

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 DECEMBER 30, 2019

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 23, 2019

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Louisiana Community and Technical College System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; or the LCTCS Facilities Corporation, which are nonprofit corporations included as blended component units in the basic financial statements representing approximately 53.59% of total assets, 40.07% of total liabilities, 7.40% of total revenues, and 6.16% of total expenses of the System. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; and the LCTCS Facilities Corporation, is based solely on the reports of the other auditors.

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

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

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

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the System as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in note 6 to the financial statements, the net pension liability for the System was \$360,421,387 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's and TRSL's actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2019, could be under or overstated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 15, the Schedule of the System's Proportionate Share of the Net Pension Liability on page 72, the Schedule of the System's Contributions on page 72, and the Schedule of the System's Proportionate Share of the Total

Collective OPEB Liability on page 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended June 30, 2019, was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplementary information Schedule of Per Diem Paid Board Members (Cash Basis) on page 76 and combining financial schedules on pages 77 through 88 for the year ended June 30, 2019, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2019, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the supplementary information Schedule of Per Diem Paid Board Members (Cash Basis) and combining financial schedules for the fiscal year ended June 30, 2019, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the System as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated December 21, 2018, which contained an unmodified opinion on the respective financial statements of the business-type activities. The combining financial schedules on pages 89 through 100 for the year ended June 30, 2018, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The combining financial schedules for the year ended June 30, 2018, have been subjected to the auditing

procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining schedules for the fiscal year ended June 30, 2018, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2018.

Internal Transfer of College Operations

As discussed in Note 25, to the financial statements, effective July 1, 2018, and for the fiscal year ended June 30, 2019, the campuses of the South Central Louisiana Technical College (SCLTC) realigned with L.E. Fletcher Technical Community College, River Parishes Community College, and South Louisiana Community College (SLCC). The proportionate share of the collective total other postemployment benefits (OPEB) liability (\$18,737) and the proportionate share of the collective net pension liability for TRSL (\$5,363,150), along with the related expenses and deferrals, as reported by the actuary for SCLTC are recorded in the accompanying supplementary information combining schedules entirely within SLCC, rather than being allocated between all applicable colleges. SCLTC had no remaining net pension liability for LASERS; however, the remaining deferrals for the change in proportionate share were accelerated and recorded as additional expenses (\$2,969,915) entirely within SLCC.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Respectfully submitted,



Thomas H. Cole, CPA
First Assistant Legislative Auditor

KDN:CLL:BQD:EFS:aa

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Management’s Discussion and Analysis of the Louisiana Community and Technical College System’s (System) financial performance presents a narrative overview and analysis of the System’s financial activities for the year ended June 30, 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 System’s financial statements. The System is comprised of the following entities:

