Northshore Technical Community College

Louisiana Community and Technical College System

A Component Unit of the State of Louisiana

Financial Statement Audit
For the Year Ended June 30, 2019
Issued October 16, 2019

LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT
ERNEST F. SUMMERVILLE, JR., CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at www.lla.la.gov.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of $1.30. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.lla.la.gov. When contacting the office, you may refer to Agency ID No. 3439 or Report ID No. 80190111 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

TABLE OF CONTENTS

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 10, 2019

Independent Auditor's Report

NORTHSHORE TECHNICAL COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Lacombe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Northshore Technical Community College (College), a college within 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, 2019, and the related notes to the financial statements, which collectively comprise the College'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 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

1600 NORTH THIRD STREET • POST OFFICE BOX 94397 • BATON ROUGE, LOUISIANA 70804-9397
WWW.LLA.LA.GOV • PHONE: 225-339-3800 • FAX: 225-339-3870

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, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the College as of June 30, 2019, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in note 7 to the financial statements, the net pension liability for the College was $19,461,646 at June 30, 2019, 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' 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, 2019, could be under or overstated.

As discussed in note 1-B, the accompanying financial statements of the College are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the System that is attributable to the transactions of the College. They do not purport to, and do not, present fairly the financial position of the System as of June 30, 2019, the changes in its financial position, or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our opinion is not modified with respect to the matters emphasized previously.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 12, the Schedule of the College's Proportionate Share of the Net Pension Liability on page 46, the Schedule of the College's Contributions on page 46, and the Schedule of the College's Proportionate Share of the Total Collective OPEB Liability on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2019, on our consideration of the College'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 College'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 College's internal control over financial reporting and compliance.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KPD:CLL:BQD:EFS:aa

NTCC 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of Northshore Technical Community College's (College) financial performance presents a narrative overview and analysis of the College's financial activities for the year ended June 30, 2019. 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 College's financial statements. **Amounts are presented in thousands unless otherwise noted.**

FINANCIAL HIGHLIGHTS

The College's net position increased from ($17,670) to ($12,154), or 31.2%, from July 1, 2018, to June 30, 2019. The overall reasons for this change included:

- Increase in current cash and cash equivalents of $1,829
- Increase in due from federal government of $321
- Decrease in due from Louisiana Community and Technical College System (LCTCS) of $74
- Increase in prepaid expenses and advances of $191
- Decrease in restricted cash and cash equivalents of $4
- Increase in restricted investments of $468
- Increase in capital assets of $3,155
- Increase in deferred outflows related to pensions of $567
- Increase in deferred outflows related to Other Postemployment Benefits (OPEB) of $324
- Increase in accounts payable and accruals of $274
- Increase in due to LCTCS of $9
- Increase in unearned revenues of $175
- Increase in amounts held in custody for others of $2
- Decrease in current portion of compensated absences payable of $10
- Increase in current portion of Total OPEB Liability of $327

- Increase in noncurrent portion of compensated absences payable of $160
- Decrease in pension liability of $289
- Decrease in noncurrent portion of Total OPEB liability of $177
- Increase in deferred inflows related to pensions of $535
- Increase in deferred inflows related to OPEB of $262

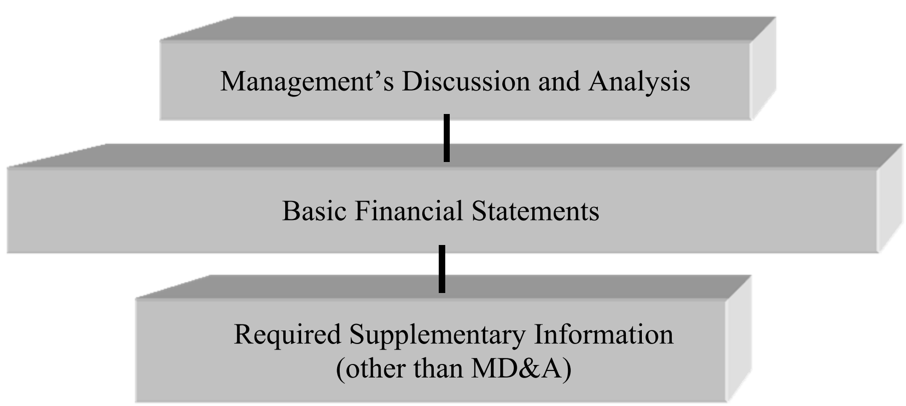
Enrollment changed from 4,903 to 4,737 from July 1, 2018, to June 30, 2019, a decrease of 3.4%. The reason for this change is attributed to several associate degrees closing, the Medical Assistant Program closing at the Florida Parish Campus, and a decrease in Connect to Success enrollment due to a growing number of students having difficulty transferring coursework out-of-state due to the College not having institutional accreditation with the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC).

The College's operating revenues decreased from $8,169 to $7,965, or 2.5%, from July 1, 2018, to June 30, 2019. Operating expenses increased by 2.5% to $20,738 for the year ended June 30, 2019. Increased scholarship allowances, increased federal grants and contracts, and a decrease in state and local contracts are the primary reasons for this change.

Nonoperating revenues fluctuate depending upon the level of state appropriations and capital appropriations. The increase to $14,853 in 2019 from $13,250 in 2018 is attributed to increased state appropriations, increased Federal Pell Grant revenues, increased net investment income, and increased state nonoperating grants.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for special purpose governments engaged in business-type activities established by Government Accounting Standards Board (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 College 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 (page 13) 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 College is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (pages 14-15) presents information showing how the College'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 16-17) presents information showing how the College'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 College'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 required supplementary information that further explains and supports the information in the financial statements.

The College'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 College are included in the Statement of Net Position.

