonds - DCC   | 0.282%                    | BBB                   | 186,221             |
| Corporate bonds - DCC   | 0.136%                    | BBB                   | 89,680              |
| Corporate bonds - DCC   | 0.226%                    | BBB+                  | 148,974             |
| Corporate bonds - DCC   | 0.163%                    | BBB+                  | 107,781             |
| Corporate bonds - FTCC  | 0.010%                    | A-                    | 6,346               |
| Corporate bonds - FTCC  | 0.043%                    | A-                    | 28,130              |
| Corporate bonds - FTCC  | 0.015%                    | AA-                   | 10,144              |
| Corporate bonds - FTCC  | 0.010%                    | BBB-                  | 6,510               |
| Corporate bonds - FTCC  | 0.034%                    | BBB-                  | 22,430              |
| Closed-end mutual fund - DCC <sup>1</sup>                             | 2.631%                    |                       | 1,737,665           |
| Closed-end mutual fund - NCC <sup>1</sup>                             | 0.012%                    |                       | 7,613               |
| Equity securities - DCC <sup>1</sup>                                  | 0.420%                    |                       | 277,275             |
| Equity securities - NCC <sup>1</sup>                                  | 0.048%                    |                       | 31,855              |
| Equity securities - NCC <sup>1</sup>                                  | 0.050%                    |                       | 32,740              |
| Equity securities - SLCC <sup>1</sup>                                 | 0.810%                    |                       | 535,135             |
| <b>Investments held by private foundation -</b>                       |                           |                       |                     |
| External investment Pools - BRCC                                      | 0.549%                    | AAA                   | 362,703             |
| Municipal bonds - FTCC  | 0.003%                    | AA                    | 2,005               |
| Municipal bonds - FTCC  | 0.003%                    | A                     | 1,817               |
| Municipal bonds - FTCC  | 0.005%                    | A-                    | 3,390               |
| Open-end mutual funds - BPCC  | 0.137%                    | AA                    | 90,172              |
| Open-end mutual funds - FTCC  | 0.014%                    | A                     | 9,181               |
| Open-end mutual funds - FTCC  | 0.007%                    | BBB                   | 4,708               |
| Open-end mutual funds - FTCC  | 0.011%                    | BBB                   | 7,484               |
| Open-end mutual funds - LDCC  | 0.008%                    | AA                    | 5,031               |
| Open-end mutual funds - LDCC  | 0.179%                    | AA                    | 118,302             |
| Open-end mutual funds - LDCC <sup>2</sup>                             | 0.037%                    |                       | 24,289              |
| Open-end mutual funds - LDCC <sup>2</sup>                             | 0.067%                    |                       | 44,567              |
| Open-end mutual funds - LDCC <sup>2</sup>                             | 0.015%                    |                       | 10,115              |
| Open-end mutual funds - NCC <sup>2</sup>                              | 0.059%                    |                       | 38,990              |
| Open-end mutual funds - NCC   | 0.203%                    | BBB                   | 134,216             |
| Open-end mutual funds - NCC <sup>2</sup>                              | 0.038%                    |                       | 24,830              |
| Open-end mutual funds - NCC <sup>2</sup>                              | 0.021%                    |                       | 14,072              |
| Open-end mutual funds - SLCC  | 0.719%                    | AA                    | 474,553             |
| Open-end mutual funds - STCC  | 0.032%                    | A                     | 21,034              |
| Open-end mutual funds - STCC  | 0.136%                    | A                     | 89,834              |
| Open-end mutual funds - STCC  | 0.030%                    | A                     | 19,589              |
| Open-end mutual funds - STCC  | 0.065%                    | AA                    | 42,703              |
| Open-end mutual funds - STCC  | 0.036%                    | AAA                   | 23,546              |
| Open-end mutual funds - STCC  | 0.054%                    | BBB                   | 35,536              |
| Open-end mutual funds - STCC  | 0.009%                    | BBB                   | 5,936               |
| Open-end mutual funds - BPCC  | 0.316%                    | A                     | 208,615             |
| Open-end mutual funds - BPCC <sup>2</sup>                             | 0.874%                    |                       | 577,372             |
| Open-end mutual funds - FTCC <sup>2</sup>                             | 0.239%                    |                       | 157,621             |
| Open-end mutual funds - LDCC <sup>2</sup>                             | 0.019%                    |                       | 12,635              |
| Open-end mutual funds - LDCC <sup>2</sup>                             | 0.636%                    |                       | 420,029             |
| Open-end mutual funds - NCC <sup>2</sup>                              | 0.138%                    |                       | 90,974              |
| Open-end mutual funds - STCC <sup>2</sup>                             | 0.749%                    |                       | 494,844             |
| U.S. agency obligations - DCC <sup>2</sup>                            | 1.275%                    |                       | 841,780             |
| Nonnegotiable certificates of deposit - CLTCC                         | 0.438%                    |                       | 289,536             |
| Nonnegotiable certificates of deposit - SOWELA                        | 0.071%                    |                       | 46,970              |
| <b>Facilities Corporations:</b>                                       |                           |                       |                     |
| Municipal bonds - LCTCS Facilities Corporation                        | 3.190%                    |                       | 2,106,657           |
| U.S. government and agency obligations - LCTCS Facilities Corporation | 82.904%                   |                       | 54,748,260          |
|   | <u>100.00%</u>            |                       | <u>\$66,038,354</u> |

<sup>1</sup>Credit quality ratings not required for these investments.

<sup>2</sup>Not 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  | \$1,738,615                    | \$74,966                | \$842,749          | \$535,271         | \$285,629            |
| Corporate bonds - FTCC   | 73,560                         |                         | 12,856             | 60,704            |                      |
| Investments held by private foundation -<br>External investment pools - BRCC | 362,703                        | 362,703                 |                    |                   |                      |
| Municipal bonds - FTCC   | 7,212                          |                         |                    | 3,390             | 3,822                |
| Open-end mutual funds - BPCC   | 298,787                        |                         | 298,787            |                   |                      |
| Open-end mutual funds - FTCC   | 21,373                         |                         | 13,889             | 7,484             |                      |
| Open-end mutual funds - LDCC   | 202,304                        |                         | 73,887             | 128,417           |                      |
| Open-end mutual funds - NCC  | 212,108                        |                         | 134,216            | 53,062            | 24,830               |
| Open-end mutual funds - SLCC   | 474,553                        |                         | 474,553            |                   |                      |
| Open-end mutual funds - STCC   | 238,178                        |                         | 99,273             | 119,316           | 19,589               |
| U.S. agency obligations - DCC  | 841,780                        |                         |                    |                   | 841,780              |
| <b>Total</b>   | <b>\$4,471,173</b>             | <b>\$437,669</b>        | <b>\$1,950,210</b> | <b>\$907,644</b>  | <b>\$1,175,650</b>   |

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 \$4,946,056 and investments held by the private foundation of \$362,703 are held pursuant to the Board of Regents Endowed Chair, Endowed Professorships, and Endowed Scholarship Program. To reduce overall volatility of investment returns, and to provide a hedge against the effects of economic downturns, the investment policy for that program requires at least 26% of assets be invested in fixed-income funds. The fixed-income funds are diversified among various sectors of the fixed-income market. The overall average quality must be at least A. Interest rate risks are limited by managing their performance using fixed-income indices as benchmarks to gauge and limit such risk. Investments in foreign equity and foreign debt are limited to 50% of the publicly-traded equity and debt securities and publicly-traded debt invested in any single issuer is limited to 5% with the exception of securities issued by the U.S. government or its agencies.

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 \$56,854,917 and money market funds totaling \$38,936,492 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,
- 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, 2018, 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 |
|---|---------------------|--|---------------------------------|---|
| Closed-end mutual fund - DCC  | \$1,737,665         | \$1,737,665  |                                 |   |
| Closed-end mutual fund - NCC  | 7,613               | 7,613  |                                 |   |
| Corporate bonds - DCC   | 1,738,615           |  | \$1,738,615                     |   |
| Corporate bonds - FTCC  | 73,560              | 73,560   |                                 |   |
| Equity securities - DCC   | 277,275             | 277,275  |                                 |   |
| Equity securities - NCC   | 64,595              | 31,855   |                                 | \$32,740                                |
| Equity securities - SLCC  | 535,135             | 535,135  |                                 |   |
| External investment pools - BRCC                                      | 362,703             | 362,703  |                                 |   |
| Municipal bonds - FTCC  | 7,212               | 7,212  |                                 |   |
| Open-end mutual funds - BPCC  | 876,159             | 876,159  |                                 |   |
| Open-end mutual funds - FTCC  | 178,994             | 178,994  |                                 |   |
| Open-end mutual funds - LDCC  | 634,968             | 202,304  | 432,664                         |   |
| Open-end mutual funds - NCC   | 303,082             | 303,082  |                                 |   |
| Open-end mutual funds - SLCC  | 474,553             | 474,553  |                                 |   |
| Open-end mutual funds - STCC  | 733,022             | 733,022  |                                 |   |
| U.S. agency obligations - DCC   | 841,780             |  | 841,780                         |   |
| <b>Facilities Corporations</b>  |                     |  |                                 |   |
| Municipal bonds - LCTCS Facilities Corporation                        | 2,106,657           |  | 2,106,657                       |   |
| Money market funds - Delta Campus Facilities Corporation*             | 1,238,708           | 1,238,708  |                                 |   |
| U.S. government and agency obligations - LCTCS Facilities Corporation | 54,748,260          | 54,748,260   |                                 |   |
|   | <u>\$66,940,556</u> | <u>\$61,788,100</u>  | <u>\$5,119,716</u>              | <u>\$32,740</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, 2018. These receivables are composed of the following:

|  | Receivables         | Allowance for Doubtful Accounts | Receivables, Net    | Restricted Noncurrent Portion |
|--|---------------------|---------------------------------|---------------------|-------------------------------|
| Student tuition and fees               | \$24,112,041        | (\$10,860,137)                  | \$13,251,904        |                               |
| Auxiliary enterprise                   | 141,354             |                                 | 141,354             |                               |
| Contributions and gifts                | 4,392,608           |                                 | 4,392,608           | \$3,747,832                   |
| State and private grants and contracts | 5,227,417           |                                 | 5,227,417           |                               |
| Other                                  | 2,142,942           |                                 | 2,142,942           |                               |
| Total                                  | <u>\$36,016,362</u> | <u>(\$10,860,137)</u>           | <u>\$25,156,225</u> | <u>\$3,747,832</u>            |

## 5. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2018, follows:

|  | Balance<br>June 30, 2017 | Prior<br>Period<br>Adjustment | Adjusted<br>Balance<br>June 30, 2017 | Additions           | Reclassification<br>of CIP | Retirements        | Balance<br>June 30, 2018 |
|--|--------------------------|-------------------------------|--------------------------------------|---------------------|----------------------------|--------------------|--------------------------|
| Capital assets not being depreciated:        |                          |                               |                                      |                     |                            |                    |                          |
| Land   | \$48,374,760             |                               | \$48,374,760                         | \$150,000           | \$98,700                   |                    | \$48,623,460             |
| Non-depreciable land improvements            | 1,908,121                | \$966,520                     | 2,874,641                            |                     |                            |                    | 2,874,641                |
| Construction-in-progress                     | 132,960,715              | (19,712,064)                  | 113,248,651                          | 52,536,605          | (125,805,261)              |                    | 39,979,995               |
| Total capital assets not being depreciated   | <u>183,243,596</u>       | <u>(18,745,544)</u>           | <u>164,498,052</u>                   | <u>52,686,605</u>   | <u>(125,706,561)</u>       | <u>NONE</u>        | <u>91,478,096</u>        |
| Capital assets being depreciated:            |                          |                               |                                      |                     |                            |                    |                          |
| Land improvements                            | 14,984,414               | 419,250                       | 15,403,664                           | 125,925             |                            |                    | 15,529,589               |
| Buildings                                    | 583,542,436              | 17,632,088                    | 601,174,524                          | 1,774,709           | 122,250,254                |                    | 725,199,487              |
| Furniture, fixtures, and equipment           | 124,008,507              | 925,489                       | 124,933,996                          | 6,227,920           | 3,456,307                  | (\$5,674,014)      | 128,944,209              |
| Software                                     | 20,224,836               |                               | 20,224,836                           | 494,284             |                            |                    | 20,719,120               |
| Total capital assets being depreciated       | <u>742,760,193</u>       | <u>18,976,827</u>             | <u>761,737,020</u>                   | <u>8,622,838</u>    | <u>125,706,561</u>         | <u>(5,674,014)</u> | <u>890,392,405</u>       |
| Less accumulated depreciation for:           |                          |                               |                                      |                     |                            |                    |                          |
| Land improvements                            | (5,781,525)              | (1,735)                       | (5,783,260)                          | (674,923)           |                            |                    | (6,458,183)              |
| Buildings                                    | (176,630,346)            | (449,547)                     | (177,079,893)                        | (17,346,383)        |                            |                    | (194,426,276)            |
| Furniture, fixtures, and equipment           | (95,615,766)             | (83,296)                      | (95,699,062)                         | (9,533,819)         |                            | 5,023,795          | (100,209,086)            |
| Software                                     | (10,847,326)             |                               | (10,847,326)                         | (2,071,912)         |                            |                    | (12,919,238)             |
| Total accumulated depreciation               | <u>(288,874,963)</u>     | <u>(534,578)</u>              | <u>(289,409,541)</u>                 | <u>(29,627,037)</u> | <u>NONE</u>                | <u>5,023,795</u>   | <u>(314,012,783)</u>     |
| Total capital assets, being depreciated, net | <u>453,885,230</u>       | <u>18,442,249</u>             | <u>472,327,479</u>                   | <u>(21,004,199)</u> | <u>125,706,561</u>         | <u>(650,219)</u>   | <u>576,379,622</u>       |
| Total capital assets, net                    | <u>\$637,128,826</u>     | <u>(\$303,295)</u>            | <u>\$636,825,531</u>                 | <u>\$31,682,406</u> | <u>\$0</u>                 | <u>(\$650,219)</u> | <u>\$667,857,718</u>     |

The June 30, 2017, balance of capital assets has been adjusted by \$303,295 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, the Louisiana State Employees' Retirement System (LASERS) and the 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](http://www.lasersonline.org) and [www.trsl.org](http://www.trsl.org), respectively.

TRSL also administers an optional retirement plan (ORP), which was created by Louisiana Revised Statute 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. 11:411-414. 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 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 service, at age 55 upon completing 25 years of service, and at age 60 upon completing 10 years of service. Regular plan members hired from July 1, 2006, through June 30, 2015, may retire with full benefits at age 60 upon completing 5 years of service. Regular plan members hired on or after July 1, 2015, may retire with full benefits at age 62 upon completing 5 years of service. Additionally, all members may choose to retire with 20 years of 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 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 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 age 60, 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 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 twenty 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 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 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 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 5 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 5 years of service. Members hired on or after July 1, 2015, are eligible to retire at age 62 with 5 years of service. All regular plan members are eligible to retire at any age with 20 years of service and an actuarially-reduced benefit. 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, 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 permanent benefit increases, also known as cost of living adjustments (COLAs), which are funded through investment earnings when recommended by the board of trustees and approved by the Legislature. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as these ad hoc COLAs were deemed not to be 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 2018 totaled \$7,837,800, with regular plan active member contributions ranging from 7.5% to 8%, and employer contributions of 37.9% of covered payroll. Employer defined benefit plan contributions to TRSL for fiscal year 2018 totaled \$37,602,992, with regular plan active member contributions of 8%, and employer contributions of 22.2% for ORP members, and 25.4% to 26.6% for defined benefit plan members. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenue, totaled \$1,275,878, and were recognized as revenue in fiscal year 2018 by the System.

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

At June 30, 2018, the System reported liabilities of \$78,967,292 and \$337,439,100 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, 2017, 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. As of June 30, 2017, the most recent measurement date, the System's proportions and the changes in proportion from the prior measurement date were 1.12188%, or a decrease of 0.05497%, for LASERS, and 3.29149%, or an increase of 0.14440%, for TRSL. For the year ended June 30, 2018, the System recognized a total pension expense of \$38,562,267 for defined benefit plans, or \$5,215,817 and \$33,346,450 for LASERS and TRSL, respectively.

At June 30, 2018, 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  |                                |                     |                     | \$1,448,954                   | \$11,092,167        | \$12,541,121        |
| Changes of assumptions  | \$311,971                      | \$3,558,303         | \$3,870,274         |                               |                     |                     |
| Net difference between projected and actual earnings on pension plan investments                              | 2,567,867                      |                     | 2,567,867           |                               | 8,715,443           | 8,715,443           |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,227,326                      | 45,003,836          | 46,231,162          | 3,643,081                     | 26,047,147          | 29,690,228          |
| Employer contributions subsequent to the measurement date   | 7,837,800                      | 37,602,992          | 45,440,792          |                               |                     |                     |
| Total   | <u>\$11,944,964</u>            | <u>\$86,165,131</u> | <u>\$98,110,095</u> | <u>\$5,092,035</u>            | <u>\$45,854,757</u> | <u>\$50,946,792</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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|      | LASERS        | TRSL        | Total         |
|------|---------------|-------------|---------------|
| 2019 | (\$1,500,073) | (\$948,134) | (\$2,448,207) |
| 2020 | 1,077,385     | 8,815,719   | 9,893,104     |
| 2021 | 1,027,612     | 906,842     | 1,934,454     |
| 2022 | (1,589,796)   | (6,067,045) | (7,656,841)   |

#### Actuarial Assumptions and Methodologies

The total pension liabilities for LASERS and TRSL in the June 30, 2017, 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, 2017   | June 30, 2017   |
| Actuarial Cost Method               | Entry Age Normal  | Entry Age Normal  |
| Amortization Approach               | Closed  | Closed  |
| Expected Remaining Service Lives    | 3 years   | 5 years   |
| Investment Rate of Return           | 7.70% per annum, net of investment exp.                                 | 7.70%, net of investment exp.   |
| Inflation Rate                      | 2.75% per annum   | 2.5% per annum  |
| Mortality - Non-disabled            | RP-2000 Combined Healthy Mortality Table, improvement projected to 2015 | RP-2000 Mortality Table with projection to 2025 using Scale AA                          |
| Mortality - Disabled                | RP-2000 Disabled Retiree Mortality Table, no projection for improvement | RP-2000 Mortality Table with no projection for improvement                              |
| Termination, Disability, Retirement | 2009-2013 experience study  | 2008-2012 experience study  |
| Salary Increases                    | 2009-2013 experience study, ranging from 2.8% to 14.3%                  | 2008-2012 experience study, ranging from 3.5% to 10.0% depending on duration of service |
| Cost of Living Adjustments          | Not substantively automatic   | Not substantively automatic   |

There were several changes in assumptions for the June 30, 2017, valuations. 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. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017, valuations. A 7.65% discount rate was used to determine the projected contribution requirements for fiscal year 2018/2019. The projected contribution requirement for fiscal year 2018/2019 includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016. The LASERS Board also reduced the inflation assumption from 3.0% to 2.75%, effective July 1, 2017. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25%.

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 adding expected inflation of 3.25%, and 2.5%, for LASERS and TRSL, respectively, and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.69%, and 8.33%, for LASERS and TRSL, respectively. The target allocation and best estimates of geometric/arithmetic real rates of return for each major asset class are summarized for each plan in the following table:

|                                  | <u>Target Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| LASERS (geometric)               |                          |   |
| Cash                             | 0.00%                    | (0.24%)   |
| Domestic equity                  | 25.00%                   | 4.31%   |
| International equity             | 32.00%                   | 5.35%   |
| Domestic fixed income            | 8.00%                    | 1.73%   |
| International fixed income       | 6.00%                    | 2.49%   |
| Alternative investments          | 22.00%                   | 7.41%   |
| Global tactical asset allocation | 7.00%                    | 2.84%   |
| Total                            | <u>100.00%</u>           | 5.26%   |
| TRSL (arithmetic)                |                          |   |
| Domestic equity                  | 27.00%                   | 4.28%   |
| International equity             | 19.00%                   | 4.96%   |
| Domestic fixed income            | 13.00%                   | 1.98%   |
| International fixed income       | 5.50%                    | 2.75%   |
| Private Equity                   | 25.50%                   | 8.47%   |
| Other Private Assets             | 10.00%                   | 3.51%   |
| Total                            | <u>100.00%</u>           |   |

### Discount Rate

The discount rate used to measure the total pension liability was 7.70% for both LASERS and TRSL. 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<br><u>(6.70%)</u> | Current<br>Discount Rate<br><u>(7.70%)</u> | 1.0% Increase<br><u>(8.70%)</u> |
|--------|---------------------------------|--|---------------------------------|
| LASERS | \$99,134,482                    | \$78,967,292                               | \$61,820,404                    |
| TRSL   | \$434,797,982                   | \$337,439,100                              | \$254,618,253                   |

### 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](http://www.lasersonline.org) and [www.trsl.org](http://www.trsl.org), respectively.

### Payables to the Pension Plan

At June 30, 2018, the System had \$728,141 and \$3,571,811 in payables to LASERS and TRSL, respectively, for the June 2018 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 the 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 the 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, 2014, each higher education board created by Article VIII of the Constitution of Louisiana is required to establish, by resolution, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount). In addition, effective July 1, 2014, the employer contribution rate for amounts credited to the ORP participants who are not employed in higher education must be the greater of: (1) the employer normal cost contribution for the TRSL Regular Plan; or (2) 6.2%.

Employer ORP contributions to TRSL for fiscal year 2018 totaled \$8,168,321, which represents pension expense for the System. Employee contributions totaled \$2,325,816. The FY 2018 employee and employer contribution rates were 8% and 5.95%, 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

### 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 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 offered to retirees under age 65 four self-insured healthcare plans and one fully insured plan. Retired employees who have Medicare Part A and Part B coverage had access to these plans and an additional four fully insured Medicare Advantage plans.

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 begin participation or rejoin 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). Employees who begin participation or rejoin on or after January 1, 2002, the percentage of premiums contributed by the employer and retiree is based on the following schedule:

| OGB<br>Participation | Employer<br>Contribution<br>Percentage | Retiree<br>Contribution<br>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. Participating retirees paid \$0.54 each month for each \$1,000 of life insurance and \$0.98 each month for each \$1,000 of spouse life insurance. 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. 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, 2018, totaled \$9,419,611.

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](http://www.doa.la.gov/osrap).

### **Funding Policy**

During fiscal year 2018, 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 due.

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

At June 30, 2018, the System reported a liability of \$304,450,972 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date. The System's proportionate share of the restated total collective OPEB liability at June 30, 2017, was \$317,839,787. The total OPEB liability as of July 1, 2016 was determined based on a roll backward of the July 1, 2017 valuation assuming no gains or losses due to experience.

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. As of July 1, 2017, the System's current year proportion was 3.5031%. Because the beginning balance was restated using a roll back of the July 1, 2017 valuation assuming no experience gains or losses, there is no change from the prior year proportion.

For the year ended June 30, 2018, the System recognized total OPEB expense of \$12,561,549 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected and actual experience  |   |  |
| Changes of assumptions or other inputs  |   | \$16,088,432                             |
| Difference between change in proportionate share of benefits payments and actual benefit payments | \$403,331                                 | 936,960                                  |
| Benefit payments made subsequent to the measurement date  | 9,419,611                                 |  |
| Total   | <u>\$9,822,942</u>                        | <u>\$17,025,392</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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30: |
|---------------------|
| 2019 (\$4,776,455)  |
| 2020 (\$4,776,455)  |
| 2021 (\$4,776,455)  |
| 2022 (\$2,292,698)  |

### **Actuarial Assumptions**

The total collective OPEB liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|  |  |
|--|--|
| Valuation Date                           | July 1, 2017   |
| Actuarial Cost Method                    | Entry Age Normal, level percent of pay   |
| Inflation Rate                           | 2.80%  |
| Discount Rate                            | 3.13% based on the June 30, 2017 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. |
| Retirees' share of benefit-related costs | Baseline per capita cost (PCCs) reflect 2017 claims and enrollment and retiree contributions were based on 2018 premiums. Claims experience was trended to the valuation date.   |
| Age Related Morbidity                    | Per capita cost (PCCs) were adjusted to reflect expected cost differences due to age and gender. The expected impact of the increase in Coverage Gap Brand Discounts from 50% to 70% in 2019 has been incorporated in the PCCs.  |
| Mortality – Non-disabled                 | RP-2014 Combined Healthy Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017   |
| Mortality – Disabled                     | RP-2014 Disabled Retiree Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017   |

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined as of July 1, 2017, is 4.48 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**

The discount rate has been decreased from 3.80% to 3.13% since the previous valuation. Additionally, a discount rate of 2.71% was used to measure the liability using a measurement date of July 1, 2016. Under GASB 75, unfunded plans are required to use a discount rate that reflects the 20 year tax-exempt municipal bond yield or index rate. Thus, the discount rates of 3.13% and 2.71% are based on S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2017, and June 30, 2016, respectively. The discount rate used under the GASB 45 valuation was selected by the plan sponsor.