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

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

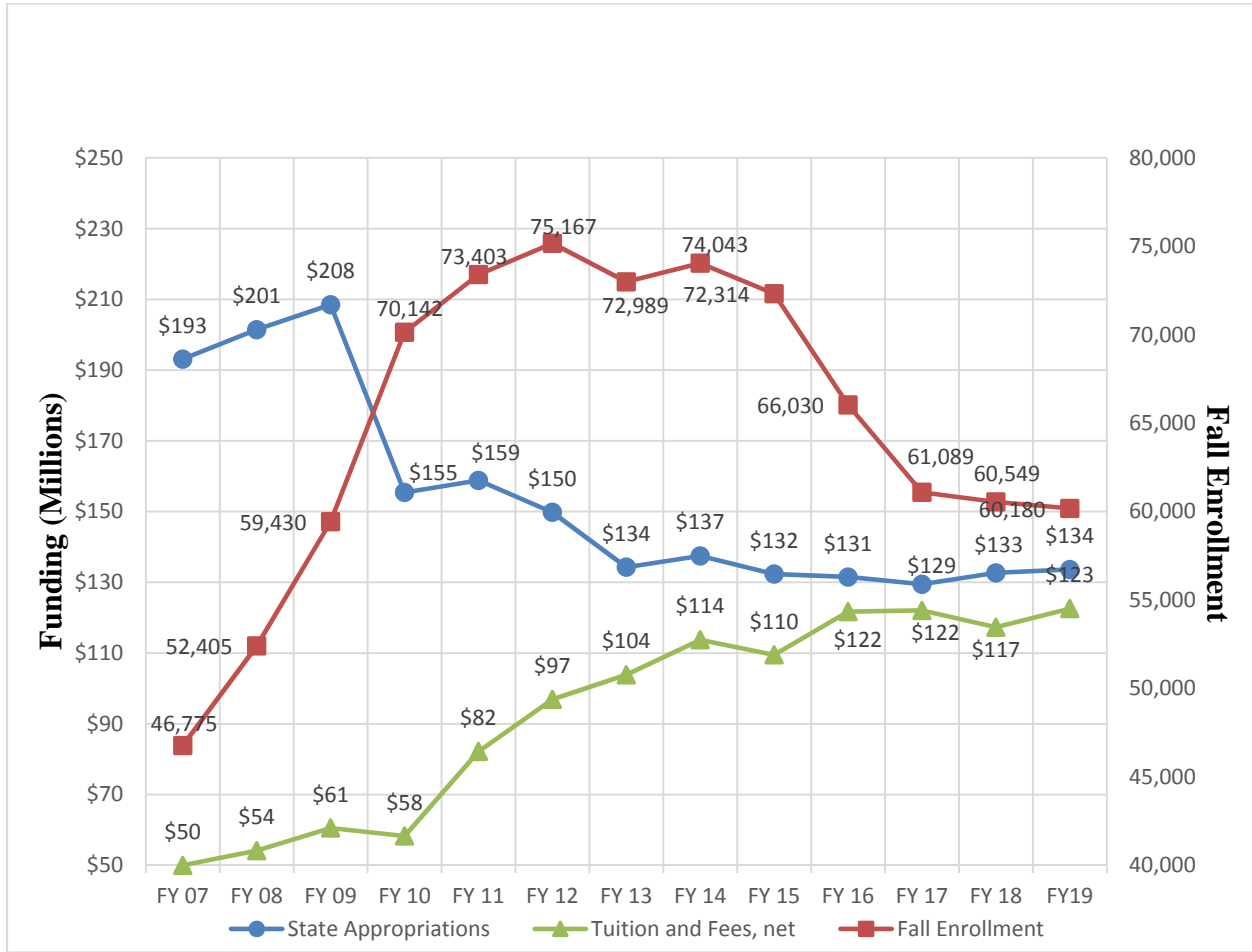
FINANCIAL HIGHLIGHTS

The System's net position overall increased from negative \$212.0 million (restated) to negative \$157.9 million from July 1, 2018, to June 30, 2019. The overall reasons for this change included:

- A \$20.8 million increase in capital assets primarily due to continuing Act 360 construction projects.
- A \$50.1 million increase in cash and investments from the issuance of the LCTCS Facilities Corporation Series 2018 bonds in December 2018.
- A \$15.4 million decrease in long-term liabilities due primarily to:
 - a \$56.0 million decrease in net pension liability;
 - a \$16.4 million decrease in total OPEB; and
 - a \$56.2 million increase in bonds payable due to the issuance of bonds.
- A \$57.8 million increase in deferred inflows related to pensions and OPEB.
- A \$23.3 million increase in deferred outflows related to pensions and OPEB.
- A \$12.2 million increase in current liabilities.

The chart on the following page shows the change in the System's level of state funding in relation to the net tuition and fees and student enrollment for fiscal year (FY) 2007 through FY 2019.

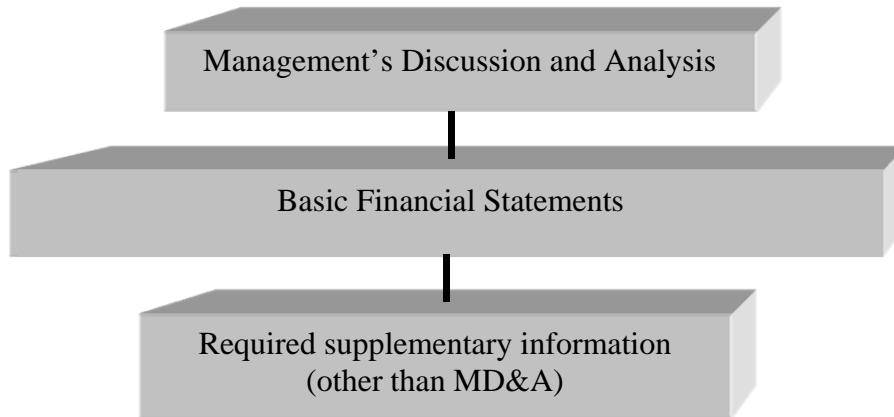
**Comparison of LCTCS Funding and Fall Student Enrollment
FY07 through FY19**