FINANCIAL ANALYSIS

Table A-1
Northshore Technical Community College
Comparative Statement of Net Position
(in thousands of dollars)
For the Fiscal Years Ended June 30, 2019 and 2018

	2019	2018	Variance	Percentage Change
Assets:				
Current and other assets	$9,610	$6,871	$2,739	39.9%
Capital assets	7,103	3,948	3,155	79.9%
Total assets	16,713	10,819	5,894	54.5%
Total deferred outflow of resources	7,338	6,447	891	13.8%
Total assets and deferred outflow of resources	$24,051	$17,266	$6,785	39.3%
Liabilities:				
Current liabilities	$2,317	$1,540	$777	50.5%
Long-term liabilities	31,131	31,436	(305)	(1.0%)
Total liabilities	33,448	32,976	472	1.4%
Total deferred inflows of resources	2,757	1,960	797	40.7%
Total liabilities and deferred inflow of resources	$36,205	$34,936	$1,269	3.6%
Net Position:				
Investment in capital assets	$7,103	$3,948	$3,155	79.9%
Restricted	5,393	3,405	1,988	58.4%
Unrestricted	(24,650)	(25,023)	373	1.5%
Total net position	($12,154)	($17,670)	$5,516	31.2%

This schedule is prepared from the College's Statement of Net Position as shown on page 13, which is presented on an accrual basis of accounting. Significant Statement of Net Position changes for 2019 include:

- Increase in current cash and cash equivalents of $1,829
- Increase in due from federal government of $321
- Decrease in due from LCTCS of $74
- Increase in prepaid expenses and advances of $191

- Decrease in restricted cash and cash equivalents of $4
- Increase in restricted investments of $468
- Increase in capital assets of $3,155
- Increase in deferred outflows related to pensions of $567
- Increase in deferred outflows related to OPEB of $324
- Increase in accounts payable and accruals of $274
- Increase in due to LCTCS of $9
- Increase in unearned revenues of $175
- Increase in amounts held in custody for others of $2
- Decrease in current portion of compensated absences payable of $10
- Increase in current portion of Total OPEB Liability of $327
- Increase in noncurrent portion of compensated absences payable of $160
- Decrease in pension liability of $289
- Decrease in noncurrent portion of Total OPEB liability of $177
- Increase in deferred inflows related to pensions of $535
- Increase in deferred inflows related to OPEB of $262

The 58.4% increase in restricted net position is due to the College building reserves in the academic excellence fee, student technology fee and building use fee funds for future growth and capacity building opportunities. There was also an increase in Endowments, Rapid Response, and the Louisiana Department of Economic Development – DXC Technology Services LLC (DXC) grant revenue recognized during the fiscal year, resulting in an increase in net position.

Net investment in capital assets consists of capital assets net of accumulated depreciation. 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 the portion of net position that has no limitations on how these amounts may be spent.

Table A-2
Northshore Technical Community College
Comparative Statement of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)
For the Fiscal Years Ended June 30, 2019 and 2018

	2019	2018	Variance	Percentage Change
Operating revenues:				
Student tuition and fees, net	$5,271	$6,027	($756)	(12.5%)
Grants and contracts	2,462	1,989	473	23.8%
Sales and services of educational departments	0	3	(3)	(100.0%)
Auxiliary enterprises, net	164	75	89	118.7%
Other	68	75	(7)	(9.3%)
Total operating revenues	7,965	8,169	(204)	(2.5%)
Operating expenses:				
Education and general:				
Instruction	9,441	8,594	847	9.9%
Academic support	1,703	1,687	16	0.9%
Student services	2,121	2,067	54	2.6%
Institutional support	3,450	3,359	91	2.7%
Operations and maintenance of plant	1,271	1,236	35	2.8%
Depreciation	317	262	55	21.0%
Scholarships and fellowships	1,789	2,479	(690)	(27.8%)
Auxiliary enterprises	160	74	86	116.2%
Other operating expenses	487	469	18	3.8%
Total operating expenses	20,739	20,227	512	2.5%
Operating loss	(12,774)	(12,058)	716	5.9%
Nonoperating revenues:				
State appropriations	6,085	5,622	463	8.2%
Gifts	15	1	14	1400.0%
Federal nonoperating revenues	7,302	7,002	300	4.3%
Other nonoperating revenues	1,451	625	826	132.2%
Net nonoperating revenues	14,853	13,250	1,603	12.1%
Gain before other revenues	2,079	1,192	887	74.4%
Capital grants and gifts	2,997	834	2,163	259.4%
Additions to permanent endowment	440	60	380	633.3%
Total other revenues	3,437	894	2,543	284.5%
Change in net position	5,516	2,086	3,430	164.4%
Net position, beginning of year	(17,670)	(19,756)	2,086	10.6%
Net position, end of year	($12,154)	($17,670)	$5,516	31.2%

Nonoperating revenues increased by 12.1% to $14,853, which is primarily attributable to the increase in state appropriations, increased Federal Pell Grant revenues, increased net investment income, and increased state nonoperating grants.

State appropriations increased from $5,622 to $6,085 due to an increase in funding related to the Board of Regents and LCTCS funding formula.

The College's operating revenues decreased by $204, or 2.5%, due primarily to increased scholarship allowances, increased federal grants and contracts, and a decrease in state and local contracts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, the College had invested approximately $7,103 in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately $3,155, or 79.9%, over the previous fiscal year. More detailed information about the College's capital assets is presented in note 5 to the financial statements.

Table A-3
Northshore Technical Community College
Capital Assets, Net of Depreciation
(in thousands of dollars)
As of June 30, 2019 and 2018

	2019	2018	Variance	Percentage Change
Land and improvements	$2,062	$2,062	$0	0.0%
Construction-in-progress	3,806	835	2,971	355.8%
Buildings	0	53	(53)	(100.0%)
Equipment	1,235	998	237	23.7%
Total	$7,103	$3,948	$3,155	79.9%

This year's major additions included (in thousands):

- Increase in construction-in-progress for the Advanced Technology Center of $2,971
- Increase in Lacombe and Sullivan Campuses equipment of $290

Debt

The College had no bonds or notes outstanding at year-end.