**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:

|               | Current<br>Discount Rate |               |
|---------------|--------------------------|---------------|
| 1.0% Decrease |                          | 1.0% Increase |
| (2.13%)       | (3.13%)                  | (4.13%)       |
| \$357,486,674 | \$304,450,972            | \$262,611,492 |

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

|                         | Current<br>Healthcare Cost<br>Trend Rates |                         |
|-------------------------|---|-------------------------|
| 1.0% Decrease           |   | 1.0% Increase           |
| (6% decreasing to 3.5%) | (7% decreasing to 4.5%)                   | (8% decreasing to 5.5%) |
| \$262,405,822           | \$304,450,972                             | \$358,320,432           |

**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. This assumes that a one-time irrevocable election to participate is made at retirement. Retirees are assumed to participate in the life insurance benefit at a 52% rate. It is assumed that future retirees will continue their current life insurance coverage, if any. 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 93%.

| <u>Years of Service</u> | <u>Participation<br/>Percentage</u> |
|-------------------------|-------------------------------------|
| <10                     | 56%                                 |
| 10-14                   | 78%                                 |
| 15-19                   | 90%                                 |
| 20+                     | 93%                                 |

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, 2018:

|                               |                            |
|-------------------------------|----------------------------|
| Accrued salaries and benefits | \$21,940,788               |
| Travel and training           | 180,540                    |
| Operating services            | 2,977,014                  |
| Professional services         | 1,519,097                  |
| Supplies                      | 1,478,101                  |
| Grants and public assistance  | 5,551,261                  |
| Other charges                 | 908,948                    |
| Capital outlay                | <u>3,295,023</u>           |
| Total                         | <u><u>\$37,850,772</u></u> |

## 10. UNEARNED REVENUES

The following is a summary of unearned revenues at June 30, 2018:

|                          |                            |
|--------------------------|----------------------------|
| Prepaid tuition and fees | \$8,796,080                |
| Prepaid rent             | 526,112                    |
| Grants and contracts     | <u>1,952,127</u>           |
| Total                    | <u><u>\$11,274,319</u></u> |

## 11. COMPENSATED ABSENCES

At June 30, 2018, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$8,954,204; \$10,372,383; and \$111,595, 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, 2018, the total rental expense for all operating leases was \$635,769. The following is a schedule, by fiscal year, of future minimum annual rental payments required under operating leases:

| Nature of<br>Operating Lease | 2019             | 2020            | 2021            | 2022            | Total<br>Minimum<br>Payments<br>Required |
|------------------------------|------------------|-----------------|-----------------|-----------------|--|
| Buildings                    | \$190,326        | \$67,350        | \$67,350        | \$31,991        | \$357,017                                |
| Total                        | <u>\$190,326</u> | <u>\$67,350</u> | <u>\$67,350</u> | <u>\$31,991</u> | <u>\$357,017</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, 2018:

| <u>Fiscal Year ending June 30:</u>         |                    |
|--|--------------------|
| 2019                                       | \$191,798          |
| 2020                                       | 281,323            |
| 2021                                       | 285,379            |
| 2022                                       | 283,460            |
| 2023                                       | 280,866            |
| 2024-2028                                  | 1,402,449          |
| 2029-2033                                  | <u>559,188</u>     |
| Total minimum lease payments               | 3,284,463          |
| Less - amount representing interest        | <u>(719,463)</u>   |
| Present value - net minimum lease payments | <u>\$2,565,000</u> |

The gross amount of assets held under capital leases as of June 30, 2018, 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, 2018, was \$1,620,562; \$1,442,951; and \$177,611, 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, 2018:

| Nature of<br>Operating Lease | 2019             | 2020             | 2021            | Total<br>Minimum<br>Future<br>Rentals |
|------------------------------|------------------|------------------|-----------------|---------------------------------------|
| Buildings                    | \$396,110        | \$103,000        | \$16,500        | \$515,610                             |
| Total                        | <u>\$396,110</u> | <u>\$103,000</u> | <u>\$16,500</u> | <u>\$515,610</u>                      |

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. Contingent rentals from operating leases for the year ended June 30, 2018, were \$200,000 for buildings. There were no other contingent rentals received.

### 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, 2018:

|   | Balance<br>June 30, 2017 | Additions            | Reductions             | Balance<br>June 30, 2018 | Portion<br>Due Within<br>One Year |
|---|--------------------------|----------------------|------------------------|--------------------------|-----------------------------------|
| Bonds payable, net                        | \$423,484,432            | \$156,430,408        | (\$158,672,247)        | \$421,242,593            | \$16,665,000                      |
| Capital lease obligations<br>(note 12)    | 2,745,000                |                      | (180,000)              | 2,565,000                | 90,000                            |
| Compensated absences<br>payable (note 11) | 19,028,698               | 5,999,762            | (5,590,278)            | 19,438,182               | 1,475,004                         |
| Total long-term liabilities **            | <u>\$445,258,130</u>     | <u>\$162,430,170</u> | <u>(\$164,442,525)</u> | <u>\$443,245,775</u>     | <u>\$18,230,004</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, 2018, follow:

#### Bonds Payable

As presented on the Statement of Net Position, at June 30, 2018, bonds payable total \$421,242,593, of which \$16,665,000 is current, and the remaining \$404,577,593 is noncurrent.

Detailed summaries, by issues, of all bonded debt outstanding at June 30, 2018, follow:

|  | Date of Issue                                      | Original Issue       | Outstanding June 30, 2017 | Issued (Redeemed)    | Outstanding June 30, 2018 | Maturities | Interest Rates  | Future Interest Payments June 30, 2018 |
|--|--|----------------------|---------------------------|----------------------|---------------------------|------------|-----------------|--|
| BRCC Facilities Corporation:             |  |                      |                           |                      |                           |            |                 |  |
|  | Dec. 23, 2003                                      | \$10,000,000         | \$340,000                 | (\$340,000)          |                           |            | 3.8% - 5.5%     |  |
|  | Oct. 11, 2011                                      | 31,495,000           | 26,240,000                | (1,865,000)          | \$24,375,000              | 2019-2027  | 2.0% - 4.098%   | \$5,346,181                            |
|  | April 18, 2012                                     | 24,125,000           | 24,125,000                |                      | 24,125,000                | 2025-2033  | 3.625% - 4.958% | 12,653,019                             |
| Campus Facilities, Inc.:                 |  |                      |                           |                      |                           |            |                 |  |
|  | Dec. 4, 2012                                       | 38,050,000           | 36,060,000                | (2,595,000)          | 33,465,000                | 2019-2028  | 3.0% - 5.0%     | 7,944,250                              |
| South Louisiana Facilities Corporation - |  |                      |                           |                      |                           |            |                 |  |
|  | Sept. 6, 2012                                      | 13,185,000           | 11,160,000                | (860,000)            | 10,300,000                | 2019-2028  | 2.0%-4.0%       | 1,688,597                              |
| Delta Campus Facilities, Inc. -          |  |                      |                           |                      |                           |            |                 |  |
|  | Nov. 21, 2008                                      | 42,470,000           | 30,145,000                | (30,145,000)         |                           |            | 4.0% - 5.5%     |  |
|  | Oct. 24, 2017                                      | 22,750,000           |                           | 22,750,000           | 22,750,000                | 2019-2028  | 3.641% - 5.0%   | 6,333,870                              |
| LCTCS Facilities Corporation:            |  |                      |                           |                      |                           |            |                 |  |
|  | Oct. 1, 2009                                       | 45,280,000           | 45,280,000                | (45,280,000)         |                           |            | 4.25% - 5.0%    |  |
|  | Aug. 31, 2010                                      | 64,025,000           | 64,025,000                | (64,025,000)         |                           |            | 3.375%-5.0%     |  |
|  | Oct. 27, 2011                                      | 51,980,000           | 34,020,000                | (8,975,000)          | 25,045,000                | 2019-2021  | 2.22% - 3.85%*  |  |
|  | Dec. 18, 2014                                      | 128,330,000          | 128,330,000               |                      | 128,330,000               | 2032-2040  | 3.25%-5.0%      | 118,935,500                            |
|  | Oct. 24, 2017                                      | 88,590,000           |                           | 88,590,000           | 88,590,000                | 2022-2029  | 5.00%           | 34,104,504                             |
|  | Oct. 25, 2017                                      | 20,770,000           |                           | 20,770,000           | 20,770,000                | 2021-2029  | 5.00%           | 7,393,767                              |
|  | Total  | <u>\$581,050,000</u> | 399,725,000               | (21,975,000)         | 377,750,000               |            |                 | <u>\$194,399,688</u>                   |
|  | Net original premiums (discounts)                  |                      | 26,135,574                | 15,661,737           | 41,797,311                |            |                 |  |
|  | Net accumulated amortization of premiums/discounts |                      | (2,376,142)               | 4,071,424            | 1,695,282                 |            |                 |  |
|  | Bonds payable, net                                 |                      | <u>\$423,484,432</u>      | <u>(\$2,241,839)</u> | <u>\$421,242,593</u>      |            |                 |  |

\*This rate is the yield to maturity rate.

The annual requirements to amortize all bonds outstanding at June 30, 2018, are as follows:

|           | Principal            | Interest             | Total                |
|-----------|----------------------|----------------------|----------------------|
| 2019      | \$16,665,000         | \$16,317,184         | \$32,982,184         |
| 2020      | 16,985,000           | 16,415,044           | 33,400,044           |
| 2021      | 17,425,000           | 16,071,369           | 33,496,369           |
| 2022      | 20,040,000           | 15,583,293           | 35,623,293           |
| 2023      | 21,025,000           | 14,618,775           | 35,643,775           |
| 2024-2028 | 121,720,000          | 57,154,070           | 178,874,070          |
| 2029-2033 | 51,625,000           | 34,666,953           | 86,291,953           |
| 2034-2038 | 76,090,000           | 20,837,250           | 96,927,250           |
| 2039-2040 | 36,175,000           | 2,735,750            | 38,910,750           |
| Total     | <u>\$377,750,000</u> | <u>\$194,399,688</u> | <u>\$572,149,688</u> |

Outstanding principal of \$377,750,000 plus net unamortized premium/discount of \$43,492,593 totals \$421,242,593.

**Capital Lease Obligations**

Capital lease obligations at June 30, 2018, for \$2,565,000 are detailed in note 12.

**Accrued Compensated Absences Payable**

Accrued compensated absences payable at June 30, 2018, for \$19,438,182 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, 2018.

| <u>Bond Issue</u>                                       | <u>Reserve<br/>Available</u> | <u>Reserve<br/>Requirement</u> | <u>Excess</u>           |
|---|------------------------------|--------------------------------|-------------------------|
| LCTCS Facilities (Act 391) Series 2011<br>Revenue Bonds | <u>\$2,563,079</u>           | <u>\$2,352,137</u>             | <u>\$210,942</u>        |
| Total   | <u><u>\$2,563,079</u></u>    | <u><u>\$2,352,137</u></u>      | <u><u>\$210,942</u></u> |

**14. RESTRICTED NET POSITION**

The System has the following restricted net position at June 30, 2018:

|   |                                 |
|---|---------------------------------|
| Nonexpendable:  |                                 |
| Endowments  | \$7,001,670                     |
| Student Life Center Maintenance Reserve                     | 557,590                         |
| Phoebe Jackson Trust  | <u>289,536</u>                  |
| <br>Total nonexpendable                                     | <br><u><u>\$7,848,796</u></u>   |
| Expendable:   |                                 |
| Academic excellence fee                                     | \$22,471,950                    |
| Albania Plantation  | 1,107,980                       |
| Workforce and Innovation for a Stronger Economy (WISE) Fund | 1,288,976                       |
| Building use fee  | 12,935,626                      |
| Endowment earnings  | 2,202,640                       |
| Facilities Corporations net position                        | 77,807,700                      |
| Grants and contracts  | 16,056,046                      |
| Operational fee   | 1,900,255                       |
| Orleans Parish Excellence                                   | 3,458,387                       |
| Other restricted funds                                      | 1,080,766                       |
| Preventative maintenance                                    | 66,603                          |
| Settlement carryover fund                                   | 1,300,055                       |
| Student Government Association fees                         | 2,029,674                       |
| Student Life Center   | 1,448,878                       |
| Technology fee  | 6,672,074                       |
| Third-party scholarships                                    | 71,237                          |
| Vehicle registration fee                                    | <u>3,675,354</u>                |
| <br>Total expendable  | <br><u><u>\$155,574,201</u></u> |

Of the total net position reported in the Statement of Net Position for the year ended June 30, 2018, \$52,515,385 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, 2017   | (\$110,774,743) |
| Reclassifications and adjustments for prior-year errors:                                  |                 |
| Capital assets adjustment   | (303,295)       |
| Receivables adjustment  | (418,673)       |
| Amounts held in custody for others adjustment   | 677,825         |
| Unearned revenues adjustment  | 16,223          |
| Long-term Portion of Noncurrent Liabilities - GASB<br>Statement No. 75 - OPEB restatement | (136,073,168)   |
| Net position at June 30, 2017, as restated  | (\$246,875,831) |

The restatements decreased the System's beginning net position by \$136,101,088. Of this amount, \$136,073,168 was attributed to a change in accounting principle; GASB Statement Number 75 for OPEB accounting. The other restatements were due to corrections of errors. Had the error corrections affecting fiscal year 2017 been included in the June 30, 2017, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of \$25,986,292 would have been \$34,050,212.

## 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. The System is involved in three lawsuits at June 30, 2018, which are being handled by contract attorneys. In the opinion of legal counsel, the possibility that the System will incur a liability in four of the cases is reasonably possible, with a possible loss estimated at \$45,000. All other lawsuits are 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. At June 30, 2018, the foundations hold in custody \$362,703 of State Endowed Professorship 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, 2018, net appreciation of \$399,360 is available to be spent, of which \$399,360 is restricted to specific purposes. 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](http://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 13 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, 2018**

|                                      | BRCC<br>Facilities<br>Corporation | Campus<br>Facilities<br>Corporation | Delta<br>Facilities<br>Corporation | LCTCS<br>Facilities<br>Corporation | South Louisiana<br>Facilities<br>Corporation |
|--------------------------------------|-----------------------------------|-------------------------------------|------------------------------------|------------------------------------|--|
| <b>Assets:</b>                       |                                   |                                     |                                    |                                    |  |
| Capital Assets                       | \$49,547,198                      | \$40,583,860                        | \$27,983,327                       | \$261,380,685                      | \$10,358,669                                 |
| Other Assets                         | 6,057,370                         | 2,035,252                           | 2,318,534                          | 93,003,316                         | 1,634,554                                    |
| Total Assets                         | <u>55,604,568</u>                 | <u>42,619,112</u>                   | <u>30,301,861</u>                  | <u>354,384,001</u>                 | <u>11,993,223</u>                            |
| <b>Liabilities:</b>                  |                                   |                                     |                                    |                                    |  |
| Current Liabilities                  | 2,670,423                         | 2,826,945                           | 2,026,294                          | 15,090,943                         | 970,992                                      |
| Long-Term Liabilities                | 47,363,530                        | 33,595,292                          | 24,152,721                         | 289,922,166                        | 9,543,884                                    |
| Total Liabilities                    | <u>50,033,953</u>                 | <u>36,422,237</u>                   | <u>26,179,015</u>                  | <u>305,013,109</u>                 | <u>10,514,876</u>                            |
| <b>Net Position:</b>                 |                                   |                                     |                                    |                                    |  |
| Net Investment in Capital Assets     | 369,201                           | 4,283,568                           | 2,438,347                          | (18,224,984)                       | 65,743                                       |
| Restricted Net Position - Expendable | 5,201,414                         | 1,913,307                           | 1,684,499                          | 67,595,876                         | 1,412,604                                    |
| Total Net Position                   | <u>\$5,570,615</u>                | <u>\$6,196,875</u>                  | <u>\$4,122,846</u>                 | <u>\$49,370,892</u>                | <u>\$1,478,347</u>                           |

**Facilities Corporations**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2018**

|  |                    |                    |                    |                     |                    |
|--|--------------------|--------------------|--------------------|---------------------|--------------------|
| Depreciation Expense                     | \$2,058,118        | \$1,495,875        | \$1,323,968        | \$7,971,246         | \$428,147          |
| Net Operating Loss                       | <u>(2,058,118)</u> | <u>(1,495,875)</u> | <u>(1,323,968)</u> | <u>(7,971,246)</u>  | <u>(428,147)</u>   |
| <b>Nonoperating Revenues (Expenses):</b> |                    |                    |                    |                     |                    |
| Investment Income                        | 68,943             | 8,755              | 33,712             | (1,694,115)         | 12,667             |
| Interest Expense                         | (1,959,907)        | (1,231,638)        | (1,394,112)        | (7,818,068)         | (304,770)          |
| Other (net)                              | (921,067)          | (145,742)          | (2,181,137)        | (8,579,056)         | (38,096)           |
| Capital Appropriations                   | 5,157,638          | 4,426,045          | 3,935,864          | 27,104,763          | 1,358,248          |
| Capital Grants and Gifts                 | NONE               | NONE               | NONE               | 1,835,998           | NONE               |
| Changes in Net Position                  | <u>287,489</u>     | <u>1,561,545</u>   | <u>(929,641)</u>   | <u>2,878,276</u>    | <u>599,902</u>     |
| Net Position, Beginning of the Year*     | 5,283,126          | 4,635,330          | 5,052,487          | 46,492,616          | 878,445            |
| Net Position, End of the Year            | <u>\$5,570,615</u> | <u>\$6,196,875</u> | <u>\$4,122,846</u> | <u>\$49,370,892</u> | <u>\$1,478,347</u> |

\*LCTCS Facilities Corporation, restated

**Facilities Corporations**  
**Condensed Statement of Cash Flows**  
**For the Year Ended June 30, 2018**

|   |                    |                    |                    |                     |                    |
|---|--------------------|--------------------|--------------------|---------------------|--------------------|
| <b>Net cash flows provided (used) by:</b> |                    |                    |                    |                     |                    |
| Noncapital Financing                      | (\$740,337)        | (\$125,961)        | NONE               | (\$70,463)          | NONE               |
| Capital and Related Financing             | (65,336)           | 286,476            | (\$3,430,838)      | (21,267,755)        | (\$269,013)        |
| Investing Activities                      | 68,943             | 8,755              | 33,712             | 13,411,063          | 12,667             |
| Net Increase (Decrease) in Cash           | <u>(736,730)</u>   | <u>169,270</u>     | <u>(3,397,126)</u> | <u>(7,927,155)</u>  | <u>(256,346)</u>   |
| Cash, Beginning of the Year               | 6,167,022          | 1,865,982          | 5,287,919          | 36,815,628          | 1,749,942          |
| Cash, End of the Year                     | <u>\$5,430,292</u> | <u>\$2,035,252</u> | <u>\$1,890,793</u> | <u>\$28,888,473</u> | <u>\$1,493,596</u> |

## **21. RELATED-PARTY TRANSACTIONS**

During 2017, 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.

On September 28, 2011, the Delgado Community College Foundation refinanced the 1999 bonds that are supported by the lease payable, by issuing Delgado Community College Foundation 2011 bonds at reduced interest rates. The refinancing resulted in a projected net savings (interest savings over refinancing costs) of \$525,924 over the remaining life of the bonds.

## **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. 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.

### **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 Legislative 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 College in Minden, Huey P. Long Campus of Central Louisiana Technical Community College in Winnfield, Young Memorial Campus of South Central Louisiana Technical 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 College in Minden, Young Memorial Campus of South Central Louisiana Technical College in Morgan City, Florida Parishes Campus of Northshore Technical Community College in Greensburg, Westside Campus of Baton Rouge 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 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 Legislative session, the Louisiana Legislature authorized financing of \$251,610,500 with a 12 percent 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 College in Minden; Center for Advanced Technology of River Parishes Community College in Gonzales; New PTech Building of South Central Louisiana Technical College in Reserve; Center for Advancement of Technical Education Building of South Central Louisiana Technical College in Reserve; Marine Operations and Industrial Safety Training Center of South Central Louisiana Technical 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 the 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: See the note 26 Subsequent Events.

Additional Phases: Additional phases have not been scheduled.

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

## **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, but 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 LCTCS Facilities Corporation has active construction projects at various campuses as of December 31, 2017. The LCTCS Facilities Corporation's commitments to contractors are as follows:

| <u>Project</u>  | <u>Spent-to-Date</u> | <u>Remaining<br/>Commitment</u> |
|---|----------------------|---------------------------------|
| <b>ACT 360</b>  |                      |                                 |
| Baton Rouge Community College Smiley Heights - Ardendale        | \$4,190,358          | \$2,817,275                     |
| Central Louisiana Technical Community College - Alexandria      | 333,291              | 878,675                         |
| Delgado Community College Training Center - Maritime River City | 6,838,005            | 5,050,023                       |
| Delgado Advanced Technology Center - Avondale                   | 4,884,960            | 3,607,654                       |
| Louisiana Delta Community College - Monroe                      | 71,889               | 407,371                         |
| Louisiana Delta Community College - Tallulah                    | 26,420               | 149,710                         |
| Northshore Technical Community College - Livingston             | 47,820               | 270,980                         |
|   | <u>\$16,392,743</u>  | <u>\$13,181,688</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<br/>Requirement per Bond<br/>Covenant</u> | <u>Annual Required<br/>Payment per<br/>Facilities Lease<br/>Agreement</u> | <u>Maintenance<br/>Reserve Balance</u> |
|--|--|---|--|
| BRCC Facilities Corporation            | 1.50%  | \$750,000   | \$5,361,667                            |
| Campus Facilities, Inc.                | 0.60%  | 280,000   | 1,969,886                              |
| Delta Campus Facilities Corporation    | 0.60%  | 225,000   | 1,233,848                              |
| LCTCS Facilities Corporation           | 0.60%  | 1,386,259   | 5,215,609                              |
| South Louisiana Facilities Corporation | 1.50%  | 141,414   | 1,439,753                              |
| Total                                  |  | <u>\$2,782,673</u>  | <u>\$15,220,763</u>                    |

**25. DEBT REFUNDING**

On October 24, 2017, Louisiana Local Government Environmental Facilities and Community Development Authority, on behalf of the Delta Campus Facilities Corporation, a nonprofit organization, issued \$22,750,000 of nontaxable revenue refunding bonds, Refunding Series 2017, to advance refund \$28,070,000 of the Series 2008 to reduce total future debt service payments. The net proceeds of \$25,598,237 (including \$3,284,129 premium and after payment of \$435,892 in bond issuance costs) plus \$3,651,176 in debt service reserve funds were deposited in an irrevocable trust with an escrow agent pursuant to an escrow deposit agreement dated October 24, 2017, to provide resources for the purpose of generating resources for all future debt service payments of the refunded revenue bonds. As a result, these revenue bonds are considered defeased and the liability for those bonds has been removed from the Delta Campus Facilities Corporation's long-term debt. The refunding resulted in reducing the total debt service payments by \$8,158,155 and gave the Delta Campus Facilities Corporation an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$7,295,373 including the release of \$3,651,176 in existing debt service reserve funds.