Source: LCTCS Fiscal Year 2019 Annual Financial Report, as adjusted

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

Basic Financial Statements

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

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

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

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

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

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

FINANCIAL ANALYSIS

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

	2019	2018 (restated)	Variance	Percentage Change
Assets:				
Current and other assets	\$362,483	\$297,736	\$64,747	21.7%
Capital assets	688,873	668,108	20,765	3.1%
Total assets	<u>1,051,356</u>	<u>965,844</u>	<u>85,512</u>	8.9%
Total deferred outflow of resources	<u>131,203</u>	<u>107,933</u>	<u>23,270</u>	21.6%
Total assets and deferred outflow of resources	<u><u>\$1,182,559</u></u>	<u><u>\$1,073,777</u></u>	<u><u>\$108,782</u></u>	10.1%
Liabilities:				
Current liabilities	\$84,204	\$71,961	\$12,243	17.0%
Long-term liabilities	1,130,456	1,145,873	(15,417)	(1.3%)
Total liabilities	<u>1,214,660</u>	<u>1,217,834</u>	<u>(3,174)</u>	(0.3%)
Total deferred inflow of resources	<u>125,752</u>	<u>67,972</u>	<u>57,780</u>	85.0%
Total liabilities and deferred inflow of resources	<u><u>\$1,340,412</u></u>	<u><u>\$1,285,806</u></u>	<u><u>\$54,606</u></u>	4.2%
Net Position:				
Net investment in capital assets	\$263,587	\$264,069	(\$482)	(0.2%)
Restricted	184,713	163,429	21,284	13.0%
Unrestricted	<u>(606,153)</u>	<u>(639,527)</u>	<u>33,374</u>	5.2%
Total net position	<u><u>(\$157,853)</u></u>	<u><u>(\$212,029)</u></u>	<u><u>\$54,176</u></u>	25.6%

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

The System's net position overall increased from a negative \$212.0 million (restated) to negative \$157.9 million, or 25.6%, from July 1, 2018, to June 30, 2019.

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

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

	2019	2018 (restated)	Variance	Percentage Change
Operating revenues:				
Student tuition and fees, net	\$122,562	\$119,503	\$3,059	2.6%
Grants and contracts	72,206	67,463	4,743	7.0%
Sales and services of education departments	92	156	(64)	(41.0%)
Auxiliary, net	2,147	2,213	(66)	(3.0%)
Other	1,050	786	264	33.6%
Total operating revenues	198,057	190,121	7,936	4.2%
Nonoperating revenues:				
State appropriations	133,623	132,681	942	0.7%
Gifts	1,504	451	1,053	233.5%
Investment income	3,277	0	3,277	100.0%
Federal nonoperating revenues	139,553	129,681	9,872	7.6%
Other nonoperating revenues	2,062	0	2,062	100.0%
Total nonoperating revenues	280,019	262,813	17,206	6.5%
Total revenues	478,076	452,934	25,142	5.6%
Operating expenses:				
Education and general:				
Instruction	154,022	158,876	(4,854)	(3.1%)
Public service	5,141	3,669	1,472	40.1%
Academic support	51,012	51,115	(103)	(0.2%)
Student services	33,298	33,299	(1)	(0.0%)
Institutional support	81,820	82,455	(635)	(0.8%)
Operations and maintenance of plant	41,042	39,989	1,053	2.6%
Depreciation	29,701	29,627	74	0.2%
Scholarships and fellowships	61,424	58,698	2,726	4.6%
Auxiliary enterprises	1,855	2,451	(596)	(24.3%)
Other operating expenses	321	292	29	9.9%
Total operating expenses	459,636	460,471	(835)	(0.2%)
Nonoperating expenses:				
Interest expense	11,977	12,822	(845)	(6.6%)
Investment loss	0	802	(802)	
Other nonoperating expenses, net	0	6,381	(6,381)	
Total nonoperating expenses	11,977	20,005	(8,028)	(40.1%)
Total expenses	471,613	480,476	(8,863)	(1.8%)
Income/(Loss) before other revenues	6,463	(27,542)	34,005	123.5%
Capital appropriations	39,764	55,378	(15,614)	(28.2%)
Capital grants and gifts	6,980	6,095	885	14.5%
Other deductions, net	(4)	(1)	(3)	300.0%
Additions to permanent endowment	973	667	306	45.9%
Other revenues	47,713	62,139	(14,426)	(23.2%)
Change in net position	54,176	34,597	19,579	56.6%
Net position at beginning of year, restated	(212,029)	(246,626)	34,597	14.0%
Net position at end of year	(\$157,853)	(\$212,029)	\$54,176	25.6%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, the System had invested approximately \$668.9 million in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$20.8 million, or 3.1%, from the previous fiscal year. More detailed information about the System's capital assets is presented in note 5 to the financial statements.