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 results of operations:

- Completion of the Advanced Technology Center at the Lacombe Campus, a project through the Office of Facility Planning and Control and funded by a Federal Emergency Management Agency grant
- Completion of two new buildings at the Livingston Campus funded by Act 360
- Changes in state appropriations
- The College seeking SACSCOC Candidacy

CONTACTING THE NORTHSHORE TECHNICAL COMMUNITY COLLEGE'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the College's finances and show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Marc Chauvin at marcchauvin@NorthshoreCollege.edu.

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

Statement of Net Position
June 30, 2019

ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	$7,496,121
Receivables, net (note 4)	599,353
Due from federal government	546,153
Due from Louisiana Community and Technical College System (LCTCS)	124,286
Prepaid expenses and advances	240,069
Total current assets	9,005,982
Noncurrent assets:	
Cash (note 2)	136,128
Investments (note 3)	467,850
Capital assets, net (note 5)	7,102,717
Total noncurrent assets	7,706,695
Total assets	16,712,677
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions (note 7)	6,723,363
Deferred outflows related to other postemployment benefits (OPEB) (note 9)	614,748
Total deferred outflows of resources	7,338,111
LIABILITIES	
Current liabilities:	
Accounts payable and accruals (note 10)	1,244,914
Due to LCTCS	144,995
Unearned revenues (note 11)	538,879
Compensated absences payable (notes 12 and 13)	39,488
Amounts held in custody for others	22,042
Total OPEB liability (note 9)	326,672
Total current liabilities	2,316,990
Noncurrent liabilities:	
Compensated absences payable (notes 12 and 13)	851,401
Net pension liability (note 7)	19,461,646
Total OPEB liability (note 9)	10,817,584
Total noncurrent liabilities	31,130,631
Total liabilities	33,447,621
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions (note 7)	1,911,719
Deferred inflows related to OPEB (note 9)	844,998
Total deferred inflows of resources	2,756,717
NET POSITION	
Net investment in capital assets	7,102,717
Restricted - nonexpendable (note 15)	580,000
Restricted - expendable (note 15)	4,813,249
Unrestricted	(24,649,516)
Total Net Position	($12,153,550)

The accompanying notes are an integral part of this statement.

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

Statement of Revenues, Expenses, and
Changes in Net Position
For the Year Ended June 30, 2019

OPERATING REVENUES	
Student tuition and fees	$12,488,186
Less scholarship allowances	(7,217,472)
Net student tuition and fees	5,270,714
Federal grants and contracts	2,155,188
State and local grants and contracts	288,938
Nongovernmental grants and contracts	17,500
Net auxiliary revenue	164,162
Other operating revenues	68,773
Total operating revenues	7,965,275
OPERATING EXPENSES	
Educational and general:	
Instruction	9,441,317
Academic support	1,702,812
Student services	2,121,366
Institutional support	3,449,741
Operations and maintenance of plant	1,270,631
Depreciation (note 5)	317,355
Scholarships and fellowships	1,788,934
Auxiliary enterprises	159,823
Other operating expenses	486,242
Total operating expenses	20,738,221
OPERATING LOSS	(12,772,946)

(Continued)

The accompanying notes are an integral part of this statement.

NORTHSHORE TECHNICAL COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Position
For the Year Ended June 30, 2019

NONOPERATING REVENUES	
State appropriations	$6,084,664
Gifts	14,870
Federal nonoperating revenues	7,302,470
Net investment income	144,221
Other nonoperating revenues	1,306,679
Net nonoperating revenues	14,852,904
INCOME BEFORE OTHER REVENUES	2,079,958
Capital grants and gifts	2,996,848
Additions to permanent endowments	440,000
INCREASE IN NET POSITION	5,516,806
NET POSITION AT BEGINNING OF YEAR	(17,670,356)
NET POSITION AT END OF YEAR	($12,153,550)

(Concluded)

The accompanying notes are an integral part of this statement.

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

Statement of Cash Flows
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	$5,315,663
Grants and contracts	2,344,097
Auxiliary enterprise receipts	164,162
Payments for employee compensation	(9,752,339)
Payments for benefits	(4,363,442)
Payments for utilities	(360,602)
Payments for supplies and services	(3,436,818)
Payments for scholarships and fellowships	(1,948,682)
Other payments	(417,253)
Net cash used by operating activities	(12,455,214)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	6,085,559
Gifts and grants for other than capital purposes	8,566,484
Private gifts for endowment purposes	440,000
Taylor Opportunity Program for Students (TOPS) receipts	414,048
TOPS disbursements	(414,048)
Direct lending receipts	7,693,683
Direct lending disbursements	(7,693,683)
Other receipts	29,259
Net cash provided by noncapital financing activities	15,121,302
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Purchases of capital assets	(517,361)
Net cash used by capital financing activities	(517,361)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	144,221
Purchase of investments	(467,850)
Net cash used by investing activities	(323,629)

(Continued)

The accompanying notes are an integral part of this statement.