On October 24, 2017, Louisiana Local Government Environmental Facilities and Community Development Authority, on behalf of the LCTCS Facilities Corporation, a nonprofit organization, issued \$88,590,000 of nontaxable revenue refunding bonds, Refunding Series 2017, to advance refund \$109,305,000 of Series 2009B and Series 2010 to reduce total future debt service payments. The net proceeds of \$104,702,372 (including \$17,452,828 premium and after payment of \$1,340,456 in bond issuance costs) plus \$13,819,357 in debt service reserve funds were deposited in an irrevocable trust with an escrow agent pursuant to an escrow deposit agreement dated October 24, 2017, to provide resources for the purpose of generating resources for all future debt service payments of the refunded revenue bonds. As a result, these revenue bonds are considered defeased and the liability for those bonds has been removed from the LCTCS Facilities Corporation's long-term debt. The refunding resulted in reducing the total debt service payments by \$26,353,293 and gave the LCTCS Facilities Corporation an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$22,840,136 including the release of \$13,819,357 in existing debt service reserve funds.

Of the debt considered defeased in substance, \$137,375,000 is outstanding as of June 30, 2018.

**26. SUBSEQUENT EVENTS**

In March 2017, the Board of Supervisors of the System approved the realignment of several campuses and instructional sites effective July 1, 2018. The realignments are as follows:

- The South Central Louisiana Technical College - Reserve Campus realigned with River Parishes Community College.
- The South Central Louisiana Technical College - Lafourche Campus and affiliated education center located in Galliano realigned with Fletcher Technical Community College.

- The South Central Louisiana Technical - Young Memorial Campus, including the affiliated marine training extension campus, realigned with South Louisiana Community College.
- The Central Louisiana Technical Community College - Oakdale Campus realigned with SOWELA Technical Community College.

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 in New Orleans; Delgado Culinary Institute in New Orleans; Delgado Advanced Technology Building and Campus Expansion in New Orleans; Louisiana Delta Community College Nursing, Welding, Workforce Training Campus in Ruston; and SOWELA Technical Community College Hospitality & Tourism in Lake Charles.



## REQUIRED SUPPLEMENTARY INFORMATION

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### **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, 2018**

**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 |
|---|--|---|--------------------------|--|--|
| <b>Louisiana State Employees' Retirement System</b> |  |   |                          |  |  |
| 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%  |
| <b>Teachers' Retirement System of Louisiana</b>     |  |   |                          |  |  |
| 2015  | 3.03832%   | \$310,559,571   | \$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%  |

\*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 |
|---|---------------------------------------|--|--|--------------------------|--|
| <b>Louisiana State Employees' Retirement System</b> |                                       |  |  |                          |  |
| 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%  |
| <b>Teachers' Retirement System of Louisiana</b>     |                                       |  |  |                          |  |
| 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%  |

\*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.*

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## 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,
- (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, and,

2017

- (3) A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session, and,
- (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.

#### TRSL

- 2015 (1) A 1.5% COLA, effective July 1, 2014, provided by Act 204 of the 2014 Louisiana Regular Legislative Session, and,
- 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 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age, and,
- 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 There were several changes in assumptions for the June 30, 2017, valuation. The Board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments, beginning July 1, 2017. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017, valuation. A 7.65% discount rate was used to determine the projected contribution requirements for fiscal year 2018/2019. The projected contribution requirement for fiscal year 2018/2019 includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016. The Board also reduced the inflation assumption from 3.0% to 2.75%, effective July 1, 2017. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25%.

#### TRSL

- 2018 There were several changes in assumptions for the June 30, 2017, valuation. The TRSL Board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments, beginning July 1, 2017. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017, valuation. A 7.65% discount rate was used to determine the projected contribution requirements for fiscal year 2018/2019. The projected contribution requirement for fiscal year 2018/2019 includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.

### 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.

**Schedule of the System's Proportionate Share  
of the Total Collective OPEB Liability  
Fiscal Year Ended June 30, 2018**

| Fiscal<br>Year* | System's<br>proportion of<br>the total collective OPEB<br>liability | System's<br>proportionate share<br>of the total collective OPEB<br>liability | System's<br>covered-employee<br>payroll | System's<br>proportionate share<br>of the total collective OPEB<br>liability as a<br>percentage of the<br>covered- employee<br>payroll |
|-----------------|---|--|---|--|
| 2017            | 3.5031%   | \$317,839,787  | \$119,877,258                           | 265%   |
| 2018            | 3.5031%   | \$304,450,972  | \$116,260,468                           | 262%   |

\*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.*

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**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 discount rate changed from 2.71% as of July 1, 2016 to 3.13% as of July 1, 2017.



## SUPPLEMENTARY INFORMATION SCHEDULES

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### **Schedule of Per Diem Paid Board Members (Cash Basis)**

Schedule 4 presents the per diem paid board members for the year ended June 30, 2018. Louisiana Revised Statute 17:3206 provides that appointed members of the Board of Directors shall be entitled to \$50 per day for attendance at meetings of the board, meetings of committees appointed by the board on which the member serves, or while on business as assigned by and on behalf of the board. This schedule is prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

### **Combining Schedule of Net Position, by College, June 30, 2018**

Schedule 5 presents a combining Schedule of Net Position, by College, for the year ended June 30, 2018.

### **Combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, For the Year Ended June 30, 2018**

Schedule 6 presents a combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, for the year ended June 30, 2018.

### **Combining Schedule of Cash Flows, by College, For the Year Ended June 30, 2018**

Schedule 7 presents a combining Schedule of Cash Flows, by College, for the year ended June 30, 2018.

### **Combining Schedule of Net Position, by College, June 30, 2017**

Schedule 8 presents a combining Schedule of Net Position, by College, for the year ended June 30, 2017.

### **Combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, For the Year Ended June 30, 2017**

Schedule 9 presents a combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, for the year ended June 30, 2017.

### **Combining Schedule of Cash Flows, by College, For the Year Ended June 30, 2017**

Schedule 10 presents a combining Schedule of Cash Flows, by College, for the year ended June 30, 2017.



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

**Schedule of Per Diem Paid Board Members (Cash Basis)  
For the Fiscal Year Ended June 30, 2018**

|                     | <u>Amount</u>       |
|---------------------|---------------------|
| Hitt, Zachary       | \$150               |
| Richardson, Darrell | <u>100</u>          |
| Total               | <u><u>\$250</u></u> |

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

**Combining Schedule of Net Position, by College  
June 30, 2018**

|   | Board Office          | Baton Rouge<br>Community<br>College | Bossier Parish<br>Community<br>College | Central<br>Louisiana<br>Technical<br>Community<br>College | Delgado<br>Community<br>College | Elaine P. Nunez<br>Community<br>College |
|---|-----------------------|-------------------------------------|--|---|---------------------------------|---|
| <b>ASSETS</b>                               |                       |                                     |  |   |                                 |   |
| Current Assets                              |                       |                                     |  |   |                                 |   |
| Cash and cash equivalents                   | \$20,485,054          | \$15,634,602                        | \$6,615,842                            | \$1,419,522   | \$27,365,839                    | \$3,962,126                             |
| Receivables, net                            | 884,977               | 1,823,172                           | 3,481,051                              | 1,125,225   | 3,864,374                       | 698,402                                 |
| Due from State Treasury                     | 481,036               |                                     |  |   |                                 |   |
| Due from Federal Government                 | 7,372,484             | 529,949                             | 283,250                                | 658,893   | 1,192,191                       | 1,505,543                               |
| Due from LCTCS Colleges/LCTCS               | 2,865,621             | 555,399                             | 203,129                                | 59,983  | 749,156                         | 106,680                                 |
| Inventories                                 |                       |                                     |  |   |                                 |   |
| Prepaid expenses and advances               |                       | 251,441                             |  | 43,794  | 56,309                          | 83,825                                  |
| Other current assets                        |                       |                                     |  |   |                                 | 19,268                                  |
| <b>Total current assets</b>                 | <b>32,089,172</b>     | <b>18,794,563</b>                   | <b>10,583,272</b>                      | <b>3,307,417</b>  | <b>33,227,869</b>               | <b>6,375,844</b>                        |
| Noncurrent Assets                           |                       |                                     |  |   |                                 |   |
| Restricted assets:                          |                       |                                     |  |   |                                 |   |
| Cash and cash equivalents                   |                       |                                     |  | 6,335   | 119,164                         | 230,350                                 |
| Investments                                 |                       | 362,703                             | 876,159                                | 289,536   | 4,595,335                       | 375,290                                 |
| Receivables, net                            |                       |                                     |  |   |                                 |   |
| Other                                       |                       |                                     |  |   |                                 |   |
| Investments                                 |                       |                                     |  |   |                                 |   |
| Capital assets, net                         | 7,852,288             | 45,538,110                          | 20,738,201                             | 7,825,256   | 66,321,500                      | 39,000,901                              |
| Other noncurrent assets                     |                       |                                     |  |   |                                 |   |
| <b>Total noncurrent assets</b>              | <b>7,852,288</b>      | <b>45,900,813</b>                   | <b>21,614,360</b>                      | <b>8,121,127</b>  | <b>71,035,999</b>               | <b>39,606,541</b>                       |
| <b>Total Assets</b>                         | <b>39,941,460</b>     | <b>64,695,376</b>                   | <b>32,197,632</b>                      | <b>11,428,544</b>   | <b>104,263,868</b>              | <b>45,982,385</b>                       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                       |                                     |  |   |                                 |   |
| Deferred outflows related to pensions       | 5,606,374             | 9,759,405                           | 7,725,519                              | 4,498,583   | 31,128,277                      | 2,826,169                               |
| Deferred outflows related to OPEB           | 164,357               | 853,944                             | 435,991                                | 1,099,806   | 2,412,288                       | 233,097                                 |
| <b>Total deferred outflows of resources</b> | <b>5,770,731</b>      | <b>10,613,349</b>                   | <b>8,161,510</b>                       | <b>5,598,389</b>  | <b>33,540,565</b>               | <b>3,059,266</b>                        |
| <b>LIABILITIES</b>                          |                       |                                     |  |   |                                 |   |
| Current Liabilities                         |                       |                                     |  |   |                                 |   |
| Accounts payable and accruals               | 13,382,194            | 3,094,082                           | 2,124,937                              | 1,286,611   | 4,656,554                       | 714,399                                 |
| Due to federal government                   |                       | 2,253                               |  | 7,215   |                                 |   |
| Due to LCTCS College/LCTCS                  | 3,105,752             | 332,885                             | 301,855                                | 90,475  | 589,126                         | 93,285                                  |
| Unearned revenues                           | 133,693               | 1,310,675                           | 806,670                                | 787,347   | 3,861,510                       | 404,051                                 |
| Amounts held in custody for others          |                       | 9,775                               | 186,172                                | 44,189  | 190,922                         | 26,407                                  |
| Compensated absences payable                | 124,716               | 237,323                             | 136,612                                | 63,994  | 258,308                         | 31,625                                  |
| Capital lease obligations                   |                       |                                     |  |   | 90,000                          |   |
| Bonds payable, net                          |                       |                                     |  |   |                                 |   |
| Other current liabilities                   |                       |                                     |  |   | 44,130                          | 642                                     |
| <b>Total current liabilities</b>            | <b>16,746,355</b>     | <b>4,986,993</b>                    | <b>3,556,246</b>                       | <b>2,279,831</b>  | <b>9,690,550</b>                | <b>1,270,409</b>                        |
| Noncurrent Liabilities                      |                       |                                     |  |   |                                 |   |
| Compensated absences payable                | 1,665,245             | 2,611,034                           | 1,918,627                              | 674,489   | 4,522,827                       | 606,097                                 |
| Capital lease obligations                   |                       |                                     |  |   | 2,475,000                       |   |
| Net pension liability                       | 25,124,232            | 55,005,387                          | 39,597,157                             | 14,102,780  | 123,363,217                     | 13,212,929                              |
| Total OPEB liability                        | 9,970,804             | 34,963,891                          | 23,771,857                             | 24,277,328  | 78,089,112                      | 10,174,249                              |
| Bonds payable, net                          |                       |                                     |  |   |                                 |   |
| <b>Total noncurrent liabilities</b>         | <b>36,760,281</b>     | <b>92,580,312</b>                   | <b>65,287,641</b>                      | <b>39,054,597</b>   | <b>208,450,156</b>              | <b>23,993,275</b>                       |
| <b>Total Liabilities</b>                    | <b>53,506,636</b>     | <b>97,567,305</b>                   | <b>68,843,887</b>                      | <b>41,334,428</b>   | <b>218,140,706</b>              | <b>25,263,684</b>                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                       |                                     |  |   |                                 |   |
| Deferred inflows related to pensions        | 3,256,677             | 5,444,616                           | 5,940,310                              | 2,009,851   | 11,659,319                      | 807,524                                 |
| Deferred inflows related to OPEB            | 605,173               | 2,059,736                           | 1,521,241                              | 1,337,199   | 4,260,319                       | 570,901                                 |
| <b>Total deferred inflows of resources</b>  | <b>3,861,850</b>      | <b>7,504,352</b>                    | <b>7,461,551</b>                       | <b>3,347,050</b>  | <b>15,919,638</b>               | <b>1,378,425</b>                        |
| <b>NET POSITION</b>                         |                       |                                     |  |   |                                 |   |
| Net investment in capital assets            | 7,852,288             | 45,538,109                          | 20,738,201                             | 7,825,256   | 63,204,264                      | 39,000,901                              |
| Restricted:                                 |                       |                                     |  |   |                                 |   |
| Nonexpendable                               |                       | 240,000                             | 850,000                                | 289,536   | 3,207,105                       | 579,774                                 |
| Expendable                                  | 1,549,997             | 8,035,683                           | 4,634,265                              | 1,794,136   | 22,793,668                      | 3,475,561                               |
| Unrestricted                                | (21,058,580)          | (83,576,724)                        | (62,168,762)                           | (37,563,473)  | (185,460,948)                   | (20,656,694)                            |
| <b>Total Net Position</b>                   | <b>(\$11,656,295)</b> | <b>(\$29,762,932)</b>               | <b>(\$35,946,296)</b>                  | <b>(\$27,654,545)</b>                                     | <b>(\$96,255,911)</b>           | <b>\$22,399,542</b>                     |

(Continued)

Schedule 5

| 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 |
|--------------|---|-----------------------------------|--|---------------------------------------|----------------------------------|---|-----------------------------------|------------------------------------|
| \$471,355    | \$6,220,528                               | \$1,940,453                       | \$5,667,037                            | \$3,625,152                           | \$7,034,490                      | \$2,312,436                               | \$28,420,712                      | \$13,417,147                       |
| 15           | 611,447                                   | 2,813,570                         | 590,690                                | 549,830                               | 1,624,050                        | 961,119                                   | 459,370                           | 1,921,101                          |
|              | 35,865                                    | 1,128,262                         | 225,618                                | 37,487                                | 289,659                          | 645,760                                   | 1,285,802                         | 530,146                            |
|              | 131,714                                   | 461,877                           | 198,741                                | 204,601                               | 65,625                           | 118,662                                   | 474,497                           | 200,729                            |
|              |   | 10,284                            |  |                                       |                                  |   |                                   |                                    |
|              | 22,067                                    |                                   | 48,603                                 | 5,527                                 | 37,949                           |   | 8,546                             |                                    |
|              | 19,914                                    |                                   |  |                                       |                                  |   |                                   |                                    |
| 471,370      | 7,041,535                                 | 6,354,446                         | 6,730,689                              | 4,422,597                             | 9,051,773                        | 4,037,977                                 | 30,648,927                        | 16,069,123                         |
|              |   | 738                               | 140,114                                |                                       | 10,000                           |   |                                   |                                    |
|              | 259,766                                   | 634,968                           |  |                                       |                                  |   | 1,009,688                         | 733,022                            |
|              |   |                                   |  |                                       |                                  |   |                                   | 46,970                             |
|              | 17,496,602                                | 7,204,955                         | 3,947,755                              | 3,619,438                             | 2,411,047                        | 3,134,527                                 | 9,250,124                         | 43,663,275                         |
|              | 17,756,368                                | 7,840,661                         | 4,087,869                              | 3,619,438                             | 2,421,047                        | 3,134,527                                 | 10,259,812                        | 44,443,267                         |
| 471,370      | 24,797,903                                | 14,195,107                        | 10,818,558                             | 8,042,035                             | 11,472,820                       | 7,172,504                                 | 40,908,739                        | 60,512,390                         |
| 127,704      | 2,246,484                                 | 6,078,072                         | 6,156,818                              | 1,586,411                             | 1,822,866                        | 2,022,818                                 | 8,690,341                         | 7,834,254                          |
|              | 260,224                                   | 876,828                           | 290,301                                | 856,332                               | 121,167                          | 328,447                                   | 1,435,194                         | 454,966                            |
| 127,704      | 2,506,708                                 | 6,954,900                         | 6,447,119                              | 2,442,743                             | 1,944,033                        | 2,351,265                                 | 10,125,535                        | 8,289,220                          |
| 10,515       | 1,009,077                                 | 1,535,818                         | 970,596                                | 560,929                               | 179,136                          | 729,334                                   | 3,000,548                         | 2,027,071                          |
| 460,855      | 88,335                                    | 168,643                           | 136,340                                | 47,094                                | 100,445                          | 284,258                                   | 270,894                           | 145,760                            |
|              | 868,103                                   | 420,622                           | 364,039                                | 152,839                               | 327,706                          |   | 1,131,572                         | 705,492                            |
|              | 482                                       | 21,414                            | 19,678                                 | 77,024                                | 90,958                           | 19,320                                    | 71,820                            | 15,011                             |
| 3,092        | 66,587                                    | 112,785                           | 49,582                                 | 153,666                               | 19,039                           | 40,068                                    | 138,270                           | 39,337                             |
| 474,462      | 2,032,584                                 | 2,259,282                         | 1,540,235                              | 991,552                               | 717,284                          | 1,072,980                                 | 4,613,104                         | 2,932,671                          |
| 21,531       | 538,248                                   | 1,011,001                         | 691,715                                | 309,769                               | 463,870                          | 306,208                                   | 1,624,277                         | 998,240                            |
| 24,092       | 11,724,043                                | 23,315,659                        | 19,750,187                             | 8,047,986                             | 8,933,473                        | 12,702,496                                | 38,505,342                        | 22,997,412                         |
|              | 9,174,270                                 | 23,158,683                        | 10,994,378                             | 12,308,037                            | 6,219,533                        | 9,644,138                                 | 35,694,977                        | 16,009,715                         |
| 45,623       | 21,436,561                                | 47,485,343                        | 31,436,280                             | 20,665,792                            | 15,616,876                       | 22,652,842                                | 75,824,596                        | 40,005,367                         |
| 520,085      | 23,469,145                                | 49,744,625                        | 32,976,515                             | 21,657,344                            | 16,334,160                       | 23,725,822                                | 80,437,700                        | 42,938,038                         |
| 927,531      | 1,245,975                                 | 5,948,758                         | 1,376,598                              | 5,413,159                             | 1,037,071                        | 1,811,287                                 | 2,355,209                         | 1,712,907                          |
|              | 529,867                                   | 1,223,799                         | 582,920                                | 650,407                               | 395,243                          | 513,799                                   | 1,886,268                         | 888,520                            |
| 927,531      | 1,775,842                                 | 7,172,557                         | 1,959,518                              | 6,063,566                             | 1,432,314                        | 2,325,086                                 | 4,241,477                         | 2,601,427                          |
|              | 17,496,602                                | 7,204,955                         | 3,947,755                              | 3,619,438                             | 2,411,047                        | 3,134,527                                 | 9,250,124                         | 43,663,275                         |
|              | 230,000                                   | 547,023                           | 140,000                                |                                       | 10,000                           |   | 970,000                           | 785,358                            |
|              | 3,303,976                                 | 1,595,784                         | 3,265,268                              | 2,202,724                             | 4,515,315                        | 1,043,473                                 | 14,565,395                        | 4,991,256                          |
| (848,542)    | (18,970,954)                              | (45,114,937)                      | (25,023,379)                           | (23,058,294)                          | (11,285,983)                     | (20,705,139)                              | (58,430,422)                      | (26,177,744)                       |
| (\$848,542)  | \$2,059,624                               | (\$35,767,175)                    | (\$17,670,356)                         | (\$17,236,132)                        | (\$4,349,621)                    | (\$16,527,139)                            | (\$33,644,903)                    | \$23,262,145                       |



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

**Combining Schedule of Net Position, by College  
June 30, 2018**

|   | Facilities<br>Corporations | System<br>Eliminating<br>Entries | Total<br>Per System |
|---|----------------------------|----------------------------------|---------------------|
| <b>ASSETS</b>                               |                            |                                  |                     |
| Current Assets                              |                            |                                  |                     |
| Cash and cash equivalents                   |                            |                                  | \$144,592,295       |
| Receivables, net                            |                            |                                  | 21,408,393          |
| Due from State Treasury                     |                            |                                  | 481,036             |
| Due from Federal Government                 |                            |                                  | 15,720,909          |
| Due from LCTCS Colleges/LCTCS               |                            | (\$6,396,414)                    |                     |
| Inventories                                 |                            |                                  | 10,284              |
| Prepaid expenses and advances               |                            |                                  | 558,061             |
| Other current assets                        |                            |                                  | 39,182              |
| Total current assets                        |                            | (6,396,414)                      | 182,810,160         |
| Noncurrent Assets                           |                            |                                  |                     |
| Restricted assets:                          |                            |                                  |                     |
| Cash and cash equivalents                   | \$39,738,406               |                                  | 40,245,107          |
| Investments                                 | 56,854,917                 |                                  | 65,991,384          |
| Receivables, net                            | 3,747,832                  |                                  | 3,747,832           |
| Other                                       | 593,251                    |                                  | 593,251             |
| Investments                                 |                            |                                  | 46,970              |
| Capital assets, net                         | 389,853,739                |                                  | 667,857,718         |
| Other noncurrent assets                     | 4,114,620                  |                                  | 4,114,620           |
| Total noncurrent assets                     | 494,902,765                |                                  | 782,596,882         |
| <b>Total Assets</b>                         | 494,902,765                | (6,396,414)                      | 965,407,042         |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                            |                                  |                     |
| Deferred outflows related to pensions       |                            |                                  | 98,110,095          |
| Deferred outflows related to OPEB           |                            |                                  | 9,822,942           |
| <b>Total deferred outflows of resources</b> |                            |                                  | 107,933,037         |
| <b>LIABILITIES</b>                          |                            |                                  |                     |
| Current Liabilities                         |                            |                                  |                     |
| Accounts payable and accruals               | 2,568,971                  |                                  | 37,850,772          |
| Due to federal government                   |                            |                                  | 9,468               |
| Due to LCTCS College/LCTCS                  | 180,412                    | (6,396,414)                      |                     |
| Unearned revenues                           |                            |                                  | 11,274,319          |
| Amounts held in custody for others          |                            |                                  | 773,172             |
| Compensated absences payable                |                            |                                  | 1,475,004           |
| Capital lease obligations                   |                            |                                  | 90,000              |
| Bonds payable, net                          | 16,665,000                 |                                  | 16,665,000          |
| Other current liabilities                   | 4,171,214                  |                                  | 4,215,986           |
| Total current liabilities                   | 23,585,597                 | (6,396,414)                      | 72,353,721          |
| Noncurrent Liabilities                      |                            |                                  |                     |
| Compensated absences payable                |                            |                                  | 17,963,178          |
| Capital lease obligations                   |                            |                                  | 2,475,000           |
| Net pension liability                       |                            |                                  | 416,406,392         |
| Total OPEB liability                        |                            |                                  | 304,450,972         |
| Bonds payable, net                          | 404,577,593                |                                  | 404,577,593         |
| Total noncurrent liabilities                | 404,577,593                |                                  | 1,145,873,135       |
| <b>Total Liabilities</b>                    | 428,163,190                | (6,396,414)                      | 1,218,226,856       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |                                  |                     |
| Deferred inflows related to pensions        |                            |                                  | 50,946,792          |
| Deferred inflows related to OPEB            |                            |                                  | 17,025,392          |
| <b>Total deferred inflows of resources</b>  |                            |                                  | 67,972,184          |
| <b>NET POSITION</b>                         |                            |                                  |                     |
| Net investment in capital assets            | (11,068,125)               |                                  | 263,818,617         |
| Restricted:                                 |                            |                                  |                     |
| Nonexpendable                               |                            |                                  | 7,848,796           |
| Expendable                                  | 77,807,700                 |                                  | 155,574,201         |
| Unrestricted                                |                            |                                  | (640,100,575)       |
| <b>Total Net Position</b>                   | \$66,739,575               |                                  | (\$212,858,961)     |