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

	2019	2018 (restated)	Variance	Percentage Change
Land and improvements	\$61,582	\$60,570	\$1,012	1.7%
Buildings	561,243	530,773	30,470	5.7%
Equipment	32,279	28,985	3,294	11.4%
Software	6,187	7,800	(1,613)	(20.7%)
Construction-in-progress	27,582	39,980	(12,398)	(31.0%)
Total	<u>\$688,873</u>	<u>\$668,108</u>	<u>\$20,765</u>	3.1%

Debt

The System had \$477.8 million in bonds outstanding at year-end, compared to \$421.2 million last year, an increase of 13.4%. The net increase is primarily due to the following:

- Bond principal payments of \$16.8 million, and
- The issuing of \$66.8 million in LCTCS Facilities Corporation Series 2018 bonds in December 2018.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

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

- Continued low state funding on a per student basis as compared to peers in southern states

- Changes in federal grant programs (A significant amount of revenue flows from the federal government through the System. A change in policy at the federal level can have dramatic effects on the operations.)
- New bonds issued by blended component units (More detailed information is presented in note 27 to the financial statements.)
- Significant new or additional capital appropriations
- Capital outlay projects (29 projects) at 13 System locations through Act 360 [R.S. 17:3394.3(A)]
- Tuition affordability for students given income levels of prospective students

CONTACTING THE LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM'S MANAGEMENT

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

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

**Statement of Net Position
June 30, 2019**

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$150,564,158
Receivables, net (note 4)	24,975,745
Due from State Treasury	460,501
Due from federal government	19,338,631
Inventories	7,003
Prepaid expenses and advances	678,593
Other current assets	19,268
Total current assets	<u>196,043,899</u>

Noncurrent assets:

Restricted assets:

Cash and cash equivalents (note 2)	59,468,154
Investments (note 3)	96,568,741
Receivables, net (note 4)	4,931,575
Other	594,079
Capital assets, net (note 5)	688,873,226
Other noncurrent assets	4,875,970
Total noncurrent assets	<u>855,311,745</u>
Total assets	<u>1,051,355,644</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions (note 6)	109,310,738
Deferred outflows related to other postemployment benefits (OPEB) (note 8)	21,892,331
Total deferred outflows of resources	<u>131,203,069</u>

LIABILITIES

Current liabilities:

Accounts payable and accruals (note 9)	39,125,838
Due to federal government	7,215
Unearned revenues (note 10)	11,897,601
Compensated absences payable (notes 11 and 13)	1,313,526
Capital lease obligations (notes 12 and 13)	92,500
Amounts held in custody for others	1,037,887
Total OPEB Liability (note 8)	9,523,173
Bonds payable, net (note 13)	16,985,000
Other current liabilities	4,220,960
Total current liabilities	<u>84,203,700</u>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Net Position
June 30, 2019**

LIABILITIES (CONT.)