NORTHSHORE TECHNICAL COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2019

NET INCREASE IN CASH	$1,825,098
CASH AT BEGINNING OF YEAR	5,807,151
CASH AT END OF YEAR	$7,632,249
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	($12,772,946)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	317,355
Nonemployer contributing entity revenue	65,676
Changes in assets and liabilities:	
(Increase) in accounts receivables, net	(255,638)
(Increase) in prepaid expenses and advances	(191,467)
(Increase) in deferred outflows related to pensions	(566,545)
(Increase) in deferred outflows related to OPEB	(324,446)
Increase in accounts payable and accrued liabilities	287,465
Increase in unearned revenue	174,840
Increase in amounts held in custody for others	2,364
Increase in compensated absences	149,592
(Decrease) in net pension liability	(288,541)
Increase in Total OPEB liability	149,878
Increase in deferred inflows related to pensions	535,121
Increase in deferred inflows related to OPEB	262,078
Net cash used by operating activities	($12,455,214)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Noncash capital grant/gift of capital assets	$2,996,848
Loss on disposal of capital assets	($37,400)
(Decrease) in noncapital accounts and contracts payable	($4,492)

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

Northshore Technical Community College (College) is a publicly-supported institution of higher education. The College is a part of the Louisiana Community and Technical College System (System), which is a component unit of the state of Louisiana within the executive branch of government. The College is under the management and supervision of the System Board of Supervisors; however, certain items, such as the annual budget of the College and changes to the degree programs and departments of instruction, require the approval of the Louisiana Board of Regents of Higher Education. As a state college, operations of the College's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

The College is comprised of four campuses located in Lacombe, Bogalusa, Greensburg, and Hammond, and two instructional service centers located in Pearl River and Hammond.

The College offers associate of applied science degrees, associate of general studies degrees, technical competency areas, technical diplomas, and certificate of technical studies.

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.

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 College is part of the System, which 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 College.

Annually, the state of Louisiana issues a Comprehensive Annual Financial Report, which includes the activity contained in the accompanying financial statements within the System amounts. The Louisiana Legislative Auditor audits the basic financial statements of the System and the state of Louisiana.

C. BASIS OF ACCOUNTING

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

D. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and interest-bearing demand deposits. Under state law, the College may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the Union, or the laws of the United States.

The College may also invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The College considers certificates of deposit and all highly-liquid investments with an original maturity of three months or less to be cash equivalents. In addition, funds derived from endowments may be invested as stipulated by the conditions of the gift instrument.

E. INVENTORIES

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

F. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments consist of endowments 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.

G. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the College'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. 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 three to 10 years for most movable property.

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. NONCURRENT LIABILITIES

Noncurrent liabilities include amounts for accrued compensated absences, the College's proportionate shares of the Louisiana State Employees' Retirement System's (LASERS) and Teachers' Retirement System of Louisiana (TRSL) actuarially accrued net 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.

J. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during holiday periods when students are not in classes. Employees who are considered having 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 LASERS, upon application for retirement, the option of receiving an actuarially-determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits for 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.

K. NET POSITION

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

(a) *Net Investment in capital assets* consists of the College's total investment in capital assets, net of accumulated depreciation. The College does not have any outstanding debt obligations related to capital assets.

(b) *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.

(c) *Restricted net position - expendable* consists of resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(d) *Unrestricted net position* consists of resources derived from student tuition and fees, state appropriations, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College 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 College's policy is to first apply the expense toward unrestricted resources, then toward restricted resources.

L. CLASSIFICATION OF REVENUES AND EXPENSES

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

(a) *Operating revenue* includes activities that have the characteristics of exchange transactions, such as student tuition and fees, net of scholarship discounts and allowances; and most federal, state, and local grants and contracts.

(b) *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.

(c) *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.

(d) *Nonoperating expenses* include transactions resulting from financing activities, capital acquisitions, and investing activities.

M. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

N. 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.

O. NEW ACCOUNTING PRINCIPLES

The College implemented Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, issued by the Government Accounting Standards Board. This Statement defines debt for purposes of disclosure in the notes to the financial statements; clarifies which liabilities governments should include when disclosing information related to debt; and requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The Statement also requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default and/or termination events with finance-related consequences and significant subjective acceleration clauses.

The adoption of this standard had no impact on the College's net position.

2. CASH AND CASH EQUIVALENTS:

At June 30, 2019, the College has cash (book balance) of $7,632,249 as follows:

Petty cash	$600
Demand deposits	598,489
Short-term investment - Louisiana Asset Management Pool (LAMP)	6,897,032
Cash held in foundation	136,128
Total	$7,632,249

Cash is reported as follows on the Statement of Net Position:

Current assets	$7,496,121
Noncurrent assets	136,128
Total	$7,632,249

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be recovered. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the College or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2019, $136,128 of the College's bank balances totaling $7,824,947 was exposed to custodial credit risk as these balances were uninsured and uncollateralized and held by the Northshore College Enhancement Foundation.

Louisiana Asset Management Pool, Inc. (LAMP):

At June 30, 2019, the College has short-term investments reported on the Statement of Net Position as cash equivalents totaling $6,897,032.

The College 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. 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 Louisiana

Revised Statute (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.

3. INVESTMENTS:

At June 30, 2019, the College has restricted investments totaling $467,850 as follows:

Type of Investment	Percentage of Investments	Credit Quality Rating	Fair Value June 30, 2019
Investments held by private foundation:			
Cash and cash alternatives	25.65%	Not Applicable	$120,000
Mutual funds	74.35%	Not Applicable	347,850
Total	100.00%		$467,850

Investments held by private foundation of $467,850 are held pursuant to the Board of Regents Endowed Chair, Endowed Professorships, and Endowed Scholarship Program. In accordance with Article VII, Section 14(B) of the Constitution of Louisiana, no more than 74% of the Program Assets may be invested in equity. For the purpose of this limitation, publicly traded equity and alternative investments shall be considered equity. A minimum of 26% of program assets will be invested in fixed income investments. No more than 50% of publicly traded equity may be foreign equity, and no more than 50% of publicly traded debt may be foreign debt. Publicly traded debt must maintain an average credit quality of at least "A" as determined by Moody's, S&P, or Fitch. No more than 5% of publicly traded debt may be invested in any single issuer with the exception of securities issued by the U.S. Government or its agencies. No more than 25% of program assets may be invested in alternative investments which is limited to no more than 10% of program assets be invested in Real Estate Investment Trusts, no more than 15% be invested in Hedge Funds, and no more than 10% be invested in private equity and private debt combined based on committed capital. Leverage and the speculative use of derivatives are prohibited at the participant level, yet are permissible for external alternative investment managers.