(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, 2018**

|  | Board Office          | Baton Rouge<br>Community<br>College | Bossier Parish<br>Community<br>College | Central<br>Louisiana<br>Technical<br>Community<br>College | Delgado<br>Community<br>College | Elaine P. Nunez<br>Community<br>College |
|--|-----------------------|-------------------------------------|--|---|---------------------------------|---|
| <b>OPERATING REVENUES</b>                                |                       |                                     |  |   |                                 |   |
| Student tuition and fees                                 |                       | \$29,181,641                        | \$26,328,075                           | \$7,510,728   | \$52,443,677                    | \$7,051,263                             |
| Less scholarship allowances                              |                       | (14,559,800)                        | (8,961,500)                            | (5,286,341)   | (15,713,440)                    | (2,711,013)                             |
| Net student tuition and fees                             |                       | 14,621,841                          | 17,366,575                             | 2,224,387   | 36,730,237                      | 4,340,250                               |
| Federal grants and contracts                             | \$30,388,470          | 3,747,948                           | 2,829,703                              | 2,534,913   | 5,018,472                       | 669,681                                 |
| State and local grants and contracts                     | 5,494,336             | 793,369                             | 1,810,631                              | 519,487   | 1,597,606                       | 202,045                                 |
| Nongovernmental grants and contracts                     | 5,736                 | 22,303                              | 331,330                                | 800,197   | 2,185,495                       | 11,266                                  |
| Sales and services of educational departments            |                       | 12,746                              | 76,080                                 |   |                                 |   |
| Interagency revenue                                      | 8,711,351             | 256,488                             | 141,026                                | 1,882   | 45,357                          | 1,112                                   |
| Auxiliary enterprise revenues                            |                       | 239,801                             | 263,450                                | 169,029   | 1,198,569                       | 27,373                                  |
| Other operating revenues                                 | 56,667                | 34,414                              | 50,698                                 |   | 239,953                         | 19,302                                  |
| <b>Total operating revenues</b>                          | <b>44,656,560</b>     | <b>19,728,910</b>                   | <b>22,869,493</b>                      | <b>6,249,895</b>  | <b>47,015,689</b>               | <b>5,271,029</b>                        |
| <b>OPERATING EXPENSES</b>                                |                       |                                     |  |   |                                 |   |
| Educational and general:                                 |                       |                                     |  |   |                                 |   |
| Instruction  |                       | 19,183,443                          | 18,997,808                             | 7,558,428   | 45,148,511                      | 4,947,541                               |
| Public service   |                       |                                     | 1,719,179                              |   |                                 |   |
| Academic support   | 38,519,841            | 4,863,412                           | 2,410,632                              | 1,287,818   | 8,214,847                       | 823,778                                 |
| Student services   | 648,577               | 7,408,504                           | 2,529,533                              | 1,286,723   | 6,084,166                       | 1,144,114                               |
| Institutional support                                    | 21,686,903            | 7,423,071                           | 5,863,186                              | 3,975,378   | 12,583,740                      | 2,552,734                               |
| Operations and maintenance of plant                      | 172,710               | 6,565,706                           | 2,890,870                              | 1,346,249   | 11,726,051                      | 1,696,313                               |
| Depreciation   | 2,095,292             | 1,802,919                           | 1,188,979                              | 650,625   | 3,426,526                       | 931,298                                 |
| Scholarships and fellowships                             |                       | 5,845,698                           | 11,725,416                             | 1,225,129   | 21,611,211                      | 2,968,242                               |
| Auxiliary enterprises                                    |                       | 551                                 | 724,952                                | 379,333   | 1,176,340                       | 10,168                                  |
| Interagency expense                                      | 256,587               | 1,156,074                           | 1,015,340                              | 314,406   | 2,127,457                       | 318,459                                 |
| Other operating expenses                                 |                       |                                     |  |   | 292,269                         |   |
| <b>Total operating expenses</b>                          | <b>63,379,910</b>     | <b>54,249,378</b>                   | <b>49,065,895</b>                      | <b>18,024,089</b>   | <b>112,391,118</b>              | <b>15,392,647</b>                       |
| <b>OPERATING LOSS</b>                                    | <b>(18,723,350)</b>   | <b>(34,520,468)</b>                 | <b>(26,196,402)</b>                    | <b>(11,774,194)</b>                                       | <b>(65,375,429)</b>             | <b>(10,121,618)</b>                     |
| <b>NONOPERATING REVENUES (Expenses)</b>                  |                       |                                     |  |   |                                 |   |
| State appropriations                                     | 17,099,163            | 15,179,437                          | 11,226,207                             | 6,394,512   | 27,105,315                      | 3,764,771                               |
| Gifts  |                       |                                     |  | 74,027  |                                 | 23,955                                  |
| Federal nonoperating revenues                            |                       | 17,744,869                          | 17,732,401                             | 4,338,100   | 36,284,147                      | 5,444,866                               |
| Net investment income (loss)                             | 78,986                | 22,966                              | 16,181                                 | 7,998   | 433,695                         | 51,085                                  |
| Interest expense   |                       |                                     |  |   | (113,365)                       |   |
| Other nonoperating revenues (expenses)                   | 83,616                | 2,490,616                           | 1,111,349                              | 1,007,746   | 1,602,650                       | 291,695                                 |
| <b>Net nonoperating revenues (expenses)</b>              | <b>17,261,765</b>     | <b>35,437,888</b>                   | <b>30,086,138</b>                      | <b>11,822,383</b>   | <b>65,312,442</b>               | <b>9,576,372</b>                        |
| <b>Income (loss) before other revenues and additions</b> | <b>(1,461,585)</b>    | <b>917,420</b>                      | <b>3,889,736</b>                       | <b>48,189</b>   | <b>(62,987)</b>                 | <b>(545,246)</b>                        |
| Capital appropriations                                   |                       | 1,170,317                           |  | 150,000   | 2,130,379                       | 8,167,146                               |
| Capital grants and gifts                                 |                       |                                     |  |   |                                 | 2,887,290                               |
| Additions to permanent endowment                         |                       |                                     | 80,000                                 |   | 20,000                          | 10,000                                  |
| Interagency transfers                                    |                       | (337,579)                           |  | 2,710,812   |                                 |   |
| Other deductions, net                                    |                       |                                     |  |   | (530)                           |   |
| <b>Increase (decrease) in net position</b>               | <b>(1,461,585)</b>    | <b>1,750,158</b>                    | <b>3,969,736</b>                       | <b>2,909,001</b>  | <b>2,086,862</b>                | <b>10,519,190</b>                       |
| <b>NET POSITION - BEGINNING OF YEAR (restated)</b>       | <b>(10,194,710)</b>   | <b>(31,513,090)</b>                 | <b>(39,916,032)</b>                    | <b>(30,563,546)</b>                                       | <b>(98,342,773)</b>             | <b>11,880,352</b>                       |
| <b>NET POSITION - END OF YEAR</b>                        | <b>(\$11,656,295)</b> | <b>(\$29,762,932)</b>               | <b>(\$35,946,296)</b>                  | <b>(\$27,654,545)</b>                                     | <b>(\$96,255,911)</b>           | <b>\$22,399,542</b>                     |

(Continued)

Schedule 6

| 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 |
|--------------|---|-----------------------------------|--|---------------------------------------|----------------------------------|---|-----------------------------------|------------------------------------|
|              | \$6,979,339                               | \$14,059,106                      | \$12,263,218                           | \$3,006,608                           | \$7,977,295                      | \$4,067,978                               | \$25,890,988                      | \$11,968,905                       |
|              | (3,389,445)                               | (8,836,015)                       | (6,236,612)                            | (2,037,631)                           | (3,160,555)                      | (1,742,186)                               | (13,214,139)                      | (5,584,725)                        |
|              | 3,589,894                                 | 5,223,091                         | 6,026,606                              | 968,977                               | 4,816,740                        | 2,325,792                                 | 12,676,849                        | 6,384,180                          |
|              | 485,992                                   | 4,141,004                         | 1,589,684                              | 826,146                               | 574,952                          | 2,209,310                                 | 4,922,225                         | 836,508                            |
|              | 537,586                                   | 3,586,968                         | 378,538                                | 157,219                               | 161,292                          | 1,266,814                                 | 733,218                           | 157,191                            |
|              | 4,053                                     | 64,833                            | 20,611                                 |                                       | 49,274                           | 161,539                                   |                                   | 332,747                            |
|              |   | 2,506                             | 2,835                                  | 22,705                                |                                  |   | 10,370                            | 28,309                             |
|              | 12,000                                    | 1,476                             | 12,721                                 | 2,863                                 | 40,933                           |   | 160,675                           | 1,857                              |
|              | 43,675                                    | 79,021                            | 75,500                                 |                                       | 116,429                          |   |                                   |                                    |
|              | 13,977                                    | 24,182                            | 62,025                                 | 150                                   | 9,626                            |   | 133,583                           | 144,801                            |
|              | 4,687,177                                 | 13,123,081                        | 8,168,520                              | 1,978,060                             | 5,769,246                        | 5,963,455                                 | 18,636,920                        | 7,885,593                          |
|              |   |                                   |  |                                       |                                  |   |                                   |                                    |
|              | 4,071,859                                 | 9,969,223                         | 8,593,875                              | 3,328,518                             | 4,246,892                        | 4,198,248                                 | 18,341,189                        | 10,290,531                         |
|              |   |                                   |  |                                       |                                  |   | 1,949,501                         |                                    |
| \$667,774    | 1,767,076                                 | 4,098,830                         | 1,686,955                              | 203,912                               | 715,411                          | 1,905,197                                 | 3,571,061                         | 2,311,138                          |
|              | 715,445                                   | 2,098,308                         | 2,066,740                              | 658,066                               | 931,054                          | 923,142                                   | 5,067,089                         | 1,737,398                          |
| 2,818        | 2,244,151                                 | 6,660,423                         | 3,359,207                              | 1,567,642                             | 2,080,980                        | 2,354,752                                 | 5,693,662                         | 4,406,218                          |
|              | 905,072                                   | 2,230,338                         | 1,236,675                              | 851,366                               | 895,057                          | 877,952                                   | 5,682,503                         | 2,911,895                          |
|              | 632,875                                   | 1,217,928                         | 261,832                                | 311,716                               | 169,980                          | 294,024                                   | 1,351,966                         | 2,013,723                          |
|              | 1,415,784                                 | 939,353                           | 2,479,883                              | 1,270,948                             | 820,688                          | 1,036,995                                 | 4,059,331                         | 1,775,888                          |
|              | 551                                       | 58,528                            | 74,010                                 |                                       | 9,977                            |   |                                   |                                    |
| 408,762      | 351,120                                   | 567,356                           | 468,726                                | 212,997                               | 424,395                          | 384,111                                   | 901,637                           | 482,314                            |
| 1,079,354    | 12,103,933                                | 27,840,287                        | 20,227,903                             | 8,405,165                             | 10,294,434                       | 11,974,421                                | 46,617,939                        | 25,929,105                         |
| (1,079,354)  | (7,416,756)                               | (14,717,206)                      | (12,059,383)                           | (6,427,105)                           | (4,525,188)                      | (6,010,966)                               | (27,981,019)                      | (18,043,512)                       |
|              |   |                                   |  |                                       |                                  |   |                                   |                                    |
| 1,286,145    | 3,537,594                                 | 7,747,124                         | 5,622,038                              | 4,464,284                             | 3,469,647                        | 4,314,990                                 | 12,982,006                        | 8,487,572                          |
|              |   |                                   | 1,604                                  |                                       |                                  | 15,354                                    |                                   | 336,037                            |
|              | 4,209,162                                 | 8,587,368                         | 7,002,028                              | 3,051,789                             | 3,066,059                        | 2,090,985                                 | 14,602,972                        | 5,525,845                          |
|              | 6,145                                     | 8,382                             | 19,807                                 |                                       |                                  | 1,663                                     | 76,528                            | 44,155                             |
| 91           | 352,686                                   | 905,508                           | 604,761                                | 530,235                               | 514,167                          | 174,022                                   | 1,446,788                         | 1,688,050                          |
| 1,286,236    | 8,105,587                                 | 17,248,382                        | 13,250,238                             | 8,046,308                             | 7,049,873                        | 6,597,014                                 | 29,108,294                        | 16,081,659                         |
|              |   |                                   |  |                                       |                                  |   |                                   |                                    |
| 206,882      | 688,831                                   | 2,531,176                         | 1,190,855                              | 1,619,203                             | 2,524,685                        | 586,048                                   | 1,127,275                         | (1,961,853)                        |
|              |   |                                   |  |                                       |                                  |   |                                   | 1,777,915                          |
|              | 270,854                                   |                                   | 834,483                                | 181,360                               | 34,847                           |   |                                   | 50,000                             |
|              |   | 11,251                            | 60,000                                 |                                       |                                  |   | 200,000                           | 285,358                            |
|              |   |                                   |  | (2,710,812)                           | 337,579                          |   |                                   |                                    |
| 206,882      | 959,685                                   | 2,542,427                         | 2,085,338                              | (910,249)                             | 2,897,111                        | 586,048                                   | 1,327,275                         | 151,420                            |
|              |   |                                   |  |                                       |                                  |   |                                   |                                    |
| (1,055,424)  | 1,099,939                                 | (38,309,602)                      | (19,755,694)                           | (16,325,883)                          | (7,246,732)                      | (17,113,187)                              | (34,972,178)                      | 23,110,725                         |
| (\$848,542)  | \$2,059,624                               | (\$35,767,175)                    | (\$17,670,356)                         | (\$17,236,132)                        | (\$4,349,621)                    | (\$16,527,139)                            | (\$33,644,903)                    | \$23,262,145                       |



**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, 2018**

|  | Facilities<br>Corporations | System<br>Eliminating<br>Entries | Total<br>Per System    |
|--|----------------------------|----------------------------------|------------------------|
| <b>OPERATING REVENUES</b>                                    |                            |                                  |                        |
| Student tuition and fees                                     |                            |                                  | \$208,728,821          |
| Less scholarship allowances                                  |                            |                                  | (91,433,402)           |
| Net student tuition and fees                                 |                            |                                  | 117,295,419            |
| Federal grants and contracts                                 |                            | (\$12,062,801)                   | 48,712,207             |
| State and local grants and contracts                         |                            | (2,550,359)                      | 14,845,941             |
| Nongovernmental grants and contracts                         |                            |                                  | 3,989,384              |
| Sales and services of educational departments                |                            |                                  | 155,551                |
| Interagency revenue  |                            | (9,389,741)                      |                        |
| Auxiliary enterprise revenues                                |                            |                                  | 2,212,847              |
| Other operating revenues                                     |                            |                                  | 789,378                |
| <b>Total operating revenues</b>                              |                            | <b>(24,002,901)</b>              | <b>188,000,727</b>     |
| <b>OPERATING EXPENSES</b>                                    |                            |                                  |                        |
| Educational and general:                                     |                            |                                  |                        |
| Instruction  |                            |                                  | 158,876,066            |
| Public service   |                            |                                  | 3,668,680              |
| Academic support   |                            | (21,933,164)                     | 51,114,518             |
| Student services   |                            |                                  | 33,298,859             |
| Institutional support  |                            |                                  | 82,454,865             |
| Operations and maintenance of plant                          |                            |                                  | 39,988,757             |
| Depreciation   | \$13,277,354               |                                  | 29,627,037             |
| Scholarships and fellowships                                 |                            |                                  | 57,174,566             |
| Auxiliary enterprises  |                            |                                  | 2,434,410              |
| Interagency expense  |                            | (9,389,741)                      |                        |
| Other operating expenses                                     |                            |                                  | 292,269                |
| <b>Total operating expenses</b>                              | <b>13,277,354</b>          | <b>(31,322,905)</b>              | <b>458,930,027</b>     |
| <b>OPERATING LOSS</b>  | <b>(13,277,354)</b>        | <b>7,320,004</b>                 | <b>(270,929,300)</b>   |
| <b>NONOPERATING REVENUES (Expenses)</b>                      |                            |                                  |                        |
| State appropriations   |                            |                                  | 132,680,805            |
| Gifts  |                            |                                  | 450,977                |
| Federal nonoperating revenues                                |                            |                                  | 129,680,591            |
| Net investment income (loss)                                 | (1,570,038)                |                                  | (802,447)              |
| Interest expense   | (12,708,495)               |                                  | (12,821,860)           |
| Other nonoperating revenues (expenses)                       | (11,865,098)               | (7,320,004)                      | (6,381,122)            |
| <b>Net nonoperating revenues (expenses)</b>                  | <b>(26,143,631)</b>        | <b>(7,320,004)</b>               | <b>242,806,944</b>     |
| <b>Income (loss) before other<br/>revenues and additions</b> | <b>(39,420,985)</b>        |                                  | <b>(28,122,356)</b>    |
| Capital appropriations                                       | 41,982,558                 |                                  | 55,378,315             |
| Capital grants and gifts                                     | 1,835,998                  |                                  | 6,094,832              |
| Additions to permanent endowment                             |                            |                                  | 666,609                |
| Interagency transfers  |                            |                                  |                        |
| Other deductions, net  |                            |                                  | (530)                  |
| <b>Increase (decrease) in net position</b>                   | <b>4,397,571</b>           |                                  | <b>34,016,870</b>      |
| <b>NET POSITION - BEGINNING OF YEAR<br/>(restated)</b>       | <b>62,342,004</b>          |                                  | <b>(246,875,831)</b>   |
| <b>NET POSITION - END OF YEAR</b>                            | <b>\$66,739,575</b>        |                                  | <b>(\$212,858,961)</b> |

(Concluded)

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

**Combining Schedule of Cash Flows, by College  
For the Year Ended June 30, 2018**

|  | Board Office        | Baton Rouge<br>Community<br>College | Bossier Parish<br>Community<br>College | Central<br>Louisiana<br>Technical<br>Community<br>College | Delgado<br>Community<br>College | Elaine P. Nunez<br>Community<br>College |
|--|---------------------|-------------------------------------|--|---|---------------------------------|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                           |                     |                                     |  |   |                                 |   |
| Tuition and fees   |                     | \$15,927,481                        | \$16,665,333                           | \$2,548,399   | \$38,144,806                    | \$4,591,893                             |
| Grants and contracts   | \$35,318,101        | 4,202,489                           | 5,064,882                              | 3,600,179   | 7,481,124                       | 1,021,061                               |
| Sales and services of educational departments                          |                     | 12,746                              | 76,080                                 |   |                                 |   |
| Auxilliary enterprise receipts   |                     | 239,801                             | 280,745                                | 169,029   | 1,215,941                       | 27,373                                  |
| Payments for employee compensation                                     | (11,663,617)        | (25,377,051)                        | (19,411,895)                           | (7,879,672)   | (46,027,716)                    | (6,224,228)                             |
| Payments for benefits  | (4,012,565)         | (10,103,921)                        | (7,576,585)                            | (4,205,217)   | (18,304,857)                    | (2,410,127)                             |
| Payments for utilities   |                     | (2,457,604)                         | (1,100,712)                            | (388,212)   | (3,293,414)                     | (428,451)                               |
| Payments for supplies and services                                     | (43,274,860)        | (7,932,270)                         | (8,340,116)                            | (4,543,315)   | (15,163,357)                    | (1,482,388)                             |
| Payments for scholarships and fellowships                              |                     | (5,843,368)                         | (11,725,416)                           | (1,341,629)   | (21,611,211)                    | (2,960,777)                             |
| Other receipts (payments)  | 8,851,894           | (694,101)                           | (636,724)                              | (449,762)   | (1,989,498)                     | (290,526)                               |
| <b>Net cash used by operating activities</b>                           | <b>(14,781,047)</b> | <b>(32,025,798)</b>                 | <b>(26,704,408)</b>                    | <b>(12,490,200)</b>                                       | <b>(59,548,182)</b>             | <b>(8,156,170)</b>                      |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES:</b>            |                     |                                     |  |   |                                 |   |
| State appropriations   | 17,099,163          | 15,178,479                          | 11,225,493                             | 6,387,668   | 27,109,425                      | 3,764,496                               |
| Gifts and grants for other than capital purposes                       |                     | 20,070,018                          | 18,445,478                             | 5,458,082   | 36,975,581                      | 5,968,821                               |
| Private gifts for endowment purposes                                   |                     |                                     | 80,000                                 |   | 20,000                          | 10,000                                  |
| TOPS receipts  |                     | 1,347,000                           | 1,326,080                              | 190,515   | 1,290,008                       | 118,709                                 |
| TOPS disbursements   |                     | (1,347,000)                         | (1,326,080)                            | (190,515)   | (1,290,008)                     | (118,709)                               |
| FEMA receipts  |                     |                                     |  |   | 2,010,194                       |   |
| Direct lending receipts  |                     | 16,641,272                          | 26,806,982                             | 3,609,040   | 55,808,765                      | 4,551,597                               |
| Direct lending disbursements   |                     | (16,641,272)                        | (26,806,982)                           | (3,609,040)   | (55,808,765)                    | (4,551,597)                             |
| Other receipts (disbursements)   | 11,337              |                                     | 283,570                                | 1,467,071   | 528,935                         | (249,520)                               |
| <b>Net cash provided (used) by noncapital<br/>financing activities</b> | <b>17,110,500</b>   | <b>35,248,497</b>                   | <b>30,034,541</b>                      | <b>13,312,821</b>   | <b>66,644,135</b>               | <b>9,493,797</b>                        |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</b>   |                     |                                     |  |   |                                 |   |
| Proceeds from capital debt   |                     |                                     |  |   |                                 |   |
| Capital appropriations received  |                     |                                     |  |   |                                 |   |
| Capital grants and gifts received                                      |                     |                                     |  |   |                                 |   |
| Purchases of capital assets  | (523,834)           | (317,958)                           | (442,285)                              | (1,153,864)   | (974,991)                       | (24,696)                                |
| Principal paid on capital debt and leases                              |                     |                                     |  |   | (180,000)                       |   |
| Interest paid on capital debt and leases                               |                     |                                     |  |   | (113,365)                       |   |
| Deposit with trustees  |                     |                                     |  |   |                                 |   |
| Other uses   |                     |                                     |  |   |                                 |   |
| <b>Net cash used by capital and related<br/>financing activities</b>   | <b>(523,834)</b>    | <b>(317,958)</b>                    | <b>(442,285)</b>                       | <b>(1,153,864)</b>  | <b>(1,268,356)</b>              | <b>(24,696)</b>                         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                           |                     |                                     |  |   |                                 |   |
| Proceeds from sales and maturities                                     |                     |                                     |  |   |                                 |   |
| Interest received on investments                                       | 78,986              | 22,966                              | 16,181                                 | 7,998   | 433,695                         | 51,085                                  |
| Purchase of investments  |                     |                                     | (523,754)                              |   | (391,883)                       | (104,106)                               |
| <b>Net cash provided (used) by<br/>investing activities</b>            | <b>78,986</b>       | <b>22,966</b>                       | <b>(507,573)</b>                       | <b>7,998</b>  | <b>41,812</b>                   | <b>(53,021)</b>                         |
| <b>Net Increase (decrease) in Cash</b>                                 | <b>1,884,605</b>    | <b>2,927,707</b>                    | <b>2,380,275</b>                       | <b>(323,245)</b>  | <b>5,869,409</b>                | <b>1,259,910</b>                        |
| <b>CASH AND CASH EQUIVALENTS<br/>AT BEGINNING OF YEAR</b>              | <b>18,600,449</b>   | <b>12,706,895</b>                   | <b>4,235,567</b>                       | <b>1,749,102</b>  | <b>21,615,594</b>               | <b>2,932,566</b>                        |
| <b>CASH AND CASH EQUIVALENTS<br/>AT END OF YEAR</b>                    | <b>\$20,485,054</b> | <b>\$15,634,602</b>                 | <b>\$6,615,842</b>                     | <b>\$1,425,857</b>  | <b>\$27,485,003</b>             | <b>\$4,192,476</b>                      |