Noncurrent liabilities:

Compensated absences payable (notes 11 and 13)	\$18,933,849
Capital lease obligations (notes 12 and 13)	2,290,000
Net pension liability (note 6)	360,421,387
Total OPEB Liability (note 8)	288,044,196
Bonds payable, net (note 13)	460,766,400
Total noncurrent liabilities	<u>1,130,455,832</u>
Total liabilities	<u><u>1,214,659,532</u></u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions (note 6)	90,141,072
Deferred inflows related to OPEB (note 8)	35,611,523
Total deferred inflows of resources	<u><u>125,752,595</u></u>

NET POSITION

Net investment in capital assets	263,587,218
Restricted:	
Nonexpendable (note 14)	8,791,742
Expendable (note 14)	175,920,983
Unrestricted	<u>(606,153,357)</u>
Total net position	<u><u>(\$157,853,414)</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

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

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

OPERATING REVENUES

Student tuition and fees	\$217,993,619
Less scholarship allowances	(95,431,330)
Net student tuition and fees	<u>122,562,289</u>
Federal grants and contracts	52,429,220
State and local grants and contracts	16,824,355
Nongovernmental grants and contracts	2,952,489
Sales and services of educational departments	92,072
Auxiliary enterprise revenues	2,147,256
Other operating revenues	<u>1,049,860</u>
Total operating revenues	<u><u>198,057,541</u></u>

OPERATING EXPENSES

Educational and general:	
Instruction	154,021,945
Public service	5,140,573
Academic support	51,012,147
Student services	33,297,407
Institutional support	81,820,435
Operations and maintenance of plant	41,041,900
Depreciation	29,700,756
Scholarships and fellowships	61,424,357
Auxiliary enterprises	1,855,201
Other operating expenses	<u>320,867</u>
Total operating expenses	<u><u>459,635,588</u></u>

OPERATING LOSS (261,578,047)

(Continued)

The accompanying notes are an integral part of this statement.

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

NONOPERATING REVENUES (Expenses)	
State appropriations	\$133,622,875
Gifts	1,503,752
Federal nonoperating revenues	139,552,682
Investment income	3,277,381
Interest expense	(11,977,145)
Other nonoperating revenues, net	2,062,334
Net nonoperating revenues	<u>268,041,879</u>
INCOME BEFORE OTHER REVENUES AND ADDITIONS	6,463,832
Capital appropriations	39,763,690
Capital grants and gifts	6,980,223
Additions to permanent endowments	972,720
Other deductions, net	<u>(4,593)</u>
INCREASE IN NET POSITION	54,175,872
NET POSITION - BEGINNING OF YEAR (restated) (note 15)	<u>(212,029,286)</u>
NET POSITION - END OF YEAR	<u><u>(\$157,853,414)</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

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

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

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$120,907,425
Grants and contracts	69,717,476
Sales and services of educational departments	92,072
Auxiliary enterprise receipts	2,034,505
Payments for employee compensation	(198,640,647)
Payments for benefits	(79,017,182)
Payments for utilities	(12,401,702)
Payments for supplies and services	(106,404,342)
Payments for scholarships and fellowships	(61,386,959)
Other receipts, net	872,387
Net cash used by operating activities	<u>(264,226,967)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State appropriations	133,477,599
Gifts and grants for other than capital purposes	143,271,157
Private gifts for endowment purposes	972,720
Taylor Opportunity Program for Students (TOPS) receipts	9,674,198
TOPS disbursements	(9,674,162)
Direct lending receipts	153,083,613
Direct lending disbursements	(153,083,613)
Other receipts	448,070
Net cash provided by noncapital financing activities	<u>278,169,582</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt	76,792,300
Capital appropriations received	35,987,526
Capital grants and gifts received	608,738
Proceeds from sale of capital assets	200,000
Purchases of capital assets	(39,692,648)
Principal paid on capital debt and leases	(16,847,500)
Interest paid on capital debt and leases	(16,412,781)
Other uses	(2,460,334)
Net cash provided by capital and related financing activities	<u>38,175,301</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	43,615,449
Interest received on investments	3,284,000
Purchase of investments	(73,822,455)
Net cash used by investing activities	<u>(26,923,006)</u>

(Continued)

The accompanying notes are an integral part of this statement.