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, 2019, 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
Investments held by private foundation:				
Cash and Cash alternatives	$120,000	$120,000		
Mutual funds	347,850	347,850		
Subtotal - held by private foundation	$467,850	$467,850	NONE	NONE

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2019. These receivables are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student tuition and fees	$577,839	$51,512	$526,327
State and private grants and contracts	66,796	NONE	66,796
Other	6,230	NONE	6,230
Total	$650,865	$51,512	$599,353

There is no noncurrent portion of receivables.

5. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2019, follows:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets not being depreciated:				
Land	$2,062,150	NONE	NONE	$2,062,150
Construction in progress	834,483	$2,971,354	NONE	3,805,837
Total capital assets not being depreciated	$2,896,633	2,971,354	NONE	$5,867,987
Other capital assets:				
Buildings	$3,951,359	NONE	NONE	$3,951,359
Less accumulated depreciation	(3,898,292)	(53,066)	NONE	(3,951,358)
Total buildings	53,067	(53,066)	NONE	1
Equipment	3,601,055	538,363	($275,596)	3,863,822
Less accumulated depreciation	(2,603,000)	(264,289)	238,196	(2,629,093)
Total equipment	998,055	274,074	(37,400)	1,234,729
Total other capital assets	$1,051,122	$221,008	($37,400)	$1,234,730
Capital asset summary:				
Capital assets not being depreciated	$2,896,633	$2,971,354	NONE	$5,867,987
Other capital assets, at cost	7,552,414	538,363	($275,596)	7,815,181
Total cost of capital assets	10,449,047	3,509,717	(275,596)	13,683,168
Less accumulated depreciation	(6,501,292)	(317,355)	238,196	(6,580,451)
Capital assets, net	$3,947,755	$3,192,362	($37,400)	$7,102,717

6. CAPITAL ASSETS HELD BY OTHERS

Construction for a new facility at the Florida Parishes campus was completed during early fiscal year 2013. Construction for a new facility in Lacombe, Louisiana was substantially completed during fiscal year 2017. The College implemented Banner during fiscal years 2012 and 2013. The new construction and some of the Banner implementation costs were funded by bonds issued by LCTCS Facilities Corporation in accordance with Act 391 of the 2007 Regular Legislative Session and Act 360 of the 2013 Regular Legislative Session. The cost of acquisition of the site and construction of the facilities, along with the related bond debt, are recorded in the System's financial statements through the blending of the LCTCS Facilities Corporation with the System. The Banner asset will be capitalized by the System Board Office.

7. PENSION PLANS

General Information about the Pension Plans

Plan Descriptions

The College 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 and www.trsl.org, respectively.

TRSL also 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 and is considered a defined contribution plan (see note 8 below). A portion of the employer contributions for ORP plan members is dedicated to the unfunded accrued liability of the TRSL defined benefit plan.

LASERS Retirement Benefits

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

The substantial majority of the College's members are regular plan members. Regular plan members hired prior to July 1, 2006, may retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age

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

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

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

TRSL Retirement Benefits

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

Most of the TRSL members at the College are participants in the Regular Plan. In the regular plan, eligibility for retirement is determined by the date the member joined TRSL. Members hired prior to January 1, 2011, are eligible to receive retirement benefits (1) at the age of 60 with five years of service, (2) at the age of 55 with at least 25 years of service, or (3) at any age with at least 30 years of service. Members hired between January 1, 2011, and June 30, 2015, are eligible to retire at age 60 with five years of service. Members hired on or after July 1, 2015, are eligible to retire at age 62 with five years of service. All regular plan members are eligible to retire at any age with 20 years of service 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 and terminating employment, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

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

Cost of Living Adjustments

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

Contributions

Employee contribution rates are established by R.S. 11:62. Employer contribution rates are established annually under R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the respective pension system actuary. Employer contribution rates are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Each LASERS and TRSL sub-plan pays a separate actuarially-determined employer contribution rate. However, all assets of the pension plan are used for the payment of benefits for all classes of members, regardless of their sub-plan membership. For those members participating in the TRSL defined contribution ORP, a portion of the employer contributions is used to fund the TRSL defined benefit plan's unfunded accrued liability.

Employer contributions to LASERS for fiscal year 2019 totaled $346,438, 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 2019 totaled $2,209,734, with regular plan active member contributions of 8% and employer contributions of 21.8% for ORP members, and 25.5% to 26.7% for defined benefit plan members. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenue, totaled $65,676 for fiscal year 2019, and were recognized as revenue in fiscal year 2019 by the College.

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

At June 30, 2019, the College reported liabilities of $3,141,531 and $16,320,115 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, 2018, and the total pension liabilities used to calculate the NPL were determined by actuarial valuations as of that date. The College's proportions of the NPL were based on projections of the College'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, 2018, the most recent measurement date, the College's proportions and the changes in proportion from the prior measurement date were 0.04606%, or an increase of 0.00328% for LASERS, and 0.16606%, or an increase of 0.00279% for TRSL. For the year ended June 30, 2019, the College recognized a total pension expense of $2,301,882 for defined benefit plans, or $394,303 and $1,907,579 for LASERS and TRSL, respectively.