(Continued)

Schedule 7

| LCTCS<br>Online | L.E. Fletcher<br>Technical<br>Community<br>College | Louisiana Delta<br>Community<br>College | Northshore<br>Technical<br>Community<br>College | Northwest<br>Louisiana<br>Technical<br>College | River Parishes<br>Community<br>College | South Central<br>Louisiana<br>Technical<br>College | South<br>Louisiana<br>Community<br>College |
|-----------------|--|---|---|--|--|--|--|
|                 | \$4,327,020  | \$3,635,666                             | \$6,140,560                                     | \$986,733                                      | \$4,438,161                            | \$2,006,527  | \$12,676,700                               |
|                 | 1,060,679  | 7,771,865                               | 1,946,281                                       | 858,886  | 743,972                                | 2,359,899  | 5,111,654                                  |
|                 |  | 2,506                                   | 2,835   | 22,705   |  |  | 10,370                                     |
|                 | 43,675   | 79,021                                  | 75,500  |  | 116,429                                |  |  |
| (\$121,275)     | (5,013,150)  | (12,521,055)                            | (9,413,556)                                     | (3,954,384)                                    | (5,441,381)                            | (4,243,116)  | (19,412,573)                               |
| 115,062         | (2,307,161)  | (5,157,059)                             | (3,823,900)                                     | (2,120,393)                                    | (2,007,817)                            | (1,761,935)  | (8,565,719)                                |
|                 | (379,130)  | (643,366)                               | (362,637)                                       | (462,345)                                      | (294,253)                              | (326,997)  | (1,437,699)                                |
| (698,814)       | (2,081,036)  | (8,069,718)                             | (2,950,495)                                     | (1,251,670)                                    | (1,781,534)                            | (4,157,075)  | (9,474,388)                                |
|                 | (1,428,840)  | (922,081)                               | (2,553,893)                                     | (1,270,948)                                    | (820,688)                              | (1,036,795)  | (4,064,938)                                |
| (468,670)       | (356,539)  | (621,858)                               | (406,903)                                       | (244,248)                                      | (293,034)                              | (400,140)  | (619,156)                                  |
| (1,173,697)     | (6,134,482)  | (16,446,079)                            | (11,346,208)                                    | (7,435,664)                                    | (5,340,145)                            | (7,559,632)  | (25,775,749)                               |
| 1,286,145       | 3,537,347  | 7,746,365                               | 5,621,616                                       | 4,472,243                                      | 3,468,938                              | 4,312,377  | 12,980,777                                 |
|                 | 4,423,412  | 9,315,000                               | 7,539,605                                       | 3,504,018                                      | 3,515,495                              | 2,106,339  | 16,872,361                                 |
|                 |  |   | 60,000  |  |  |  | 200,000                                    |
|                 | 517,242  | 401,953                                 | 296,894   |  | 528,627                                | 179,542  | 949,943                                    |
|                 | (517,242)  | (401,953)                               | (296,894)                                       |  | (528,627)                              | (179,542)  | (949,943)                                  |
|                 | 3,724,327  | 8,875,205                               | 7,123,862                                       |  | 3,521,339                              |  | 15,348,465                                 |
|                 | (3,724,327)  | (8,875,205)                             | (7,123,862)                                     |  | (3,521,339)                            |  | (15,348,465)                               |
|                 | 122,576  | 138,473                                 | 5,499   | (1,497,444)                                    | 37,163                                 | 408,618  | 235,635                                    |
| 1,286,145       | 8,083,335  | 17,199,838                              | 13,226,720                                      | 6,478,817                                      | 7,021,596                              | 6,827,334  | 30,288,773                                 |
|                 | (15,124)   | (531,885)                               | (391,726)                                       | (225,556)                                      |  | (114,932)  | (1,715,048)                                |
|                 | (15,124)   | (531,885)                               | (391,726)                                       | (225,556)                                      |  | (114,932)  | (1,715,048)                                |
|                 |  | 4,510                                   |   |  |  |  | 9,598                                      |
|                 | 3,038  | 19,633                                  | 19,807  |  |  | 1,663  | 50,776                                     |
|                 |  |   |   |  |  |  | (200,000)                                  |
|                 | 3,038  | 24,143                                  | 19,807  |  |  | 1,663  | (139,626)                                  |
| 112,448         | 1,936,767  | 246,017                                 | 1,508,593                                       | (1,182,403)                                    | 1,681,451                              | (845,567)  | 2,658,350                                  |
| 358,907         | 4,283,761  | 1,695,174                               | 4,298,558                                       | 4,807,555                                      | 5,363,039                              | 3,158,003  | 25,762,362                                 |
| \$471,355       | \$6,220,528  | \$1,941,191                             | \$5,807,151                                     | \$3,625,152                                    | \$7,044,490                            | \$2,312,436  | \$28,420,712                               |



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

**Combining Schedule of Cash Flows, by College  
For the Year Ended June 30, 2018**

|  | SOWELA<br>Technical<br>Community<br>College | Facilities<br>Corporations | System<br>Eliminating<br>Entries | Total<br>Per System  |
|--|---|----------------------------|----------------------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                           |   |                            |                                  |                      |
| Tuition and fees   | \$6,611,069                                 |                            |                                  | \$118,700,348        |
| Grants and contracts   | 907,792                                     |                            | (\$14,613,159)                   | 62,835,705           |
| Sales and services of educational depart.                              | 28,309                                      |                            |                                  | 155,551              |
| Auxilliary enterprise receipts   |   |                            |                                  | 2,247,514            |
| Payments for employee compensation                                     | (10,055,274)                                |                            |                                  | (186,759,943)        |
| Payments for benefits  | (4,124,889)                                 |                            |                                  | (76,367,083)         |
| Payments for utilities   | (801,568)                                   |                            |                                  | (12,376,388)         |
| Payments for supplies and services                                     | (4,980,362)                                 |                            | 21,933,163                       | (94,248,235)         |
| Payments for scholarships and fellowships                              | (1,775,888)                                 |                            |                                  | (57,356,472)         |
| Other receipts (payments)  | (336,609)                                   |                            |                                  | 1,044,126            |
| <b>Net cash used by operating activities</b>                           | <b>(14,527,420)</b>                         |                            | <b>7,320,004</b>                 | <b>(242,124,877)</b> |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES:</b>            |   |                            |                                  |                      |
| State appropriations   | 8,487,097                                   |                            |                                  | 132,677,629          |
| Gifts and grants for other than capital purposes                       | 6,462,881                                   |                            | (7,320,004)                      | 133,337,087          |
| Private gifts for endowment purposes                                   | 285,358                                     |                            |                                  | 655,358              |
| TOPS receipts  | 980,555                                     |                            |                                  | 8,127,068            |
| TOPS disbursements   | (980,555)                                   |                            |                                  | (8,127,068)          |
| FEMA receipts  |   |                            |                                  | 2,010,194            |
| Direct lending receipts  |   |                            |                                  | 146,010,854          |
| Direct lending disbursements   |   |                            |                                  | (146,010,854)        |
| Other receipts (disbursements)   | 535,413                                     | (\$936,761)                |                                  | 1,090,565            |
| <b>Net cash provided (used) by noncapital<br/>financing activities</b> | <b>15,770,749</b>                           | <b>(936,761)</b>           | <b>(7,320,004)</b>               | <b>269,770,833</b>   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</b>   |   |                            |                                  |                      |
| Proceeds from capital debt   |   | 156,430,408                |                                  | 156,430,408          |
| Capital appropriations received  | 478,115                                     | 41,982,558                 |                                  | 42,460,673           |
| Capital grants and gifts received                                      | 50,000                                      | 1,730,843                  |                                  | 1,780,843            |
| Purchases of capital assets  | (1,082,312)                                 | (37,414,510)               |                                  | (44,928,721)         |
| Principal paid on capital debt and leases                              |   | (16,710,000)               |                                  | (16,890,000)         |
| Interest paid on capital debt and leases                               |   | (17,303,131)               |                                  | (17,416,496)         |
| Deposit with trustees  |   | (147,771,141)              |                                  | (147,771,141)        |
| Other uses   |   | (5,691,493)                |                                  | (5,691,493)          |
| <b>Net cash used by capital and related<br/>financing activities</b>   | <b>(554,197)</b>                            | <b>(24,746,466)</b>        |                                  | <b>(32,025,927)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                           |   |                            |                                  |                      |
| Proceeds from sales and maturities                                     |   | 49,144,664                 |                                  | 49,158,772           |
| Interest received on investments                                       | 44,155                                      | 639,765                    |                                  | 1,389,748            |
| Purchase of investments  | (224,879)                                   | (36,249,289)               |                                  | (37,693,911)         |
| <b>Net cash provided (used) by<br/>investing activities</b>            | <b>(180,724)</b>                            | <b>13,535,140</b>          |                                  | <b>12,854,609</b>    |
| <b>Net Increase (decrease) in Cash</b>                                 | <b>508,408</b>                              | <b>(12,148,087)</b>        |                                  | <b>8,474,638</b>     |
| <b>CASH AND CASH EQUIVALENTS<br/>AT BEGINNING OF YEAR</b>              | <b>12,908,739</b>                           | <b>51,886,493</b>          |                                  | <b>176,362,764</b>   |
| <b>CASH AND CASH EQUIVALENTS<br/>AT END OF YEAR</b>                    | <b>\$13,417,147</b>                         | <b>\$39,738,406</b>        |                                  | <b>\$184,837,402</b> |

(Continued)

**LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA  
Combining Schedule of Cash Flows, by College  
For the Year Ended June 30, 2018**

|  | Board Office          | Baton Rouge<br>Community<br>College | Bossier Parish<br>Community<br>College | Central<br>Louisiana<br>Technical<br>Community<br>College | Delgado<br>Community<br>College | Elaine P. Nunez<br>Community<br>College |
|--|-----------------------|-------------------------------------|--|---|---------------------------------|---|
| <b>RECONCILIATION OF OPERATING<br/>LOSS TO NET CASH USED BY<br/>OPERATING ACTIVITIES:</b>    |                       |                                     |  |   |                                 |   |
| Operating loss   | (\$18,723,350)        | (\$34,520,468)                      | (\$26,196,402)                         | (\$11,774,194)  | (\$65,375,429)                  | (\$10,121,618)                          |
| Adjustments to reconcile operating loss to net cash<br>used by operating activities:         |                       |                                     |  |   |                                 |   |
| Depreciation expense   | 2,095,292             | 1,802,919                           | 1,188,979                              | 650,625   | 3,426,526                       | 931,298                                 |
| Nonemployer contributing entity revenue  | 72,279                | 165,467                             | 114,702                                | 46,445  | 382,281                         | 42,331                                  |
| Noncash capital expense  |                       | 116,042                             |  | (69,113)  |                                 |   |
| Changes in assets and liabilities:   |                       |                                     |  |   |                                 |   |
| (Increase) decrease in accounts receivable, net  | (760,751)             | 728,256                             | (518,383)                              | (347,246)   | (124,387)                       | 305,609                                 |
| (Increase) decrease in due from other funds  | 14,253                |                                     |  |   |                                 |   |
| (Increase) decrease in inventories   |                       |                                     |  |   |                                 |   |
| (Increase) decrease in prepaid expenses and advances   |                       | 23,808                              |  | (32,447)  | 18,925                          | 340,597                                 |
| (Increase) decrease in other assets  |                       |                                     | 80,355                                 |   |                                 | (2)                                     |
| (Increase) decrease in deferred outflows related to pensions                                 | 2,857,861             | 5,153,991                           | 4,076,064                              | (1,895,242)   | (6,700,274)                     | 748,045                                 |
| (Increase) decrease in deferred outflows related to OPEB                                     | 62,876                | 23,185                              | 4,812                                  | (371,060)   | (15,667)                        | 58,789                                  |
| Increase (decrease) in accounts payable and accrued liabilities                              | 996,383               | 30,554                              | 64,090                                 | (95,095)  | 1,479,622                       | 331,353                                 |
| Increase (decrease) in unearned revenue  | (5,736)               | 219,834                             | (73,191)                               | 352,903   | 111,953                         | 84,684                                  |
| Increase (decrease) in amounts held in custody for others                                    |                       | (13,876)                            | 179,253                                | (6,763)   | (24,165)                        | 5,108                                   |
| Increase (decrease) in compensated absences  | 295,979               | (149,001)                           | (49,509)                               | 115,160   | (29,203)                        | (24,423)                                |
| Increase (decrease) in net pension liability   | (3,790,056)           | (10,140,666)                        | (9,965,323)                            | 498,968   | 1,914,914                       | (1,398,323)                             |
| Increase (decrease) in Total OPEB liability (as restated)                                    | (438,485)             | (1,537,605)                         | (1,045,413)                            | (1,067,642)   | (3,434,118)                     | (447,432)                               |
| Increase (decrease) in other liabilities   |                       |                                     |  |   | (32,034)                        | 642                                     |
| Increase (decrease) in deferred inflows related to pensions                                  | 1,937,235             | 4,012,026                           | 3,914,317                              | 167,302   | 4,592,555                       | 416,271                                 |
| Increase (decrease) in deferred inflows related to OPEB                                      | 605,173               | 2,059,736                           | 1,521,241                              | 1,337,199   | 4,260,319                       | 570,901                                 |
| <b>Net cash used by operating activities:</b>  | <b>(\$14,781,047)</b> | <b>(\$32,025,798)</b>               | <b>(\$26,704,408)</b>                  | <b>(\$12,490,200)</b>                                     | <b>(\$59,548,182)</b>           | <b>(\$8,156,170)</b>                    |
| <b>RECONCILIATION OF CASH AND CASH<br/>EQUIVALENTS TO THE STATEMENT OF<br/>NET POSITION:</b> |                       |                                     |  |   |                                 |   |
| Cash and cash equivalents classified as current assets                                       | \$20,485,054          | \$15,634,602                        | \$6,615,842                            | \$1,419,522   | \$27,365,839                    | \$3,962,126                             |
| Cash and cash equivalents classified as noncurrent assets                                    |                       |                                     |  | 6,335   | 119,164                         | 230,350                                 |
| <b>Cash and cash equivalents<br/>at the end of the year</b>                                  | <b>\$20,485,054</b>   | <b>\$15,634,602</b>                 | <b>\$6,615,842</b>                     | <b>\$1,425,857</b>  | <b>\$27,485,003</b>             | <b>\$4,192,476</b>                      |
| <b>NONCASH INVESTING, CAPITAL, AND<br/>FINANCING ACTIVITIES</b>                              |                       |                                     |  |   |                                 |   |
| Capital appropriations for purchase of equipment, buildings, or land                         |                       | \$1,170,317                         |  |   | \$2,130,379                     | \$8,167,146                             |
| Noncash capital grant/gift of capital assets   |                       |                                     |  | \$150,000   |                                 | 2,887,290                               |
| Noncash grants and gifts   |                       |                                     |  |   |                                 |   |
| (Loss) on disposal of capital assets   |                       | (18,185)                            |  |   | (530)                           | (1,116)                                 |
| Unrealized (loss) on investments   |                       |                                     |  |   |                                 |   |
| (Decrease) in noncapital accounts and contracts payable                                      |                       |                                     |  |   |                                 |   |
| (Decrease) in accrued interest payable   |                       |                                     |  |   |                                 |   |
| Capitalized interest including capitalized amortization                                      |                       |                                     |  |   |                                 |   |
| Amortization of bond premium   |                       |                                     |  |   |                                 |   |
| Accretion of bond discount   |                       |                                     |  |   |                                 |   |
| Amortization of bond issuance costs  |                       |                                     |  |   |                                 |   |
| (Loss) on bond refunding   |                       |                                     |  |   |                                 |   |
| (Decrease) in capital accounts and retainage payable   |                       |                                     |  |   |                                 |   |
| (Increase) in nonoperating accounts receivables  |                       |                                     |  |   |                                 |   |
| (Increase) in restricted assets - other  |                       |                                     |  |   |                                 |   |

(Continued)

Schedule 7

| LCTCS<br>Online      | L.E. Fletcher<br>Technical<br>Community<br>College | Louisiana Delta<br>Community<br>College | Northshore<br>Technical<br>Community<br>College | Northwest<br>Louisiana<br>Technical<br>College | River Parishes<br>Community<br>College | South Central<br>Louisiana<br>Technical<br>College | South<br>Louisiana<br>Community<br>College |
|----------------------|--|---|---|--|--|--|--|
| (\$1,079,354)        | (\$7,416,756)                                      | (\$14,717,206)                          | (\$12,059,383)                                  | (\$6,427,105)                                  | (\$4,525,188)                          | (\$6,010,966)                                      | (\$27,981,019)                             |
| 91                   | 632,875<br>36,355                                  | 1,217,928<br>72,361                     | 261,832<br>63,289                               | 311,716<br>23,725<br>69,113                    | 169,980<br>27,568                      | 294,024<br>36,258                                  | 1,351,966<br>115,114                       |
| (15)                 | 231,457  | (1,557,779)                             | (89,729)  | 17,728   | (490,786)                              | (922,701)  | (172,686)                                  |
|                      | 771<br>(14,714)                                    | (3,172)                                 | (16,533)  | 375  |  | 4,479  | (7,384)                                    |
| 75,821               | 726,141<br>(16,435)                                | 2,757,303<br>(71,665)                   | (1,769,588)<br>68,885                           | 1,301,824<br>(78,695)                          | 508,485<br>(2,277)                     | 2,285,828<br>(16,552)                              | (906,222)<br>(157,817)                     |
| 112,463              | 459,375<br>381,527<br>(3,997)                      | 246,920<br>(49,565)<br>(52,219)         | 215,132<br>166,759<br>(21,588)                  | 406,019<br>(54,730)<br>(12,049)                | 12,728<br>112,971<br>58,615            | 34,860<br>(687,519)<br>(27,704)                    | 329,955<br>(85,855)<br>2,878               |
| (904)<br>(860,994)   | 23,892<br>(1,867,439)<br>(403,456)                 | 136,341<br>(9,304,068)<br>(1,018,447)   | 83,825<br>858,573<br>(483,499)                  | (90,593)<br>(7,181,886)<br>(541,270)           | 61,161<br>(1,636,992)<br>(273,516)     | (293,025)<br>(3,678,002)<br>(424,119)              | 319,525<br>(44,504)<br>(1,569,754)         |
| 579,195              | 566,055<br>529,867                                 | 4,673,390<br>1,223,799                  | 792,897<br>582,920                              | 4,169,757<br>650,407                           | 241,863<br>395,243                     | 1,331,708<br>513,799                               | 1,143,786<br>1,886,268                     |
| <u>(\$1,173,697)</u> | <u>(\$6,134,482)</u>                               | <u>(\$16,446,079)</u>                   | <u>(\$11,346,208)</u>                           | <u>(\$7,435,664)</u>                           | <u>(\$5,340,145)</u>                   | <u>(\$7,559,632)</u>                               | <u>(\$25,775,749)</u>                      |

|                  |                    |                    |                        |                    |                       |                    |                     |
|------------------|--------------------|--------------------|------------------------|--------------------|-----------------------|--------------------|---------------------|
| \$471,355        | \$6,220,528        | \$1,940,453<br>738 | \$5,667,037<br>140,114 | \$3,625,152        | \$7,034,490<br>10,000 | \$2,312,436        | \$28,420,712        |
| <u>\$471,355</u> | <u>\$6,220,528</u> | <u>\$1,941,191</u> | <u>\$5,807,151</u>     | <u>\$3,625,152</u> | <u>\$7,044,490</u>    | <u>\$2,312,436</u> | <u>\$28,420,712</u> |

|           |  |          |           |           |          |             |             |
|-----------|--|----------|-----------|-----------|----------|-------------|-------------|
| \$270,854 |  | \$72,361 | \$834,483 | \$181,360 | \$34,847 |             |             |
| (20,495)  |  | (32,958) |           |           |          | (\$270,854) | (\$306,081) |
| 3,107     |  |          |           |           |          |             | 25,752      |

13,370



**LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA  
Combining Schedule of Cash Flows, by College  
For the Year Ended June 30, 2018**

|  | SOWELA<br>Technical<br>Community<br>College | Facilities<br>Corporations | System<br>Eliminating<br>Entries | Total<br>Per System    |
|--|---|----------------------------|----------------------------------|------------------------|
| <b>RECONCILIATION OF OPERATING<br/>LOSS TO NET CASH USED BY<br/>OPERATING ACTIVITIES:</b>    |   |                            |                                  |                        |
| Operating loss   | (\$18,043,512)                              | (\$13,277,354)             | \$7,320,004                      | (\$270,929,300)        |
| Adjustments to reconcile operating loss to net cash<br>used by operating activities:         |   |                            |                                  |                        |
| Depreciation expense   | 2,013,723                                   | 13,277,354                 |                                  | 29,627,037             |
| Nonemployer contributing entity revenue  | 77,614                                      |                            |                                  | 1,275,880              |
| Noncash capital expense  |   |                            |                                  | 116,042                |
| Changes in assets and liabilities:   |   |                            |                                  |                        |
| (Increase) decrease in accounts receivable, net  | (308,071)                                   |                            |                                  | (4,009,484)            |
| (Increase) decrease in due from other funds  |   |                            |                                  | 14,253                 |
| (Increase) decrease in inventories   |   |                            |                                  | (3,172)                |
| (Increase) decrease in prepaid expenses and advances   |   |                            |                                  | 332,591                |
| (Increase) decrease in other assets  |   |                            |                                  | 65,639                 |
| (Increase) decrease in deferred outflows related to pensions                                 | (1,658,024)                                 |                            |                                  | 7,562,013              |
| (Increase) decrease in deferred outflows related to OPEB                                     | 16,979                                      |                            |                                  | (494,642)              |
| Increase (decrease) in accounts payable and accrued liabilities                              | 705,271                                     |                            |                                  | 5,329,630              |
| Increase (decrease) in unearned revenue  | 135,678                                     |                            |                                  | 609,713                |
| Increase (decrease) in amounts held in custody for others                                    | (2,891)                                     |                            |                                  | 80,602                 |
| Increase (decrease) in compensated absences  | 10,260                                      |                            |                                  | 409,485                |
| Increase (decrease) in net pension liability   | 1,215,621                                   |                            |                                  | (45,380,177)           |
| Increase (decrease) in Total OPEB liability (as restated)                                    | (704,058)                                   |                            |                                  | (13,388,814)           |
| Increase (decrease) in other liabilities   |   |                            |                                  | (31,392)               |
| Increase (decrease) in deferred inflows related to pensions                                  | 1,125,470                                   |                            |                                  | 29,663,827             |
| Increase (decrease) in deferred inflows related to OPEB                                      | 888,520                                     |                            |                                  | 17,025,392             |
| <b>Net cash used by operating activities:</b>  | <u>(\$14,527,420)</u>                       |                            | <u>\$7,320,004</u>               | <u>(\$242,124,877)</u> |
| <b>RECONCILIATION OF CASH AND CASH<br/>EQUIVALENTS TO THE STATEMENT OF<br/>NET POSITION:</b> |   |                            |                                  |                        |
| Cash and cash equivalents classified as current assets                                       | \$13,417,147                                |                            |                                  | \$144,592,295          |
| Cash and cash equivalents classified as noncurrent assets                                    |   | \$39,738,406               |                                  | 40,245,107             |
| <b>Cash and cash equivalents<br/>at the end of the year</b>                                  | <u>\$13,417,147</u>                         | <u>\$39,738,406</u>        |                                  | <u>\$184,837,402</u>   |
| <b>NONCASH INVESTING, CAPITAL, AND<br/>FINANCING ACTIVITIES</b>                              |   |                            |                                  |                        |
| Capital appropriations for purchase of equipment, buildings, or land                         | \$1,299,800                                 |                            |                                  | \$12,767,642           |
| Noncash capital grant/gift of capital assets   |   |                            |                                  | 4,177,474              |
| Noncash grants and gifts   |   |                            |                                  | 253,721                |
| Loss on disposal of capital assets   |   |                            |                                  | (650,219)              |
| Unrealized loss on investments   |   | (\$2,209,803)              |                                  | (2,180,944)            |
| Decrease in noncapital accounts and contracts payable  |   | (83,969)                   |                                  | (83,969)               |
| Decrease in accrued interest payable   |   | (353,411)                  |                                  | (353,411)              |
| Capitalized interest including capitalized amortization                                      |   | 4,111,348                  |                                  | 4,111,348              |
| Amortization of bond premium   |   | 1,179,180                  |                                  | 1,179,180              |
| Accretion of bond discount   |   | 1,049,304                  |                                  | 1,049,304              |
| Amortization of bond issuance costs  |   | 250,975                    |                                  | 250,975                |
| Loss on bond refunding   |   | (7,126,601)                |                                  | (7,126,601)            |
| Decrease in capital accounts and retainage payable   | (276,863)                                   | (4,492,360)                |                                  | (4,755,853)            |
| (Increase) in nonoperating accounts receivables  |   | (105,155)                  |                                  | (105,155)              |
| (Increase) in restricted assets - other  |   | (5,218)                    |                                  | (5,218)                |
| <b>(Concluded)</b>   |   |                            |                                  |                        |