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

NET INCREASE IN CASH AND CASH EQUIVALENTS	\$25,194,910
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>184,837,402</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$210,032,312</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	(\$261,578,047)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	29,700,756
Nonemployer contributing entity revenue	1,157,916
Noncash transfers of operations	74,991
Changes in assets and liabilities:	
(Increase) in accounts receivables, net	(8,058,657)
Decrease in due from other funds	20,535
Decrease in inventories	3,281
(Increase) in prepaid expenses and advances	(137,598)
Decrease in other assets	19,914
(Increase) in deferred outflows related to pensions	(11,200,644)
(Increase) in deferred outflows related to OPEB	(12,069,388)
Increase in accounts payable and accrued liabilities	824,575
Increase in unearned revenue	1,035,417
Increase in amounts held in custody for others	261,042
Increase in compensated absences	809,192
(Decrease) in net pension liability	(55,985,004)
(Decrease) in total OPEB liability	(6,883,603)
(Decrease) in other liabilities	(2,057)
Increase in deferred inflows related to pensions	39,194,280
Increase in deferred inflows related to OPEB	<u>18,586,132</u>
Net cash used by operating activities	<u><u>(\$264,226,967)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:	
Cash and cash equivalents classified as current assets	\$150,564,158
Cash and cash equivalents classified as noncurrent assets	<u>59,468,154</u>
Cash and cash equivalents at end of year	<u><u>\$210,032,312</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Capital appropriations for purchase of equipment, buildings, or land	\$3,776,164
Noncash capital grant/gift of capital assets	\$5,218,304
Noncash grants and gifts	\$19,438
(Loss) on disposal of capital assets	(\$1,057,408)
Unrealized gain on investments	\$265,343
(Decrease) in noncapital accounts and contracts payable	(\$30,237)
Increase in accrued interest payable	\$232,136
Capitalized interest including capitalized amortization	\$1,049,276
Amortization of bond premium	\$4,177,628
Accretion of bond discount	\$559,134
Amortization of bond issuance costs	\$313,442
Increase in capital accounts and retainage payable	\$1,830,023
(Increase) in nonoperating accounts receivable	(\$2,203,521)
(Increase) in restricted assets - other	(\$828)

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

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

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

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

- The South Louisiana Facilities Corporation is a nonprofit corporation formed in December 2001 to provide funds and oversee construction of the campus for the South Louisiana Community College (SLCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. The South Louisiana Facilities Corporation has a June 30 year-end, and audited financial statements for the corporation may be obtained at 301 Main Street, 23rd Floor, Baton Rouge, Louisiana 70825.
- Campus Facilities, Inc., is a nonprofit organization formed in May 2001 to provide funds for and oversee construction of the campus for Bossier Parish Community College (BPCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. Campus Facilities, Inc., has a December 31 year-end, and audited financial statements for Campus Facilities, Inc., may be obtained at 4442 Viking Drive, Suite 100, Bossier City, Louisiana 71111.
- BRCC Facilities Corporation is a nonprofit corporation formed in February 2002 to provide funds and oversee construction of the campus for Baton Rouge Community College (BRCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. BRCC Facilities Corporation has a June 30 year-end, and audited financial statements for the corporation may be obtained at 201 Community College Drive, Baton Rouge, Louisiana 70806.
- Delta Campus Facilities Corporation is a nonprofit corporation formed in March 2005 to provide funds and oversee construction of the campus for Louisiana Delta Community College (LDCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. Delta Campus Facilities Corporation has a December 31 year-end, and audited financial statements for the corporation may be obtained at 1811 Tower Drive, Suite D, Monroe, Louisiana 71201.
- LCTCS Facilities Corporation is a nonprofit corporation formed in August 2007 and began operations October 1, 2009, to provide funds and oversee the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of 13 community and technical college campuses and a statewide computer information system for the System. The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. LCTCS Facilities Corporation has a December 31 year-end, and audited financial statements for the corporation may be obtained at 201 St. Charles Avenue, Suite 4240, New Orleans, Louisiana 70170.