At June 30, 2019, the College 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	$0	$0	$0	$35,229	$537,618	$572,847
Changes of assumptions	31,968	1,048,621	1,080,589	0	0	0
Net difference between projected and actual earnings on pension plan investments	40,735	0	40,735	0	1,051,801	1,051,801
Changes in proportion and differences between employer contributions and proportionate share of contributions	210,009	2,835,859	3,045,868	5,966	281,105	287,071
Employer contributions subsequent to the measurement date	346,437	2,209,734	2,556,171	0	0	0
Total	$629,149	$6,094,214	$6,723,363	$41,195	$1,870,524	$1,911,719

Deferred outflows of resources related to pensions resulting from the College'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, 2020. 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
2020	$220,780	$1,057,613	$1,278,393
2021	109,008	723,442	832,450
2022	(76,774)	203,295	126,521
2023	(11,497)	29,606	18,109
	$241,517	$2,013,956	$2,255,473

Actuarial Assumptions and Methodologies

The total pension liabilities for LASERS and TRSL in the June 30, 2018, 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, 2018	June 30, 2018
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	7.65% per annum, net of investment expense.	7.65%, net of investment expense
Inflation Rate	2.75% per annum	2.5% per annum
Mortality	Non-disabled members: RP-2000 Combined Healthy Mortality Table, improvement projected to 2015 Disabled members: 'RP-2000 Disabled Retiree Mortality Table, no projection for improvement	Active members: 'RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-disabled retiree/inactive members: RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality: RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females. Mortality base tables were adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.
Termination, Disability, Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2009-2013) experience study of the plan's members	Termination, disability, and retirement assumptions were projected based on a five year (2012-2017) experience study of the plan's members
Salary Increases	2009-2013 experience study, ranging from 3.8% to 12.8%	2012-2017 experience study, ranging from 3.3% to 4.8% depending on duration of service
Cost of Living Adjustments	Not substantively automatic	Not substantively automatic

The projected benefit payments do not include provisions for potential future increases not yet authorized by the LASERS and TRSL Boards of Trustees as these ad hoc COLAs were deemed not to be substantively automatic.

The June 30, 2018 valuations include the following changes in assumptions:

- The LASERS and TRSL boards adopted plans to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments beginning July 1, 2017. Therefore, the discount rate was reduced from 7.70% to 7.65% for the LASERS and TRSL June 30, 2018, valuations. A 7.65% discount rate was used to determine the LASERS projected contribution requirements for fiscal year 2018/2019. On November 1, 2018, the TRSL Board accelerated the discount rate reduction plan by one year and a 7.55% rate was used to determine the projected contribution requirements for the 2019/2020 fiscal year.

- The TRSL demographic, mortality, and salary increase assumptions were updated to reflect the results of the most recent experience study of the plan's members observed for the period July 1, 2012 through June 30, 2017.

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 8.83%, and 8.07%, for LASERS and TRSL, respectively. The target allocation and best estimates of geometric/arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized for each plan in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
LASERS (geometric)		
Cash	0.00%	(0.48%)
Domestic equity	23.00%	4.31%
International equity	32.00%	5.26%
Domestic fixed income	6.00%	1.49%
International fixed income	10.00%	2.23%
Alternative investments	22.00%	7.67%
Risk Parity	7.00%	4.96%
Total	100.00%	5.40%
TRSL (arithmetic)		
Domestic equity	27.00%	4.01%
International equity	19.00%	4.90%
Domestic fixed income	13.00%	1.36%
International fixed income	5.50%	2.35%
Private Equity	25.50%	8.39%
Other Private Assets	10.00%	3.57%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.65% 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 College's proportionate share of the NPL for LASERS and TRSL using the current discount rate as well as what the College's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	(6.65%)	(7.65%)	(8.65%)
LASERS	$3,964,821	$3,141,531	$2,432,476
TRSL	$21,620,202	$16,320,115	$11,849,216

Pension plan fiduciary net position

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

Payables to the Pension Plan

At June 30, 2019, the College had $33,232 and $213,975 in payables to LASERS and TRSL, respectively, for the June 2019 employee and employer legally-required contributions.

8. 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 7. Effective July 1, 2018, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount) is the greater of: (1) the employer normal cost contribution for the TRSL Regular Plan; or (2) 6.2%. The amount must be set as a percentage of pay.

Employer ORP contributions to TRSL for fiscal year 2019 totaled $142,611, which represents pension expense for the College. Employee contributions totaled $40,727. The FY 2019 employee and employer contribution rates were 8% and 6.2%, respectively, with an additional employer contribution of 21.8% (shared UAL) made to the TRSL defined benefit plan described in note 7 above.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The Office of Group Benefits (OGB) administers the State of Louisiana Post-Retirement Benefits Plan – a multiple-employer defined-benefit other postemployment 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. Effective January 1, 2019, retired employees who have Medicare Part A and Part B coverage had access to these plans and an additional six 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 Participation	Employer Contribution Percentage	Retiree Contribution Percentage
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retirees and spouses of retirees, subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees. 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, 2019, totaled $326,672.

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

Funding Policy

During fiscal year 2019, neither the College 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, 2019, the College reported a liability of $11,144,256 for its proportionate share of the total collective OPEB liability, of which $326,672 is current, and the remaining $10,817,584 is noncurrent. The total collective OPEB liability was measured as of July 1, 2018, and was determined by an actuarial valuation as of that date.

The College's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability (AAL) in relation to the total OPEB AAL liability for all participating entities included in the state of Louisiana reporting entity. At July 1, 2018, the most recent measurement date, the College's current year proportion and the change in proportion from the prior measurement date was 0.1306%, or an increase of 0.0040%.

For the year ended June 30, 2019, the College recognized total OPEB expense of $446,893 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$0	$48,574
Changes of assumptions or other inputs	0	750,823
Changes in employer's proportinate share	288,076	0
Difference between change in proportionate share of benefits payments and actual benefit payments	0	45,601
Benefit payments made subsequent to the measurement date	326,672	0
Total	$614,748	$844,998

Deferred outflows of resources related to OPEB resulting from the College'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, 2020. 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:	Net Amount Recognized in OPEB Expense
2020	($209,493)
2021	($209,493)
2022	($119,613)
2023	($18,323)

Actuarial Assumptions

The total collective OPEB liability in the July 1, 2018, actuarial valuation was determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2018
Actuarial Cost Method	Entry Age Normal, level percent of pay
Inflation Rate	2.80%
Salary Increase Rate	Consistent with the pension plans disclosed in note 7
Discount Rate	2.98% based on the June 29, 2018 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) were updated to reflect 2018 claims and enrollment and retiree contributions were based on 2019 premiums. The impact of the High Cost Excise Tax was revisited, reflecting updated plan premiums.
Age Related Morbidity	Per capita cost (PCCs) were adjusted for expected age-related 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-2018. Assumptions are consistent with the pension plans disclosed in note 7.
Mortality – Disabled	RP-2014 Disabled Retiree Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2018. Assumptions are consistent with the pension plans disclosed in note 7.