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

**Combining Schedule of Net Position, by College  
June 30, 2017**

|   | Board Office         | Baton Rouge<br>Community<br>College | Bossier Parish<br>Community<br>College | Central<br>Louisiana<br>Technical<br>Community<br>College | Delgado<br>Community<br>College | Elaine P. Nunez<br>Community<br>College |
|---|----------------------|-------------------------------------|--|---|---------------------------------|---|
| <b>ASSETS</b>                               |                      |                                     |  |   |                                 |   |
| Current Assets                              |                      |                                     |  |   |                                 |   |
| Cash and cash equivalents                   | \$18,600,449         | \$12,706,895                        | \$3,791,813                            | \$1,749,102   | \$21,227,027                    | \$2,714,792                             |
| Receivables, net                            | 468,630              | 2,913,302                           | 3,151,895                              | 865,570   | 4,170,368                       | 552,179                                 |
| Due from State Treasury                     | 495,289              |                                     |  |   |                                 |   |
| Due from Federal Government                 | 7,036,910            | 284,476                             | 79,187                                 | 477,567   | 2,639,831                       | 1,969,537                               |
| Due from LCTCS Colleges/LCTCS               | 2,856,791            | 438,039                             | 217,251                                | 146,874   | 899,083                         | 94,243                                  |
| Inventories                                 |                      |                                     |  |   |                                 |   |
| Prepaid expenses and advances               |                      | 275,249                             |  | 11,347  | 75,233                          | 424,422                                 |
| Other current assets                        |                      |                                     | 80,355                                 |   |                                 | 19,266                                  |
| <b>Total current assets</b>                 | <b>29,458,069</b>    | <b>16,617,961</b>                   | <b>7,320,501</b>                       | <b>3,250,460</b>  | <b>29,011,542</b>               | <b>5,774,439</b>                        |
| Noncurrent Assets                           |                      |                                     |  |   |                                 |   |
| Restricted assets:                          |                      |                                     |  |   |                                 |   |
| Cash and cash equivalents                   |                      |                                     | 443,754                                |   | 388,567                         | 217,774                                 |
| Investments                                 |                      | 362,703                             | 352,405                                | 289,536   | 4,203,452                       | 271,184                                 |
| Receivables, net                            |                      |                                     |  |   |                                 |   |
| Other                                       |                      |                                     |  |   |                                 |   |
| Investments                                 |                      |                                     |  |   |                                 |   |
| Capital assets, net                         | 9,423,746            | 46,295,831                          | 21,484,895                             | 5,943,817   | 66,643,186                      | 28,854,183                              |
| Other noncurrent assets                     |                      |                                     |  |   |                                 |   |
| <b>Total noncurrent assets</b>              | <b>9,423,746</b>     | <b>46,658,534</b>                   | <b>22,281,054</b>                      | <b>6,233,353</b>  | <b>71,235,205</b>               | <b>29,343,141</b>                       |
| <b>Total Assets</b>                         | <b>38,881,815</b>    | <b>63,276,495</b>                   | <b>29,601,555</b>                      | <b>9,483,813</b>  | <b>100,246,747</b>              | <b>35,117,580</b>                       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                      |                                     |  |   |                                 |   |
| Deferred outflows related to pensions       | 8,464,235            | 14,913,396                          | 11,801,583                             | 2,603,341   | 24,428,003                      | 3,574,214                               |
| <b>Total deferred outflows of resources</b> | <b>8,464,235</b>     | <b>14,913,396</b>                   | <b>11,801,583</b>                      | <b>2,603,341</b>  | <b>24,428,003</b>               | <b>3,574,214</b>                        |
| <b>LIABILITIES</b>                          |                      |                                     |  |   |                                 |   |
| Current Liabilities                         |                      |                                     |  |   |                                 |   |
| Accounts payable and accruals               | 12,297,926           | 3,060,550                           | 2,079,817                              | 1,263,637   | 3,161,863                       | 384,876                                 |
| Due to federal government                   |                      |                                     | 585                                    | 7,215   |                                 |   |
| Due to LCTCS College/LCTCS                  | 3,193,637            | 338,115                             | 282,300                                | 208,544   | 604,195                         | 91,455                                  |
| Unearned revenues                           | 139,429              | 1,090,841                           | 879,861                                | 434,444   | 3,765,780                       | 319,367                                 |
| Amounts held in custody for others          |                      | 23,651                              | 684,744                                | 50,952  | 215,087                         | 21,299                                  |
| Compensated absences payable                | 110,022              | 259,021                             | 165,319                                | 70,101  | 225,261                         | 19,584                                  |
| Capital lease obligations                   |                      |                                     |  |   | 90,000                          |   |
| Bonds payable, net                          |                      |                                     |  |   |                                 |   |
| Other current liabilities                   |                      |                                     |  |   | 76,163                          |   |
| <b>Total current liabilities</b>            | <b>15,741,014</b>    | <b>4,772,178</b>                    | <b>4,092,626</b>                       | <b>2,034,893</b>  | <b>8,138,349</b>                | <b>836,581</b>                          |
| Noncurrent Liabilities                      |                      |                                     |  |   |                                 |   |
| Compensated absences payable                | 1,383,960            | 2,738,337                           | 1,939,429                              | 553,222   | 4,585,077                       | 642,561                                 |
| Capital lease obligations                   |                      |                                     |  |   | 2,655,000                       |   |
| Net pension liability                       | 28,914,288           | 65,146,053                          | 49,562,480                             | 13,603,812  | 121,448,303                     | 14,611,252                              |
| OPEB payable                                | 4,925,647            | 23,334,636                          | 20,305,139                             | 7,339,197   | 44,431,820                      | 6,077,501                               |
| Bonds payable, net                          |                      |                                     |  |   |                                 |   |
| <b>Total noncurrent liabilities</b>         | <b>35,223,895</b>    | <b>91,219,026</b>                   | <b>71,807,048</b>                      | <b>21,496,231</b>   | <b>173,120,200</b>              | <b>21,331,314</b>                       |
| <b>Total Liabilities</b>                    | <b>50,964,909</b>    | <b>95,991,204</b>                   | <b>75,899,674</b>                      | <b>23,531,124</b>   | <b>181,258,549</b>              | <b>22,167,895</b>                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                      |                                     |  |   |                                 |   |
| Deferred inflows related to pensions        | 1,319,442            | 1,432,590                           | 2,025,993                              | 1,842,549   | 7,066,764                       | 391,253                                 |
| <b>Total deferred inflows of resources</b>  | <b>1,319,442</b>     | <b>1,432,590</b>                    | <b>2,025,993</b>                       | <b>1,842,549</b>  | <b>7,066,764</b>                | <b>391,253</b>                          |
| <b>NET POSITION</b>                         |                      |                                     |  |   |                                 |   |
| Net investment in capital assets            | 9,423,746            | 46,295,831                          | 21,484,895                             | 5,943,817   | 63,898,186                      | 28,854,183                              |
| Restricted:                                 |                      |                                     |  |   |                                 |   |
| Nonexpendable                               |                      | 240,000                             | 770,000                                | 289,536   | 3,187,105                       | 569,774                                 |
| Expendable                                  | 1,063,340            | 6,847,968                           | 2,260,119                              | 2,451,959   | 20,190,356                      | 3,377,864                               |
| Unrestricted                                | (15,425,387)         | (72,617,702)                        | (61,037,543)                           | (21,971,831)  | (150,926,210)                   | (16,669,175)                            |
| <b>Total Net Position</b>                   | <b>(\$4,938,301)</b> | <b>(\$19,233,903)</b>               | <b>(\$36,522,529)</b>                  | <b>(\$13,286,519)</b>                                     | <b>(\$63,650,563)</b>           | <b>\$16,132,646</b>                     |

(Continued)

Schedule 8

| 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 |
|---------------|---|-----------------------------------|--|---------------------------------------|----------------------------------|---|-----------------------------------|------------------------------------|
| \$358,907     | \$4,283,761<br>910,990                    | \$1,694,020<br>2,196,282          | \$4,218,558<br>576,274                 | \$4,807,555<br>651,091                | \$5,353,039<br>1,013,764         | \$3,158,003<br>810,319                    | \$25,762,362<br>895,522           | \$12,893,739<br>1,659,993          |
|               | 99,246                                    | 366,704<br>282,185<br>7,112       | 162,144<br>186,480                     | 8,916<br>157,598                      | 304,222<br>169,853               | 252,803<br>155,504                        | 1,199,989<br>817,512              | 87,056<br>122,357                  |
|               | 22,838<br>5,200                           |                                   | 32,070                                 | 5,902                                 | 37,949                           | 4,479                                     | 1,162                             |                                    |
| 358,907       | 5,322,035                                 | 4,546,303                         | 5,175,526                              | 5,631,062                             | 6,878,827                        | 4,381,108                                 | 28,676,547                        | 14,763,145                         |
|               | 256,659                                   | 1,154<br>639,478                  | 80,000                                 |                                       | 10,000                           |   | 793,534                           | 15,000<br>508,143                  |
|               | 17,863,994                                | 7,923,956                         | 2,986,771                              | 4,752,438                             | 2,208,601                        | 3,571,103                                 | 9,193,123                         | 46,970<br>43,571,749               |
|               | 18,120,653                                | 8,564,588                         | 3,066,771                              | 4,752,438                             | 2,218,601                        | 3,571,103                                 | 9,986,657                         | 44,141,862                         |
| 358,907       | 23,442,688                                | 13,110,891                        | 8,242,297                              | 10,383,500                            | 9,097,428                        | 7,952,211                                 | 38,663,204                        | 58,905,007                         |
| 203,525       | 2,972,625                                 | 8,835,375                         | 4,387,230                              | 2,888,235                             | 2,331,351                        | 4,308,646                                 | 7,784,119                         | 6,176,230                          |
| 203,525       | 2,972,625                                 | 8,835,375                         | 4,387,230                              | 2,888,235                             | 2,331,351                        | 4,308,646                                 | 7,784,119                         | 6,176,230                          |
| 41            | 538,942                                   | 1,267,900                         | 766,037                                | 118,739                               | 140,994                          | 891,516                                   | 2,697,187                         | 1,600,955                          |
| 358,866       | 99,095<br>486,576                         | 189,641<br>470,187                | 129,160<br>197,280                     | 83,265<br>207,569                     | 125,859<br>214,735               | 87,216<br>687,519                         | 244,300<br>1,217,427              | 143,467<br>569,814                 |
|               | 4,479                                     | 73,633                            | 41,266                                 | 89,073                                | 32,343                           | 47,024                                    | 68,942                            | 17,902                             |
| 4,120         | 43,694                                    | 129,086                           | 57,113                                 | 199,072                               | 20,444                           | 46,043                                    | 149,737                           | 29,925                             |
| 363,027       | 1,172,786                                 | 2,130,447                         | 1,190,856                              | 697,718                               | 534,375                          | 1,759,318                                 | 4,377,593                         | 2,362,063                          |
| 21,407        | 537,249                                   | 858,359                           | 600,359                                | 354,956                               | 401,304                          | 593,258                                   | 1,293,285                         | 997,393                            |
| 885,086       | 13,591,482<br>4,800,734                   | 32,619,727<br>10,953,602          | 18,891,614<br>6,376,111                | 15,229,872<br>7,264,070               | 10,570,465<br>4,431,904          | 16,380,498<br>6,967,504                   | 38,549,846<br>17,484,827          | 21,781,791<br>7,745,625            |
| 906,493       | 18,929,465                                | 44,431,688                        | 25,868,084                             | 22,848,898                            | 15,403,673                       | 23,941,260                                | 57,327,958                        | 30,524,809                         |
| 1,269,520     | 20,102,251                                | 46,562,135                        | 27,058,940                             | 23,546,616                            | 15,938,048                       | 25,700,578                                | 61,705,551                        | 32,886,872                         |
| 348,336       | 679,920                                   | 1,275,368                         | 583,701                                | 1,243,402                             | 795,208                          | 479,579                                   | 1,211,423                         | 587,437                            |
| 348,336       | 679,920                                   | 1,275,368                         | 583,701                                | 1,243,402                             | 795,208                          | 479,579                                   | 1,211,423                         | 587,437                            |
|               | 17,863,994                                | 7,923,956                         | 2,986,771                              | 4,752,438                             | 2,208,601                        | 3,571,103                                 | 9,193,123                         | 43,571,749                         |
|               | 230,000                                   | 535,772                           | 80,000                                 |                                       | 10,000                           |   | 770,000                           | 500,000                            |
|               | 2,693,453                                 | 1,347,746                         | 2,304,858                              | 2,297,570                             | 3,084,094                        | 1,578,979                                 | 12,692,052                        | 4,626,623                          |
| (1,055,424)   | (15,154,305)                              | (35,698,711)                      | (20,384,743)                           | (18,568,291)                          | (10,607,172)                     | (19,069,382)                              | (39,124,826)                      | (17,091,444)                       |
| (\$1,055,424) | \$5,633,142                               | (\$25,891,237)                    | (\$15,013,114)                         | (\$11,518,283)                        | (\$5,304,477)                    | (\$13,919,300)                            | (\$16,469,651)                    | \$31,606,928                       |



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

**Combining Schedule of Net Position, by College  
June 30, 2017**

|   | Facilities<br>Corporations | System<br>Eliminating<br>Entries | Total<br>Per System |
|---|----------------------------|----------------------------------|---------------------|
| <b>ASSETS</b>                               |                            |                                  |                     |
| Current Assets                              |                            |                                  |                     |
| Cash and cash equivalents                   |                            |                                  | \$123,320,022       |
| Receivables, net                            |                            |                                  | 20,836,179          |
| Due from State Treasury                     |                            |                                  | 495,289             |
| Due from Federal Government                 |                            |                                  | 14,869,342          |
| Due from LCTCS Colleges/LCTCS               |                            | (\$6,643,016)                    |                     |
| Inventories                                 |                            |                                  | 7,112               |
| Prepaid expenses and advances               |                            |                                  | 890,651             |
| Other current assets                        |                            |                                  | 104,821             |
| Total current assets                        |                            | (6,643,016)                      | 160,523,416         |
| Noncurrent Assets                           |                            |                                  |                     |
| Restricted assets:                          |                            |                                  |                     |
| Cash and cash equivalents                   | \$51,886,493               |                                  | 53,042,742          |
| Investments                                 | 71,960,095                 |                                  | 79,637,189          |
| Receivables, net                            | 3,642,677                  |                                  | 3,642,677           |
| Other                                       | 588,033                    |                                  | 588,033             |
| Investments                                 |                            |                                  | 46,970              |
| Capital assets, net                         | 384,772,605                | (18,361,172)                     | 637,128,826         |
| Other noncurrent assets                     | 3,501,880                  |                                  | 3,501,880           |
| Total noncurrent assets                     | 516,351,783                | (18,361,172)                     | 777,588,317         |
| <b>Total Assets</b>                         | 516,351,783                | (25,004,188)                     | 938,111,733         |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                            |                                  |                     |
| Deferred outflows related to pensions       |                            |                                  | 105,672,108         |
| <b>Total deferred outflows of resources</b> |                            |                                  | 105,672,108         |
| <b>LIABILITIES</b>                          |                            |                                  |                     |
| Current Liabilities                         |                            |                                  |                     |
| Accounts payable and accruals               | 3,937,552                  |                                  | 34,208,532          |
| Due to federal government                   |                            |                                  | 7,800               |
| Due to LCTCS College/LCTCS                  | 463,901                    | (6,643,016)                      |                     |
| Unearned revenues                           |                            |                                  | 10,680,829          |
| Amounts held in custody for others          |                            |                                  | 1,370,395           |
| Compensated absences payable                |                            |                                  | 1,528,542           |
| Capital lease obligations                   |                            |                                  | 90,000              |
| Bonds payable, net                          | 16,710,000                 |                                  | 16,710,000          |
| Other current liabilities                   | 7,448,884                  |                                  | 7,525,047           |
| Total current liabilities                   | 28,560,337                 | (6,643,016)                      | 72,121,145          |
| Noncurrent Liabilities                      |                            |                                  |                     |
| Compensated absences payable                |                            |                                  | 17,500,156          |
| Capital lease obligations                   |                            |                                  | 2,655,000           |
| Net pension liability                       |                            |                                  | 461,786,569         |
| OPEB payable                                |                            |                                  | 172,438,317         |
| Bonds payable, net                          | 406,774,432                |                                  | 406,774,432         |
| Total noncurrent liabilities                | 406,774,432                |                                  | 1,061,154,474       |
| <b>Total Liabilities</b>                    | 435,334,769                | (6,643,016)                      | 1,133,275,619       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |                                  |                     |
| Deferred inflows related to pensions        |                            |                                  | 21,282,965          |
| <b>Total deferred inflows of resources</b>  |                            |                                  | 21,282,965          |
| <b>NET POSITION</b>                         |                            |                                  |                     |
| Net investment in capital assets            | 12,332,571                 | (18,361,172)                     | 261,943,792         |
| Restricted:                                 |                            |                                  |                     |
| Nonexpendable                               |                            |                                  | 7,182,187           |
| Expendable                                  | 68,684,443                 |                                  | 135,501,424         |
| Unrestricted                                |                            |                                  | (515,402,146)       |
| <b>Total Net Position</b>                   | \$81,017,014               | (\$18,361,172)                   | (\$110,774,743)     |

(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, 2017**

|  | Board Office         | Baton Rouge<br>Community<br>College | Bossier Parish<br>Community<br>College | Central<br>Louisiana<br>Technical<br>Community<br>College | Delgado<br>Community<br>College | Elaine P. Nunez<br>Community<br>College |
|--|----------------------|-------------------------------------|--|---|---------------------------------|---|
| <b>OPERATING REVENUES</b>                                |                      |                                     |  |   |                                 |   |
| Student tuition and fees                                 |                      | \$29,595,856                        | \$24,298,802                           | \$7,049,316   | \$56,533,144                    | \$6,654,279                             |
| Less scholarship allowances                              |                      | (14,134,307)                        | (7,857,858)                            | (4,790,813)   | (17,148,754)                    | (3,296,955)                             |
| Net student tuition and fees                             |                      | 15,461,549                          | 16,440,944                             | 2,258,503   | 39,384,390                      | 3,357,324                               |
| Federal grants and contracts                             | \$29,798,647         | 2,522,742                           | 3,468,962                              | 2,098,963   | 5,611,133                       | 851,082                                 |
| State and local grants and contracts                     | 5,365,646            | 500,333                             | 1,857,060                              | 407,099   | 1,302,965                       | 639,943                                 |
| Nongovernmental grants and contracts                     | 312,902              | 150,009                             | 235,960                                |   | 3,369,990                       | 2,325                                   |
| Sales and services of educational departments            |                      | 713                                 | 81,100                                 |   |                                 | 33,901                                  |
| Interagency revenue                                      | 8,856,624            | 173,844                             | 154,605                                | 8,787   | 49,238                          | 4,200                                   |
| Auxiliary enterprise revenues                            |                      | 258,098                             | 375,110                                | 69,613  | 1,356,835                       | 74,149                                  |
| Other operating revenues                                 | 239,881              | 45,768                              | 38,666                                 | 10,091  | 230,665                         | 15,193                                  |
| <b>Total operating revenues</b>                          | <b>44,573,700</b>    | <b>19,113,056</b>                   | <b>22,652,407</b>                      | <b>4,853,056</b>  | <b>51,305,216</b>               | <b>4,978,117</b>                        |
| <b>OPERATING EXPENSES</b>                                |                      |                                     |  |   |                                 |   |
| Educational and general:                                 |                      |                                     |  |   |                                 |   |
| Instruction  |                      | 22,605,084                          | 21,628,747                             | 6,506,380   | 49,873,539                      | 5,712,064                               |
| Public service   |                      |                                     | 1,778,532                              |   |                                 |   |
| Academic support   | 39,312,837           | 5,361,615                           | 2,368,534                              | 1,263,565   | 8,558,002                       | 768,190                                 |
| Student services   |                      | 7,850,784                           | 3,031,627                              | 1,195,585   | 6,539,689                       | 741,550                                 |
| Institutional support                                    | 21,297,602           | 7,849,402                           | 6,584,072                              | 2,629,932   | 17,857,288                      | 2,500,769                               |
| Operations and maintenance of plant                      | 202,811              | 7,396,691                           | 3,402,785                              | 1,310,222   | 10,909,856                      | 1,786,277                               |
| Depreciation   | 2,039,954            | 1,908,389                           | 965,180                                | 416,615   | 3,395,148                       | 874,967                                 |
| Scholarships and fellowships                             |                      | 5,022,649                           | 10,831,870                             | 605,023   | 22,036,119                      | 2,044,091                               |
| Auxiliary enterprises                                    |                      | 75,092                              | 864,042                                | 265,945   | 1,843,996                       | 47,089                                  |
| Interagency expense                                      | 202,226              | 1,246,763                           | 1,023,636                              | 276,553   | 2,250,266                       | 305,499                                 |
| Other operating expenses                                 |                      |                                     |  |   | 466,895                         | 1,097                                   |
| <b>Total operating expenses</b>                          | <b>63,055,430</b>    | <b>59,316,469</b>                   | <b>52,479,025</b>                      | <b>14,469,820</b>   | <b>123,730,798</b>              | <b>14,781,593</b>                       |
| <b>OPERATING LOSS</b>                                    | <b>(18,481,730)</b>  | <b>(40,203,413)</b>                 | <b>(29,826,618)</b>                    | <b>(9,616,764)</b>  | <b>(72,425,582)</b>             | <b>(9,803,476)</b>                      |
| <b>NONOPERATING REVENUES (Expenses)</b>                  |                      |                                     |  |   |                                 |   |
| State appropriations                                     | 16,990,194           | 15,295,813                          | 10,788,918                             | 5,351,543   | 26,242,752                      | 3,524,395                               |
| Gifts  | 97,352               |                                     |  | 34,870  |                                 | 13,000                                  |
| Federal nonoperating revenues (expenses)                 |                      | 15,331,940                          | 15,305,678                             | 3,195,140   | 41,779,915                      | 5,050,044                               |
| Net investment income (loss)                             | 1,760                | 42,473                              | 12,373                                 | 288   | 430,827                         | 49,618                                  |
| Interest expense   |                      |                                     |  |   | (128,086)                       |   |
| Other nonoperating revenues (expenses)                   | 108,817              | 1,872,423                           | 1,804,329                              | 855,523   | 1,471,439                       | 564,207                                 |
| <b>Net nonoperating revenues (expenses)</b>              | <b>17,198,123</b>    | <b>32,542,649</b>                   | <b>27,911,298</b>                      | <b>9,437,364</b>  | <b>69,796,847</b>               | <b>9,201,264</b>                        |
| <b>Income (loss) before other revenues and additions</b> | <b>(1,283,607)</b>   | <b>(7,660,764)</b>                  | <b>(1,915,320)</b>                     | <b>(179,400)</b>  | <b>(2,628,735)</b>              | <b>(602,212)</b>                        |
| Capital appropriations                                   |                      | 2,349,333                           | 148,498                                |   | 2,221,082                       | 3,240,436                               |
| Capital grants and gifts                                 |                      |                                     |  | 50,886  | 510,714                         |   |
| Additions to permanent endowment                         |                      |                                     | 320,000                                | 400   | 405,000                         |   |
| Other additions (deductions), net                        |                      |                                     |  |   | (3,504)                         |   |
| <b>Increase (decrease) in net position</b>               | <b>(1,283,607)</b>   | <b>(5,311,431)</b>                  | <b>(1,446,822)</b>                     | <b>(128,114)</b>  | <b>504,557</b>                  | <b>2,638,224</b>                        |
| <b>NET POSITION - BEGINNING OF YEAR</b>                  |                      |                                     |  |   |                                 |   |
| (restated)   | (3,654,694)          | (13,922,472)                        | (35,075,707)                           | (13,158,405)  | (64,155,120)                    | 13,494,422                              |
| <b>NET POSITION - END OF YEAR</b>                        | <b>(\$4,938,301)</b> | <b>(\$19,233,903)</b>               | <b>(\$36,522,529)</b>                  | <b>(\$13,286,519)</b>                                     | <b>(\$63,650,563)</b>           | <b>\$16,132,646</b>                     |