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined at June 30, 2018, is 4.5 years.

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

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

- The discount rate has been decreased from 3.13% to 2.98% since the previous valuation.
- Baseline per capita costs were adjusted to reflect 2018 claims and enrollment, retiree contributions were updated based on 2019 premiums, and the impact of the High Cost Excise Tax was revisited reflecting updated plan premiums.
- The percentage of future retirees assumed to elect medical coverage was adjusted based on recent plan experience.
- Demographic and mortality assumptions were updated consistent with the TRSL plan based on recent experience studies reflected in the June 30, 2018, pension valuations.
- Mortality assumptions for LASERS members were updated using projection scale MP-2018 based on information released by the Society of Actuaries in October 2018.

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

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

1.0% Decrease	Current Discount Rate	1.0% Increase
(1.98%)	(2.98%)	(3.98%)
$13,263,629	$11,144,256	$9,480,463

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

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

	1.0% Decrease	Current Healthcare Cost Trend Rates	1.0% Increase
Pre-65 Rates	6.0% decreasing to 3.5%	7.0% decreasing to 4.5%	8.0% decreasing to 5.5%
Post-65 Rates	4.5% decreasing to 3.5%	5.5% decreasing to 4.5%	6.5% decreasing to 5.5%
Proportionate Share of Total Collective OPEB Liability	$9,394,041	$11,144,256	$13,440,441

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 88%.

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

The Schedule of the College's Proportionate Share of the total collective OPEB liability is presented as required supplementary information following the Notes to the Financial Statements.

10. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accruals at June 30, 2019:

Accrued salaries and benefits	$1,083,292
Travel and training	24,372
Operating services	85,157
Professional services	9,358
Supplies	36,208
Other charges	6,527
Total	$1,244,914

11. UNEARNED REVENUES

The following is a summary of unearned revenues at June 30, 2019:

Prepaid tuition and fees	$355,359
Grants and contracts	183,520
Total	$538,879

12. COMPENSATED ABSENCES

At June 30, 2019, employees of the College have accumulated and vested annual, sick, and compensatory leave of $377,670; $512,427; and $792, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

13. LONG-TERM LIABILITIES

The following is a summary of long-term transactions of the College for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Portion Due Within One Year
Compensated absences payable (note 11)	$741,297	$613,612	($464,020)	$890,889	$39,488
Total**	$741,297	$613,612	($464,020)	$890,889	$39,488

**Information about changes in the net pension liability and the total OPEB liability are contained in notes 7 and 9, respectively.

14. LEASE OBLIGATIONS

For the year ended June 30, 2019, the total rental expense for all operating leases was $12,000. The following is a schedule, by fiscal years, of future minimum annual rental payments required under operating leases:

Nature of Operating Lease	2020	2021	2022
Buildings	$6,500	$6,000	$6,000

15. RESTRICTED NET POSITION

The College has the following restricted net position at June 30, 2019:

Nonexpendable:	
Endowments	$580,000
Total nonexpendable	$580,000
Expendable:	
Student technology fee	$532,166
Building use fee	825,956
Vehicle Registration fee	134,445
Academic Excellence fee	1,703,089
Student Government fee	213,830
Grants and Contracts	1,379,785
Endowments	23,978
Total expendable	$4,813,249

Of the total net position reported in the Statement of Net Position for the year ended June 30, 2019, $3,195,656 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).

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 College is not involved in any lawsuits at June 30, 2019, that are handled by contract attorneys. All other lawsuits are handled by either ORM or the Attorney General's office.

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

17. DEFERRED COMPENSATION PLAN

Certain employees of the College 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.

18. FOUNDATION

The accompanying financial statements do not include the accounts of the Northshore College Enhancement Foundation (Foundation). This foundation is not included because it does not meet criteria established by the Division of Administration, Office of Statewide Reporting and Accounting Policy, for determining component units included in the College system's financial statement in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No. 14. The Foundation is a separate corporation whose financial statements are subject to audit by independent certified public accountants.

19. DONOR RESTRICTED ENDOWMENTS

At June 30, 2019, the Foundation holds in custody $136,128 of the College's Endowed Scholarship Program and Endowed Professorship endowment funds to be invested. The Endowed Scholarship Program endowment funds are established for $20,000 each, with $10,000 of private contributions and $10,000 of state matching portion allocated by the Board of Regents for Higher Education. Also, other Endowed Scholarship Program endowment funds are established for $40,000 each, with $30,000 of private contributions and $10,000 of state matching portion allocated by the Board of Regents for Higher Education. Higher levels are permitted subject to the same ratios and matching levels. Endowed Professorships funds are established for $100,000 each, with $60,000 of private contributions and $40,000 of state matching portion allocated by the Board of Regents for Higher Education. Once a college has received state match for 15 Endowed Professorship slots, that college will be eligible only for the 80% non-state/20% state ratio. The amounts held by the Foundation are included as cash held in foundation in note 2.

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, 2019, net appreciation of $23,978 is available to be spent, of which $23,978 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."

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule 1 presents the College's Net Pension Liability.

Schedule of the College's Contributions

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

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

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

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

Schedules of Required Supplementary Information
Fiscal Year Ended June 30, 2019

Schedule of the College's Proportionate Share of the Net Pension Liability — Schedule 1

Fiscal Year*	College's proportion of the net pension liability (asset)	College's proportionate share of the net pension liability (asset)	College's covered payroll	College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System					
2015	0.04227%	$2,642,917	$740,846	357%	65.0%
2016	0.04147%	$2,820,793	$786,824	359%	62.7%
2017	0.04166%	$3,271,210	$814,667	402%	57.7%
2018	0.04279%	$3,011,845	$842,030	358%	62.5%
2019	0.04606%	$3,141,531	$859,977	365%	64.3%
Teachers' Retirement System of Louisiana					
2015	0.12237%	$12,507,867	$5,322,671	235%	63.7%
2016	0.12456%	$13,393,359	$5,545,441	242%	62.5%
2017	0.13309%	$15,620,404	$5,757,819	271%	59.9%
2018	0.16327%	$16,738,342	$6,173,658	271%	65.6%
2019	0.16606%	$16,320,115	$7,414,061	220%	68.2%

*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 College's Contributions — Schedule 2

Fiscal Year*	(a) Statutorily-Required Contribution	(b) Contributions in relation to the statutorily-required contribution	(a-b) Contribution Deficiency (Excess)	College's covered payroll	Contributions as a percentage of covered payroll
Louisiana State Employees' Retirement System					
2015	$270,370	$270,370		$786,824	34.4%
2016	$305,450	$305,450		$814,667	37.5%
2017	$303,050	$303,050		$842,030	36.0%
2018	$327,079	$327,079		$859,977	38.0%
2019	$346,438	$346,438		$934,728	37.1%
Teachers' Retirement System of Louisiana					
2015	$1,498,173	$1,498,173		$5,545,441	27.0%
2016	$1,522,337	$1,522,337		$5,757,819	26.4%
2017	$1,614,385	$1,614,385		$6,173,658	26.1%
2018	$2,013,753	$2,013,753		$7,414,061	27.2%
2019	$2,209,734	$2,209,734		$8,059,976	27.4%

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

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

Notes to Required Supplementary Information

Changes of Benefit Terms include:

LASERS

2015 (1) A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session, and,

2015 (2) Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections as established by Act 852 of 2014, 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,

2017 (4) Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014.

2019 (5) Added survivor and disability benefits for members of the Hazardous Duty, Corrections Primary and Secondary, Wildlife, and Harbor Police sub-plans as a result of Acts 224 and 595 of the 2018 Regular Legislative Session.

TRSL

2015 (1) A 1.5% COLA, effective July 1, 2014, provided by Act 204 of the 2014 Louisiana Regular Legislative Session, 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 (1) Effective July 1, 2017, the LASERS Board reduced the inflation assumption from 3.0% to 2.75%. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25% in the June 30, 2017 valuation.

2018 (2) Effective July 1, 2017, the projected contribution requirement includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.

2018 and 2019 (3) Effective July 1, 2017, the LASERS board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017 valuation, and to 7.65% for the June 30, 2018 valuation. A 7.65% discount rate was used to determine the projected contribution requirements for fiscal year 2018/2019 and a 7.60% rate was used for the 2019/2020 fiscal year.

TRSL

2018 (1) Effective July 1, 2017, the projected contribution requirement includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.

2018-2019 (2) Effective July 1, 2017, the TRSL board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% annual increments. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017 valuation, and to 7.65% for the June 30, 2018 valuation. A 7.65% discount rate was used to determine the projected contribution requirements for fiscal year 2018/2019.

2019 (3) Demographic, mortality, and salary increase assumptions were updated beginning with the June 30, 2018 valuation to reflect the results of the most recent experience study observed for the period July 1, 2012 - June 30, 2017.

2020 (4) On November 1, 2018, the TRSL Board accelerated the discount rate reduction plan by one year and a 7.55% rate was used to determine the projected contribution requirements for the 2019/2020 fiscal year.

Changes to Covered Payroll:

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

Changes to Size or Composition of the Population:

2018 Factors that significantly affect trends in the amounts in the RSI include enrollment increases which resulted in additional tuition/fee revenues, therefore more dollars were used to hire additional faculty to cover growth in enrollment. Also faculty and staff received merit and pay adjustments during fiscal year 2018.

2019 Factors that significantly affect trends in the amounts in the RSI include the College having more overload class offerings and online class offerings at multiple locations which increased adjunct contracts. Also faculty and staff received merit and pay adjustments during fiscal year 2019.

NORTHSHORE TECHNICAL COMMUNITY COLLEGE **Schedule 3**
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA

Schedule of the College's Proportionate Share
of the Total Collective OPEB Liability
Fiscal Year Ended June 30, 2019

Fiscal Year*	College's proportion of the total collective OPEB liability	College's proportionate share of the total collective OPEB liability	College's covered-employee payroll	College's proportionate share of the total collective OPEB liability as a percentage of the covered- employee payroll
2017	0.1265%	$11,477,877	$5,040,786	228%
2018	0.1265%	$10,994,378	$5,466,090	201%
2019	0.1306%	$11,144,256	$6,088,204	183%

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

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

Notes to Required Supplementary Information

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

Changes of Assumptions include:

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

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

(1) decreased the discount rate from 3.13% to 2.98%,

(2) the baseline per capita costs were adjusted to reflect 2018 claims and enrollment, retiree contributions were updated based on 2019 premiums, and the impact of the High Cost Excise Tax was revisited, reflecting updated plan premiums, and

(3) the percentage of future retirees assumed to elect medical coverage was adjusted based on recent plan experience.

OTHER REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Exhibit A

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

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 10, 2019

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

NORTHSHORE TECHNICAL COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Lacombe, 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 Northshore Technical Community College (College), a college within 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, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 10, 2019. 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 College'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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College'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*.

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

KPD:CLL:BQD:EFS:aa

NTCC 2019