(Continued)

Schedule 9

| 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 |
|---------------|---|-----------------------------------|--|---------------------------------------|----------------------------------|---|-----------------------------------|------------------------------------|
|               | \$6,777,974                               | \$12,786,085                      | \$10,605,043                           | \$5,185,194                           | \$6,980,446                      | \$5,009,888                               | \$24,032,198                      | \$12,014,549                       |
|               | (1,289,568)                               | (7,545,290)                       | (5,135,767)                            | (3,375,215)                           | (2,640,715)                      | (2,023,081)                               | (10,953,323)                      | (5,283,743)                        |
|               | 5,488,406                                 | 5,240,795                         | 5,469,276                              | 1,809,979                             | 4,339,731                        | 2,986,807                                 | 13,078,875                        | 6,730,806                          |
|               | 417,788                                   | 2,672,004                         | 1,355,641                              | 798,495                               | 604,642                          | 1,339,426                                 | 1,792,408                         | 714,880                            |
|               | 516,387                                   | 3,365,974                         | 428,067                                | 84,254                                | 121,351                          | 726,388                                   | 544,715                           | 126,467                            |
|               | 32,936                                    | 74,328                            | 26,092                                 | 40,131                                | 21,425                           | 383,287                                   |                                   | 124,813                            |
|               | -   | 6,310                             | 2,753                                  | 9,058                                 |                                  |   | 7,916                             | 11,218                             |
|               | 40,913                                    | 6,169                             | 27,480                                 | 4,707                                 | 66,488                           | 14,236                                    | 13,232                            | 14,960                             |
|               | 44,819                                    | 94,089                            | 38,952                                 |                                       | 5,424                            |   |                                   |                                    |
|               | 64  |                                   | 58,112                                 |                                       | 584                              |   | 16,074                            | 61,565                             |
|               | 6,541,313                                 | 11,459,669                        | 7,406,373                              | 2,746,624                             | 5,159,645                        | 5,450,144                                 | 15,453,220                        | 7,784,709                          |
|               | 3,804,313                                 | 11,113,498                        | 7,753,196                              | 5,582,912                             | 4,077,930                        | 7,491,573                                 | 16,476,167                        | 10,657,640                         |
| \$853,747     | 1,865,374                                 | 5,287,510                         | 1,678,499                              | 447,240                               | 834,700                          | 848,145                                   | 4,339,456                         | 2,036,056                          |
|               | 816,162                                   | 2,529,450                         | 1,617,593                              | 1,327,247                             | 870,266                          | 1,229,704                                 | 4,023,970                         | 1,699,191                          |
| 4,987         | 2,419,964                                 | 5,877,969                         | 3,154,866                              | 2,608,224                             | 1,950,994                        | 3,299,714                                 | 5,598,885                         | 4,065,914                          |
|               | 853,946                                   | 2,557,584                         | 1,100,123                              | 931,717                               | 801,514                          | 1,043,740                                 | 5,280,521                         | 2,413,798                          |
|               | 887,609                                   | 682,831                           | 217,682                                | 435,389                               | 166,786                          | 372,655                                   | 1,782,662                         | 1,681,704                          |
|               | 2,595,111                                 | 451,501                           | 2,225,421                              | 1,898,889                             | 1,162,796                        | 860,891                                   | 3,427,437                         | 1,784,663                          |
|               | 1,747                                     | 103,244                           | 37,876                                 |                                       |                                  |   |                                   |                                    |
| 436,085       | 393,723                                   | 558,256                           | 394,359                                | 323,180                               | 350,209                          | 275,960                                   | 911,077                           | 487,691                            |
| 1,294,819     | 13,637,949                                | 29,161,843                        | 18,179,615                             | 13,554,798                            | 10,215,195                       | 15,422,382                                | 41,840,175                        | 24,826,657                         |
| (1,294,819)   | (7,096,636)                               | (17,702,174)                      | (10,773,242)                           | (10,808,174)                          | (5,055,550)                      | (9,972,238)                               | (26,386,955)                      | (17,041,948)                       |
| 1,266,403     | 3,235,815                                 | 7,884,645                         | 5,163,637                              | 6,238,283                             | 3,262,715                        | 4,103,752                                 | 12,643,119                        | 7,483,889                          |
|               | 96,214                                    |                                   | 3,256                                  |                                       |                                  | 13,074                                    | 28,637                            | 463,475                            |
|               | 3,454,193                                 | 7,072,152                         | 5,354,556                              | 4,344,595                             | 2,210,652                        | 2,272,119                                 | 12,382,768                        | 5,407,314                          |
|               | 8,896                                     | 42,280                            | 6,488                                  |                                       |                                  | 4,575                                     | 29,538                            | 61,638                             |
| 2,880         | 601,211                                   | 932,128                           | 856,798                                | 1,019,311                             | 378,480                          | 580,337                                   | 1,183,500                         | 1,617,690                          |
| 1,269,283     | 7,396,329                                 | 15,931,205                        | 11,384,735                             | 11,602,189                            | 5,851,847                        | 6,973,857                                 | 26,267,562                        | 15,034,006                         |
| (25,536)      | 299,693                                   | (1,770,969)                       | 611,493                                | 794,015                               | 796,297                          | (2,998,381)                               | (119,393)                         | (2,007,942)                        |
|               |   | 6,876                             | 40,000                                 | 26,574                                |                                  | 15,000                                    | 230,000                           | 6,913,045                          |
|               |   |                                   |  |                                       |                                  |   |                                   | 20,289,169                         |
|               |   |                                   |  |                                       |                                  |   |                                   | 150,000                            |
| (25,536)      | 299,693                                   | (1,764,093)                       | 651,493                                | 820,589                               | 796,297                          | (2,983,381)                               | 110,607                           | 25,344,272                         |
| (1,029,888)   | 5,333,449                                 | (24,127,144)                      | (15,664,607)                           | (12,338,872)                          | (6,100,774)                      | (10,935,919)                              | (16,580,258)                      | 6,262,656                          |
| (\$1,055,424) | \$5,633,142                               | (\$25,891,237)                    | (\$15,013,114)                         | (\$11,518,283)                        | (\$5,304,477)                    | (\$13,919,300)                            | (\$16,469,651)                    | \$31,606,928                       |



**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, 2017**

|  | Facilities<br>Corporations | System<br>Eliminating<br>Entries | Total<br>Per System    |
|--|----------------------------|----------------------------------|------------------------|
| <b>OPERATING REVENUES</b>                                    |                            |                                  |                        |
| Student tuition and fees                                     |                            |                                  | \$207,522,774          |
| Less scholarship allowances                                  |                            |                                  | (85,475,389)           |
| Net student tuition and fees                                 |                            |                                  | 122,047,385            |
| Federal grants and contracts                                 |                            | (\$11,522,407)                   | 42,524,406             |
| State and local grants and contracts                         |                            | (2,049,186)                      | 13,937,463             |
| Nongovernmental grants and contracts                         |                            | (263,809)                        | 4,510,389              |
| Sales and services of educational departments                |                            |                                  | 152,969                |
| Interagency revenue  |                            | (9,435,483)                      |                        |
| Auxiliary enterprise revenues                                |                            |                                  | 2,317,089              |
| Other operating revenues                                     |                            | (156,781)                        | 559,882                |
| <b>Total operating revenues</b>                              |                            | <b>(23,427,666)</b>              | <b>186,049,583</b>     |
| <b>OPERATING EXPENSES</b>                                    |                            |                                  |                        |
| Educational and general:                                     |                            |                                  |                        |
| Instruction  |                            |                                  | 173,283,043            |
| Public service   |                            |                                  | 1,778,532              |
| Academic support   |                            | (21,531,131)                     | 54,292,339             |
| Student services   |                            |                                  | 33,472,818             |
| Institutional support  |                            |                                  | 87,700,582             |
| Operations and maintenance of plant                          |                            |                                  | 39,991,585             |
| Depreciation   | \$10,497,003               | (506,288)                        | 25,818,286             |
| Scholarships and fellowships                                 |                            |                                  | 54,946,461             |
| Auxiliary enterprises  |                            |                                  | 3,239,031              |
| Interagency expense  |                            | (9,435,483)                      |                        |
| Other operating expenses                                     |                            |                                  | 467,992                |
| <b>Total operating expenses</b>                              | <b>10,497,003</b>          | <b>(31,472,902)</b>              | <b>474,990,669</b>     |
| <b>OPERATING LOSS</b>  | <b>(10,497,003)</b>        | <b>8,045,236</b>                 | <b>(288,941,086)</b>   |
| <b>NONOPERATING REVENUES (Expenses)</b>                      |                            |                                  |                        |
| State appropriations   |                            |                                  | 129,475,873            |
| Gifts  |                            |                                  | 749,878                |
| Federal nonoperating revenues (expenses)                     |                            |                                  | 123,161,066            |
| Net investment income (loss)                                 | 3,162,083                  |                                  | 3,852,837              |
| Interest expense   | (13,637,288)               |                                  | (13,765,374)           |
| Other nonoperating revenues (expenses)                       | (4,866,258)                | (7,538,948)                      | 1,443,867              |
| <b>Net nonoperating revenues (expenses)</b>                  | <b>(15,341,463)</b>        | <b>(7,538,948)</b>               | <b>244,918,147</b>     |
| <b>Income (loss) before other<br/>revenues and additions</b> | <b>(25,838,466)</b>        | <b>506,288</b>                   | <b>(44,022,939)</b>    |
| Capital appropriations                                       | 41,364,804                 |                                  | 56,237,198             |
| Capital grants and gifts                                     | 10,598,378                 | (18,867,460)                     | 12,623,261             |
| Additions to permanent endowment                             |                            |                                  | 1,152,276              |
| Other additions (deductions), net                            |                            |                                  | (3,504)                |
| <b>Increase (decrease) in net position</b>                   | <b>26,124,716</b>          | <b>(18,867,460)</b>              | <b>25,986,292</b>      |
| <b>NET POSITION - BEGINNING OF YEAR<br/>(restated)</b>       | <b>54,892,298</b>          |                                  | <b>(136,761,035)</b>   |
| <b>NET POSITION - END OF YEAR</b>                            | <b>\$81,017,014</b>        |                                  | <b>(\$110,774,743)</b> |

(Concluded)

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

**Combining Schedule of Cash Flows, by College  
For the Year Ended June 30, 2017**

|   | Board Office        | Baton Rouge<br>Community<br>College | Bossier Parish<br>Community<br>College | Central<br>Louisiana<br>Technical<br>Community<br>College | Delgado<br>Community<br>College | Elaine P. Nunez<br>Community<br>College |
|---|---------------------|-------------------------------------|--|---|---------------------------------|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                    |                     |                                     |  |   |                                 |   |
| Tuition and fees  |                     | \$17,156,015                        | \$17,688,383                           | \$2,524,699   | \$39,559,074                    | \$3,221,084                             |
| Grants and contracts  | \$35,624,973        | 3,307,646                           | 5,340,845                              | 2,272,038   | 9,177,713                       | 1,506,896                               |
| Sales and services of educational departments                                   |                     | 713                                 | 81,100                                 |   |                                 | 38,101                                  |
| Auxilliary enterprise receipts  |                     | 675,752                             | 358,078                                | 80,304  | 1,331,475                       | 74,149                                  |
| Payments for employee compensation  | (10,866,879)        | (26,920,768)                        | (19,986,361)                           | (6,201,275)   | (49,439,065)                    | (6,624,603)                             |
| Payments for benefits   | (4,353,690)         | (9,844,893)                         | (7,416,529)                            | (3,123,137)   | (18,905,698)                    | (2,261,091)                             |
| Payments for utilities  |                     | (2,411,775)                         | (937,230)                              | (546,481)   | (3,407,215)                     | (448,986)                               |
| Payments for supplies and services  | (45,327,770)        | (8,642,433)                         | (10,416,176)                           | (3,129,367)   | (21,397,264)                    | (1,191,522)                             |
| Payments for scholarships and fellowships                                       |                     | (5,022,650)                         | (10,831,870)                           | (582,873)   | (22,036,119)                    | (3,651,017)                             |
| Other receipts (payments)   | 9,133,063           | 482,490                             | 106,103                                |   | 206,519                         | 15,194                                  |
| <b>Net cash used by operating activities</b>                                    | <b>(15,790,303)</b> | <b>(31,219,903)</b>                 | <b>(26,013,657)</b>                    | <b>(8,706,092)</b>  | <b>(64,910,580)</b>             | <b>(9,321,795)</b>                      |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES:</b>                     |                     |                                     |  |   |                                 |   |
| State appropriations  | 16,990,194          | 15,327,638                          | 10,804,956                             | 5,351,543   | 26,307,897                      | 3,524,395                               |
| Gifts and grants for other than capital purposes                                | 97,352              | 17,030,613                          | 16,497,731                             | 4,085,533   | 37,060,390                      | 5,676,869                               |
| Private gifts for endowment purposes  |                     |                                     | 320,000                                | 400   | 405,000                         |   |
| TOPS receipts   |                     | 898,947                             | 964,297                                | 164,445   | 1,431,579                       | 132,750                                 |
| TOPS disbursements  |                     | (898,947)                           | (964,297)                              | (164,445)   | (1,432,453)                     | (132,750)                               |
| FEMA receipts   |                     |                                     |  |   | 3,278,654                       |   |
| Direct lending receipts   |                     | 15,442,538                          | 25,255,093                             |   | 58,145,052                      | 3,693,769                               |
| Direct lending disbursements  |                     | (15,442,538)                        | (25,255,093)                           |   | (58,145,052)                    | (3,693,769)                             |
| Other receipts (disbursements)  | 33,908              |                                     | 489,784                                |   | 764,666                         |   |
| <b>Net cash provided (used) by noncapital<br/>financing activities</b>          | <b>17,121,454</b>   | <b>32,358,251</b>                   | <b>28,112,471</b>                      | <b>9,437,476</b>  | <b>67,815,733</b>               | <b>9,201,264</b>                        |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</b>            |                     |                                     |  |   |                                 |   |
| Capital appropriations received   |                     |                                     |  |   |                                 | 498,234                                 |
| Capital grants and gifts received   |                     |                                     |  |   |                                 |   |
| Proceeds from sale of capital assets  |                     |                                     |  |   |                                 |   |
| Purchases of capital assets   | (523,213)           | (305,345)                           | (996,989)                              | (309,500)   | (1,130,580)                     | (1,092,058)                             |
| Principal paid on capital debt and leases                                       |                     |                                     |  |   | (177,500)                       |   |
| Interest paid on capital debt and leases  |                     |                                     |  |   | (128,086)                       |   |
| Other uses  |                     |                                     |  |   |                                 |   |
| <b>Net cash provided (used) by capital and<br/>related financing activities</b> | <b>(523,213)</b>    | <b>(305,345)</b>                    | <b>(996,989)</b>                       | <b>(309,500)</b>  | <b>(1,436,166)</b>              | <b>(593,824)</b>                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                    |                     |                                     |  |   |                                 |   |
| Proceeds from sales and maturities  |                     |                                     | 123,754                                |   |                                 |   |
| Interest received on investments  | 1,760               | 9,961                               | 11,994                                 | 288   | 430,827                         | 49,618                                  |
| Purchase of investments   |                     |                                     |  |   | (255,205)                       | (14,613)                                |
| <b>Net cash provided (used) by<br/>investing activities</b>                     | <b>1,760</b>        | <b>9,961</b>                        | <b>135,748</b>                         | <b>288</b>  | <b>175,622</b>                  | <b>35,005</b>                           |
| <b>Net Increase (decrease) in Cash</b>  | <b>809,698</b>      | <b>842,964</b>                      | <b>1,237,573</b>                       | <b>422,172</b>  | <b>1,644,609</b>                | <b>(679,350)</b>                        |
| <b>CASH AND CASH EQUIVALENTS<br/>AT BEGINNING OF YEAR (restated)</b>            |                     |                                     |  |   |                                 |   |
|   | <b>17,790,751</b>   | <b>11,863,931</b>                   | <b>2,997,994</b>                       | <b>1,326,930</b>  | <b>19,970,985</b>               | <b>3,611,916</b>                        |
| <b>CASH AND CASH EQUIVALENTS<br/>AT END OF YEAR</b>                             |                     |                                     |  |   |                                 |   |
|   | <b>\$18,600,449</b> | <b>\$12,706,895</b>                 | <b>\$4,235,567</b>                     | <b>\$1,749,102</b>  | <b>\$21,615,594</b>             | <b>\$2,932,566</b>                      |

(Continued)

**Schedule 10**

| LCTCS<br>Online | L.E. Fletcher<br>Technical<br>Community<br>College | Louisiana Delta<br>Community<br>College | Northshore<br>Technical<br>Community<br>College | Northwest<br>Louisiana<br>Technical<br>College | River Parishes<br>Community<br>College | South Central<br>Louisiana<br>Technical<br>College | South<br>Louisiana<br>Community<br>College |
|-----------------|--|---|---|--|--|--|--|
|                 | \$5,617,189  | \$5,876,840                             | \$5,210,872                                     | \$1,740,171                                    | \$4,337,503                            | \$3,108,849  | \$13,268,532                               |
| \$3,500         | 979,177  | 5,513,442                               | 2,071,569                                       | 893,101  | 374,665                                | 2,543,671  | 2,251,466                                  |
|                 | 44,819   | 6,310                                   | 2,753   | 9,058  |  |  | 7,916                                      |
| (142,720)       | 5,395,830  | 94,089                                  | 38,952  | (5,660,337)                                    | 5,424                                  | (5,821,410)  | (16,816,663)                               |
| (38,663)        | (1,964,947)  | (12,333,561)                            | (8,174,490)                                     | (2,709,884)                                    | (4,701,086)                            | (2,714,962)  | (7,131,981)                                |
|                 | (343,957)  | (5,145,673)                             | (3,314,858)                                     | (501,131)                                      | (1,638,975)                            | (308,541)  | (1,305,813)                                |
| (668,691)       | (1,920,154)  | (654,462)                               | (329,709)                                       | (1,763,621)                                    | (241,327)                              | (3,564,160)  | (9,140,156)                                |
|                 | (2,595,111)  | (7,366,430)                             | (2,881,597)                                     | (1,898,889)                                    | (1,757,294)                            | (860,891)  | (3,427,437)                                |
| (202,618)       | (343,586)  | (451,500)                               | (2,196,535)                                     | (367,185)                                      | (309,740)                              | (234,761)  | (911,173)                                  |
| (1,049,192)     | (5,922,400)  | (541,286)                               | (332,792)                                       | (10,258,717)                                   | (5,093,626)                            | (7,852,205)  | (23,205,309)                               |
| 1,266,403       | 3,241,357  | 7,901,694                               | 5,173,125                                       | 6,251,993                                      | 3,250,520                              | 4,112,245  | 12,670,741                                 |
|                 | 4,034,753  | 8,031,138                               | 6,178,712                                       | 5,116,629                                      | 2,676,579                              | 2,640,312  | 14,200,145                                 |
|                 |  |   | 40,000  |  |  |  | 230,000                                    |
|                 | 385,263  | 304,244                                 | 237,203   | 126,468  | 362,844                                | 167,517  | 627,210                                    |
|                 | (385,263)  | (304,244)                               | (237,203)                                       | (126,468)                                      | (362,844)                              | (167,517)  | (627,210)                                  |
|                 | 1,811,991  | 6,774,647                               | 5,073,783                                       |  | 2,757,468                              |  | 8,956,746                                  |
|                 | (1,811,991)  | (6,774,647)                             | (5,073,783)                                     |  | (2,757,468)                            |  | (8,956,746)                                |
|                 | 108,266  | 142,514                                 | 3,233   | 249,969  | 53,520                                 | 205,892  | 194,006                                    |
| 1,266,403       | 7,384,376  | 16,075,346                              | 11,395,070                                      | 11,618,591                                     | 5,980,619                              | 6,958,449  | 27,294,892                                 |
|                 |  |   |   |  |  |  | 10,679                                     |
|                 | (135,928)  | (159,255)                               | (244,586)                                       | (73,101)                                       | (38,991)                               | (140,146)  | (1,796,624)                                |
|                 |  |   |   |  |  |  |  |
|                 | (135,928)  | (159,255)                               | (244,586)                                       | (73,101)                                       | (38,991)                               | (140,146)  | (1,785,945)                                |
|                 |  |   |   |  |  |  | 105,172                                    |
|                 | 7,179  | 284                                     | 6,488   |  |  | 4,575  | 9,720                                      |
|                 |  |   |   |  |  |  | (480,000)                                  |
|                 | 7,179  | 284                                     | 6,488   |  |  | 4,575  | (365,108)                                  |
| 217,211         | 1,333,227  | 914,144                                 | 1,251,137                                       | 1,286,773                                      | 848,002                                | (1,029,327)  | 1,938,530                                  |
| 141,696         | 2,950,534  | 781,030                                 | 3,047,421                                       | 3,520,782                                      | 4,515,037                              | 4,187,330  | 23,823,832                                 |
| \$358,907       | \$4,283,761  | \$1,695,174                             | \$4,298,558                                     | \$4,807,555                                    | \$5,363,039                            | \$3,158,003  | \$25,762,362                               |



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

**Combining Schedule of Cash Flows, by College  
For the Year Ended June 30, 2017**

|   | SOWELA<br>Technical<br>Community<br>College | Facilities<br>Corporations | System<br>Eliminating<br>Entries | Total<br>Per System  |
|---|---|----------------------------|----------------------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                    |   |                            |                                  |                      |
| Tuition and fees  | \$6,874,372                                 |                            |                                  | \$126,183,583        |
| Grants and contracts  | 849,291                                     |                            | (\$13,835,402)                   | 58,874,591           |
| Sales and services of educational depart.                                       | 11,218                                      |                            |                                  | 157,169              |
| Auxilliary enterprise receipts  |   |                            |                                  | 2,703,042            |
| Payments for employee compensation  | (9,778,646)                                 |                            |                                  | (188,863,694)        |
| Payments for benefits   | (3,801,334)                                 |                            |                                  | (74,366,315)         |
| Payments for utilities  | (785,547)                                   |                            |                                  | (12,222,174)         |
| Payments for supplies and services  | (5,042,986)                                 |                            | 30,966,614                       | (93,243,007)         |
| Payments for scholarships and fellowships                                       | (1,776,803)                                 |                            |                                  | (56,494,491)         |
| Other receipts (payments)   | (423,644)                                   |                            | (9,592,264)                      | (3,315,680)          |
| <b>Net cash used by operating activities</b>                                    | <b>(13,874,079)</b>                         |                            | <b>7,538,948</b>                 | <b>(240,586,976)</b> |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES:</b>                     |   |                            |                                  |                      |
| State appropriations  | 7,494,579                                   |                            |                                  | 129,669,280          |
| Gifts and grants for other than capital purposes                                | 6,957,847                                   |                            | (7,538,948)                      | 122,745,655          |
| Private gifts for endowment purposes  | 150,000                                     |                            |                                  | 1,145,400            |
| TOPS receipts   | 851,959                                     |                            |                                  | 6,654,726            |
| TOPS disbursements  | (851,959)                                   |                            |                                  | (6,655,600)          |
| FEMA receipts   |   |                            |                                  | 3,278,654            |
| Direct lending receipts   |   |                            |                                  | 127,911,087          |
| Direct lending disbursements  |   |                            |                                  | (127,911,087)        |
| Other receipts (disbursements)  | 495,117                                     | (\$493,262)                |                                  | 2,247,613            |
| <b>Net cash provided (used) by noncapital<br/>financing activities</b>          | <b>15,097,543</b>                           | <b>(493,262)</b>           | <b>(7,538,948)</b>               | <b>259,085,728</b>   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</b>            |   |                            |                                  |                      |
| Capital appropriations received   |   | 41,364,804                 |                                  | 41,863,038           |
| Capital grants and gifts received   | 1,311,209                                   | 11,808,907                 |                                  | 13,120,116           |
| Proceeds from sale of capital assets  |   |                            |                                  | 10,679               |
| Purchases of capital assets   | (1,799,847)                                 | (79,493,331)               |                                  | (88,239,494)         |
| Principal paid on capital debt and leases                                       |   | (15,920,000)               |                                  | (16,097,500)         |
| Interest paid on capital debt and leases  |   | (17,572,871)               |                                  | (17,700,957)         |
| Other uses  |   | (5,081,029)                |                                  | (5,081,029)          |
| <b>Net cash provided (used) by capital and<br/>related financing activities</b> | <b>(488,638)</b>                            | <b>(64,893,520)</b>        |                                  | <b>(72,125,147)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                    |   |                            |                                  |                      |
| Proceeds from sales and maturities  |   | 131,149,808                |                                  | 131,378,734          |
| Interest received on investments  | 61,638                                      | 1,595,555                  |                                  | 2,189,887            |
| Purchase of investments   | (455,762)                                   | (76,851,595)               |                                  | (78,057,175)         |
| <b>Net cash provided (used) by<br/>investing activities</b>                     | <b>(394,124)</b>                            | <b>55,893,768</b>          |                                  | <b>55,511,446</b>    |
| <b>Net Increase (decrease) in Cash</b>  | <b>340,702</b>                              | <b>(9,493,014)</b>         |                                  | <b>1,885,051</b>     |
| <b>CASH AND CASH EQUIVALENTS<br/>AT BEGINNING OF YEAR (restated)</b>            |   |                            |                                  |                      |
|   | <b>12,568,037</b>                           | <b>61,379,507</b>          |                                  | <b>174,477,713</b>   |
| <b>CASH AND CASH EQUIVALENTS<br/>AT END OF YEAR</b>                             |   |                            |                                  |                      |
|   | <b>\$12,908,739</b>                         | <b>\$51,886,493</b>        |                                  | <b>\$176,362,764</b> |

(Continued)

**LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA  
Combining Schedule of Cash Flows, by College  
For the Year Ended June 30, 2017**

|  | Board Office          | Baton Rouge<br>Community<br>College | Bossier Parish<br>Community<br>College | Central<br>Louisiana<br>Technical<br>Community<br>College | Delgado<br>Community<br>College | Elaine P. Nunez<br>Community<br>College |
|--|-----------------------|-------------------------------------|--|---|---------------------------------|---|
| <b>RECONCILIATION OF OPERATING<br/>LOSS TO NET CASH USED BY<br/>OPERATING ACTIVITIES:</b>    |                       |                                     |  |   |                                 |   |
| Operating loss   | (\$18,481,730)        | (\$40,203,413)                      | (\$29,826,618)                         | (\$9,616,764)   | (\$72,425,582)                  | (\$9,803,476)                           |
| Adjustments to reconcile operating loss to net cash<br>used by operating activities:         |                       |                                     |  |   |                                 |   |
| Depreciation expense   | 2,039,954             | 1,908,389                           | 965,180                                | 416,615   | 3,395,148                       | 874,967                                 |
| Nonemployer contributing entity revenue  | 74,909                | 173,750                             | 122,492                                | 36,252  | 311,234                         | 40,025                                  |
| Noncash capital expense  |                       | 1,078,010                           |  |   |                                 |   |
| Changes in assets and liabilities:   |                       |                                     |  |   |                                 |   |
| (Increase) decrease in accounts receivable, net  | 649,158               | 2,453,077                           | 1,171,093                              | 8,740   | 341,337                         | (87,314)                                |
| (Increase) decrease in due from other funds  |                       |                                     |  | 116,996   |                                 | (786,657)                               |
| (Increase) decrease in inventories   |                       |                                     |  |   |                                 |   |
| (Increase) decrease in prepaid expenses and advances   |                       | (93,542)                            |  | 10,432  | (22,406)                        | 46,492                                  |
| (Increase) decrease in notes receivable  | 646,276               |                                     |  |   |                                 |   |
| (Increase) decrease in other assets  |                       |                                     | 13,093                                 |   |                                 |   |
| (Increase) decrease in deferred outflows related to pensions                                 | (872,972)             | (7,044,846)                         | (2,453,207)                            | (1,134,697)   | (7,437,932)                     | (1,312,891)                             |
| Increase (decrease) in accounts payable and accrued liabilities                              | (2,227,164)           | 387,628                             | (268,349)                              | 455,658   | 715,251                         | (399,623)                               |
| Increase (decrease) in unearned revenue  | (312,901)             | (60,516)                            | (161,726)                              | 15,162  | (1,402,537)                     | 26,175                                  |
| Increase (decrease) in amounts held in custody for others                                    | (10,512)              | (48,536)                            | (25,448)                               | 3,183   | 33,153                          | 5,402                                   |
| (Decrease) in due to other funds   |                       |                                     |  | (21,550)  |                                 |   |
| Increase (decrease) in compensated absences  | 50,985                | 240,383                             | (72,685)                               | 88,868  | 2,579                           | (30,131)                                |
| Increase (decrease) in net pension liability   | 2,237,675             | 9,289,288                           | 4,399,972                              | (456,415)   | 7,209,805                       | 1,953,716                               |
| Increase in OPEB payable   | 480,861               | 1,349,619                           | 1,216,032                              | 137,397   | 2,400,420                       | 319,699                                 |
| Increase (decrease) in other liabilities   |                       |                                     | (646,276)                              |   | 15,434                          |   |
| Increase (decrease) in deferred inflows related to pensions                                  | (64,842)              | (649,194)                           | (447,210)                              | 1,234,031   | 1,953,516                       | (168,179)                               |
| <b>Net cash used by operating activities:</b>  | <b>(\$15,790,303)</b> | <b>(\$31,219,903)</b>               | <b>(\$26,013,657)</b>                  | <b>(\$8,706,092)</b>                                      | <b>(\$64,910,580)</b>           | <b>(\$9,321,795)</b>                    |
| <b>RECONCILIATION OF CASH AND CASH<br/>EQUIVALENTS TO THE STATEMENT OF<br/>NET POSITION:</b> |                       |                                     |  |   |                                 |   |
| Cash and cash equivalents classified as current assets                                       | \$18,600,449          | \$12,706,895                        | \$3,791,813                            | \$1,749,102   | \$21,227,027                    | \$2,714,792                             |
| Cash and cash equivalents classified as noncurrent assets                                    |                       |                                     | 443,754                                |   | 388,567                         | 217,774                                 |
| <b>Cash and cash equivalents<br/>at the end of the year</b>                                  | <b>\$18,600,449</b>   | <b>\$12,706,895</b>                 | <b>\$4,235,567</b>                     | <b>\$1,749,102</b>  | <b>\$21,615,594</b>             | <b>\$2,932,566</b>                      |
| <b>NONCASH INVESTING, CAPITAL, AND<br/>FINANCING ACTIVITIES</b>                              |                       |                                     |  |   |                                 |   |
| Capital appropriations for purchase of equipment, buildings, or land                         |                       | \$2,349,333                         | \$148,498                              |   | \$2,221,082                     | \$3,138,546                             |
| Noncash capital grant/gift of capital assets   |                       |                                     |  | \$50,886  | \$510,714                       |   |
| Noncash grants and gifts   |                       |                                     |  |   |                                 |   |
| Loss on disposal of capital assets   |                       | (\$35,927)                          |  | (\$674)   | (\$3,504)                       | (\$7,503)                               |
| Unrealized gain on investments   |                       |                                     | \$379                                  |   |                                 |   |
| Decrease in noncapital accounts and contracts payable  |                       |                                     |  |   |                                 |   |
| Decrease in accrued interest payable   |                       |                                     |  |   |                                 |   |
| Capitalized interest including capitalized amortization                                      |                       |                                     |  |   |                                 |   |
| Amortization of bond premium   |                       |                                     |  |   |                                 |   |
| Accretion of bond discount   |                       |                                     |  |   |                                 |   |
| Amortization of bond issuance costs  |                       |                                     |  |   |                                 |   |
| Increase in capital accounts and retainage payable   |                       |                                     |  |   |                                 |   |
| Decrease in nonoperating accounts receivables  |                       |                                     |  |   |                                 |   |
| (Increase) in restricted assets - other  |                       |                                     |  |   |                                 |   |

(Continued)

Schedule 10

| LCTCS<br>Online | L.E. Fletcher<br>Technical<br>Community<br>College | Louisiana Delta<br>Community<br>College | Northshore<br>Technical<br>Community<br>College | Northwest<br>Louisiana<br>Technical<br>College | River Parishes<br>Community<br>College | South Central<br>Louisiana<br>Technical<br>College | South<br>Louisiana<br>Community<br>College |
|-----------------|--|---|---|--|--|--|--|
| (\$1,294,819)   | (\$7,096,636)                                      | (\$17,702,174)                          | (\$10,773,242)                                  | (\$10,808,174)                                 | (\$5,055,550)                          | (\$9,972,238)                                      | (\$26,386,955)                             |
| 2,880           | 887,609<br>34,866                                  | 682,831<br>86,959                       | 217,682<br>50,830                               | 435,389<br>37,466                              | 166,786<br>27,789                      | 372,655<br>40,058                                  | 1,782,662<br>101,160                       |
| 3,500           | 3,809  | (97,371)                                | (39,618)  | (62,330)                                       | (424,295)                              | 158,027  | (217,924)                                  |
|                 | 161<br>5,942                                       | (214)                                   | (349)   |  | (540)                                  | 8,034  | 4,419                                      |
|                 | (2,792)  |   |   |  |  |  |  |
| 83,060          | (753,653)  | (4,074,858)                             | (2,203,820)                                     | (757,680)                                      | (671,590)                              | (553,861)  | (3,488,224)                                |
| 213,711         | (345,142)  | 3,632                                   | 21,802  | (345,607)                                      | 2,232                                  | 148,217  | 823,794                                    |
|                 | 127,281  | 134,421                                 | 35,855  | (39,028)                                       | (10,787)                               | 57,955   | (94,327)                                   |
|                 | 731  | (33,948)                                | (46,115)  | (14,619)                                       | 25,353                                 | 7,696  | (10,326)                                   |
| (15,196)        | (122,165)  | (95,105)                                | 46,829  | (41,934)                                       | 3,084                                  | 11,415   | (72,755)                                   |
| 14,259          | 1,084,527  | 5,882,212                               | 2,677,462                                       | 504,697  | 850,072                                | 1,702,829  | 4,283,958                                  |
|                 | 338,989  | 627,739                                 | 370,888   | 225,806  | 236,342                                | 346,291  | 694,627                                    |
|                 |  |   |   |  | (37,534)                               |  |  |
| (56,587)        | (85,927)   | (416,355)                               | (264,039)                                       | 607,297  | (204,988)                              | (179,283)  | (625,418)                                  |
| (\$1,049,192)   | (\$5,922,400)                                      | (\$15,002,231)                          | (\$9,905,835)                                   | (\$10,258,717)                                 | (\$5,093,626)                          | (\$7,852,205)                                      | (\$23,205,309)                             |

|           |             |                      |                       |             |                       |             |              |
|-----------|-------------|----------------------|-----------------------|-------------|-----------------------|-------------|--------------|
| \$358,907 | \$4,283,761 | \$1,694,020<br>1,154 | \$4,218,558<br>80,000 | \$4,807,555 | \$5,353,039<br>10,000 | \$3,158,003 | \$25,762,362 |
| \$358,907 | \$4,283,761 | \$1,695,174          | \$4,298,558           | \$4,807,555 | \$5,363,039           | \$3,158,003 | \$25,762,362 |

|  |         |             |  |          |             |           |            |
|--|---------|-------------|--|----------|-------------|-----------|------------|
|  |         |             |  | \$26,574 |             | \$15,000  |            |
|  |         | (\$186,875) |  |          | (\$150,591) | (\$1,930) | (\$50,641) |
|  | \$1,717 | \$48,872    |  |          |             |           | \$19,818   |



**LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA  
Combining Schedule of Cash Flows, by College  
For the Year Ended June 30, 2017**

|   | SOWELA<br>Technical<br>Community<br>College | Facilities<br>Corporations | System<br>Eliminating<br>Entries | Total<br>Per System    |
|---|---|----------------------------|----------------------------------|------------------------|
| <b>RECONCILIATION OF OPERATING<br/>LOSS TO NET CASH USED BY<br/>OPERATING ACTIVITIES:</b> |   |                            |                                  |                        |
| Operating loss  | (\$17,041,948)                              | (\$10,497,003)             | \$8,045,236                      | (\$288,941,086)        |
| Adjustments to reconcile operating loss to net cash<br>used by operating activities:      |   |                            |                                  |                        |
| Depreciation expense  | 1,681,704                                   | 10,497,003                 | (506,288)                        | 25,818,286             |
| Nonemployer contributing entity revenue   | 61,307                                      |                            |                                  | 1,201,977              |
| Noncash capital expense   |   |                            |                                  | 1,078,010              |
| Changes in assets and liabilities:  |   |                            |                                  |                        |
| (Increase) decrease in accounts receivable, net   | 27,901                                      |                            |                                  | 3,887,790              |
| (Increase) decrease in due from other funds   |   |                            |                                  | (669,661)              |
| (Increase) decrease in inventories  |   |                            |                                  | (53)                   |
| (Increase) decrease in prepaid expenses and advances                                      |   |                            |                                  | (41,518)               |
| (Increase) decrease in notes receivable   |   |                            | (646,276)                        | -                      |
| (Increase) decrease in other assets   |   |                            |                                  | 10,301                 |
| (Increase) decrease in deferred outflows related to pensions                              | (1,700,242)                                 |                            |                                  | (34,377,413)           |
| Increase (decrease) in accounts payable and accrued liabilities                           | 47,334                                      |                            |                                  | (766,626)              |
| Increase (decrease) in unearned revenue   | (16,084)                                    |                            |                                  | (1,701,057)            |
| Increase (decrease) in amounts held in custody for others                                 | 3,051                                       |                            |                                  | (110,935)              |
| (Decrease) in due to other funds  |   |                            |                                  | (21,550)               |
| Increase (decrease) in compensated absences   | 88,563                                      |                            |                                  | 82,735                 |
| Increase (decrease) in net pension liability  | 2,699,649                                   |                            |                                  | 44,333,706             |
| Increase in OPEB payable  | 518,252                                     |                            |                                  | 9,262,962              |
| Increase (decrease) in other liabilities  |   |                            | 646,276                          | (22,100)               |
| Increase (decrease) in deferred inflows related to pensions                               | (243,566)                                   |                            |                                  | 389,256                |
| <b>Net cash used by operating activities:</b>   | <u>(\$13,874,079)</u>                       | <u>\$0</u>                 | <u>\$7,538,948</u>               | <u>(\$240,586,976)</u> |

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

|   |                     |                     |  |                      |
|---|---------------------|---------------------|--|----------------------|
| Cash and cash equivalents classified as current assets      | \$12,893,739        |                     |  | \$123,320,022        |
| Cash and cash equivalents classified as noncurrent assets   | 15,000              | \$51,886,493        |  | 53,042,742           |
| <b>Cash and cash equivalents<br/>at the end of the year</b> | <u>\$12,908,739</u> | <u>\$51,886,493</u> |  | <u>\$176,362,764</u> |

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

|  |              |             |                |             |
|--|--------------|-------------|----------------|-------------|
| Capital appropriations for purchase of equipment, buildings, or land |              |             |                | \$7,857,459 |
| Noncash capital grant/gift of capital assets                         | \$25,891,005 |             | (\$18,867,460) | \$7,585,145 |
| Noncash grants and gifts   |              |             |                | \$41,574    |
| Loss on disposal of capital assets                                   |              |             |                | (\$437,645) |
| Unrealized gain on investments                                       |              | \$1,566,538 |                | \$1,637,324 |
| Decrease in noncapital accounts and contracts payable                |              | (\$493,209) |                | (\$493,209) |
| Decrease in accrued interest payable                                 |              | (\$34,795)  |                | (\$34,795)  |
| Capitalized interest including capitalized amortization              |              | \$3,560,943 |                | \$3,560,943 |
| Amortization of bond premium   |              | \$1,604,127 |                | \$1,604,127 |
| Accretion of bond discount   |              | \$1,264,282 |                | \$1,264,282 |
| Amortization of bond issuance costs                                  |              | \$319,391   |                | \$319,391   |
| Increase in capital accounts and retainage payable                   |              | \$146,985   |                | \$146,985   |
| (Increase) in nonoperating accounts receivables                      |              | \$1,210,529 |                | \$1,210,529 |
| (Increase) in restricted assets - other                              |              | (\$534,206) |                | (\$534,206) |

(Concluded)



OTHER REPORT REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*

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Exhibit A

The following pages contain a report on internal control over financial reporting 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.





LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

December 21, 2018

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities 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, 2018, 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 21, 2018. 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 financial statement comparability.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify the following deficiency in internal control that we consider to be a significant deficiency.

### **Inadequate Disaster Recovery Plan**

The System did not maintain a current disaster recovery plan during the fiscal year ended June 30, 2018. Failure to maintain a current disaster recovery plan increases the risk of delay in resuming critical administrative functions, unrecoverable system assets, and financial loss in the event of a disaster.

The disaster recovery plan in place was 10 years old with no evidence of update. Key personnel lacked copies of the plan, and the System did not document testing to evidence adequate operation of its backup generators and chillers as well as its ability to restore backup data from the virtual machines. Management represented it has been in the process for the past six months of updating and testing its disaster recovery plan.

Good internal control would ensure a current, updated, and fully tested disaster recovery plan is in place at all times. We evaluated Information Technology controls based on best practices, as defined by *Control Objectives for Information and Related Technology*, a framework by the Information Systems Audit and Control Association (ISACA).

The System should (1) conduct an updated analysis of potential impacts a disaster may have on its operations, (2) update its disaster recovery plan to adequately address these impacts, (3) conduct appropriate testing of the disaster recovery plan, the restoration of power to its facilities, and the recovery of backup data from virtual machines, (4) continually update the disaster recovery plan as part of its change management process and in response to testing, and (5) make the updated disaster recovery plan available to key personnel. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **LCTCS's Response to Finding**

LCTCS's response to the finding identified in our audit is attached in Appendix A. LCTCS's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

## **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, 2018. 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](http://www.lla.la.gov).

As a part of our audit of the System's basic financial statements for the year ended June 30, 2018, 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 2018<br>Management Letter       | December 26, 2018 | NONE  |
| Bossier Parish Community College              | Fiscal Year 2018<br>Management Letter       | December 19, 2018 | Weaknesses over Outstanding Account Receivable Balances   |
| Central Louisiana Technical Community College | None  | N/A               | N/A   |
| Delgado Community College                     | Fiscal Year 2018<br>Management Letter       | December 12, 2018 | Noncompliance with Student Financial Assistance Enrollment Reporting Requirements<br>Untimely Removal of Banner System Access   |
| 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 2018<br>Management Letter       | December 19, 2018 | Inadequate Controls over Outstanding Student Account Balances<br>Chancellor Waivers Not in Accordance with System Policy<br>Inadequate Controls over Banner System  |
| Northshore Technical Community College        | Fiscal Year 2018<br>Full Scope              | November 28, 2018 | Inadequate Controls Over Financial Reporting<br>Lack of Review of Banner Refund Rules   |
| Northwest Louisiana Technical College         | None  | N/A               | N/A   |
| River Parishes Community College              | None  | N/A               | N/A   |
| South Central Louisiana Technical College     | Fiscal Year 2017 -2018<br>Procedural Report | August 29, 2018   | Inadequate Controls over Bank Reconciliations<br>Inadequate Collection Procedures over Delinquent Student Accounts<br>Inadequate Controls over the Banner System<br>Inadequate Controls over Federal Contract |
| South Louisiana Community College             | Fiscal Year 2018<br>Management Letter       | December 26, 2018 | Inadequate Administration over Federal Direct Student Loans Program<br>Weaknesses over Banner Tuition and Fees and Refunds  |
| 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.la.gov](http://www.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

KLD:CLL:BQD:EFS:aa

LCTCS 2018



## APPENDIX A

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### Management's Corrective Action Plan and Response to the Finding and Recommendation





## LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

*Changing Lives,  
Creating Futures*

Monty Sullivan  
*System President*

**Officers:**  
Stephen Toups  
*Chair*

Paul Price, Jr.  
*First Vice Chair*

Willie L. Mount  
*Second Vice Chair*

**Members:**  
Tari T. Bradford  
Helen Bridges Carter  
Timothy W. Hardy  
Alterman L. "Chip" Jackson  
Erika McConduit  
Michael J. Murphy  
Joe Potts  
Stanton W. Salathe  
Stephen C. Smith  
Mark D. Spears, Jr.  
Craig Spohn  
Vincent St. Blanc, III

**Student Members:**  
Jeremy Gray  
Raissa Oliveira Yantis

Louisiana  
Community  
& Technical  
College System

265 South Foster Drive  
Baton Rouge, LA 70806

Phone: 225-922-2800  
Fax: 225-922-1185

[www.lctcs.edu](http://www.lctcs.edu)

December 20, 2018

Darryl G. Purpera, CPA, CFE  
Legislative Auditor  
Louisiana Office of the Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera:

Management of the Board of Supervisors of the Louisiana Community and Technical College System (LCTCS) concurs that it did not maintain a current disaster recovery plan during the fiscal year ended June 30, 2018. The LCTCS recognizes the importance of an effective disaster recovery (DR) plan document and has been developing a thorough DR plan document that is targeted to be finalized by the end of June 2019 factoring the latest technology architecture design considerations. There currently exists auditable and documented evidence that data from our local servers are being "backed-up" and replicated to our DR center (in Monroe, LA on a nightly basis).

Note that the liability and exposure resulting from business continuity disruption is minimal by the fact that all LCTCS (board office and affiliated LCTCS colleges) financial, student and human resources transactional related source data resides, is secured and "backed-up" from the Banner (Ellucian) system through Amazon Web Services (AWS) and does not reside on any local servers, either at the board office or otherwise. This data is accessible via any internet connection provided that the end user has the proper internet address and user credentials. Given this, it is highly probable that business operations could easily continue in the event of a major disaster.

Regarding the local servers at the LCTCS office to which this audit pertains, there resides some non-transactional data that is important to certain educational programmatic operations of the board office. There potentially could be some increased risk to that data from not having a fully vetted and documented disaster recovery plan.

Thank you for conducting this review given its timely nature of where we stand with the implementation of our IT processes and infrastructure improvements. Should you have any further questions or comments, please feel free to contact me.

Sincerely,

Joseph F. Marin  
LCTCS Chief Operations Officer