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

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

C. BASIS OF ACCOUNTING

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

D. CASH AND CASH EQUIVALENTS

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

E. INVENTORIES

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

F. NONCURRENT RESTRICTED ASSETS

Restricted cash equivalents consist of assets that are externally restricted to make debt service payments, to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets. These funds are invested in U.S. Treasury money market funds, which are considered to be cash equivalents because of their liquidity. They are maintained in trust accounts created pursuant to trust indentures of the related bonds. These trust accounts, which are administered by a trustee bank, provide for the custody of the assets, debt service payments and bond redemption requirements, and payment of administrative expenses. The bonds were issued in 2002, 2003, and 2008 to finance the costs of development, design, and construction of additions and renovations to SLCC, BPCC, BRCC, and LDCC. During fiscal years 2012 and 2013, the BRCC Facilities Corporation Series 2002; Campus Facilities, Inc., Series 2002; and South Louisiana Facilities Corporations Series 2002 bonds were refunded, and revenue refunding bonds were issued. During fiscal year 2018, the Delta Campus Facilities Corporation Series 2008 and LCTCS Facilities Corporation Series 2009B and 2010 bonds were refunded, and revenue refunding bonds were issued. Also, bonds were issued in 2009, 2010, 2011, 2014, 2017, and 2018 to provide funds and oversee the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of 13 community and technical college campuses and a statewide computer information system for LCTCS.

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

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

component of the amount capitalized to capital assets, as required by FASB 62. For purposes of the Statement of Cash Flows, the System considers all highly-liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

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

G. CAPITAL ASSETS

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

H. UNEARNED REVENUES

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

I. COMPENSATED ABSENCES

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

Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and non-classified personnel or their heirs are compensated for

accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System (LASERS), upon application for retirement, the option of receiving an actuarially-determined lump-sum payment for annual and sick leave that would otherwise have been used to compute years of service for retirement. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits for the Teachers' Retirement System of Louisiana (TRSL) and LASERS, but not for the Optional Retirement System.

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

J. NONCURRENT LIABILITIES

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

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

K. NET POSITION

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

- *Net investment in capital assets* consists of the System's total investment in capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position - nonexpendable* consists of endowments and similar-type funds for which donors or other outside sources have stipulated that, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

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

L. CLASSIFICATION OF REVENUES AND EXPENSES

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

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

M. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

N. ADOPTION OF NEW ACCOUNTING PRINCIPLES

The System implemented Statement No. 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.

This statement impacted note 13 long-term liabilities. The adoption of this standard had no impact on the System's net position.

O. USE OF ESTIMATES

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2019, the System has cash and cash equivalents (book balances) of \$210,032,312 as follows:

Demand deposits	\$80,550,745
Non-negotiable Certificates of Deposit	3,365,093
Cash equivalents - money market funds	58,330,693
Short-term investment - Louisiana Asset Management Pool	67,764,235
Cash held in foundation	363,198
Petty cash	23,441
Less: Non-negotiable Certificates of Deposit reported as Investments on the SNP	<u>(365,093)</u>
Total	<u><u>\$210,032,312</u></u>

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

Current assets	\$150,564,158
Noncurrent assets	<u>59,468,154</u>
Total	<u><u>\$210,032,312</u></u>

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits may not be returned to it. The System does not have a formally-adopted policy that addresses custodial credit risk of deposits. Under state law, the System's deposits (or the resulting bank balances) must be secured by Federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. As of June 30, 2019, \$728,291 of the System's bank balance of \$99,020,280 was exposed to custodial credit risk, as these balances were uninsured and uncollateralized. As of June 30, 2019, demand deposits totaling \$565,469 were reported in the financial statements for the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; LCTCS Facilities Corporation; and South Louisiana Facilities Corporation, which were prepared in accordance with the pronouncements of FASB ASC Topic 958. Generally accepted accounting principles allow for the inclusion, in the same consolidated report, of financial statements prepared in accordance with FASB with those prepared under the standards of GASB. As such, the Notes to the Financial Statements of the corporations do not reflect the requirements of GASB Statement No. 3, as revised by Statement No. 40.

Louisiana Asset Management Pool, Inc. (LAMP):

At June 30, 2019, the System has short-term investments reported on the Statement of Net Position as cash equivalents totaling \$67,764,235.

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

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

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

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

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

3. INVESTMENTS

At June 30, 2019, the System has restricted investments totaling \$96,568,741 as follows:

<u>Type of Investment</u>	<u>Percentage of Investments</u>	<u>Credit Quality Rating</u>	<u>Fair Value</u>
Corporate bonds - DCC	0.063%	A	\$60,890
Corporate bonds - DCC	0.137%	A	132,175
Corporate bonds - DCC	0.070%	A	68,026
Corporate bonds - DCC	0.076%	A+	73,705
Corporate bonds - DCC	0.052%	AA+	50,495
Corporate bonds - DCC	0.062%	AA-	60,074
Corporate bonds - DCC	0.011%	AA-	10,764
Corporate bonds - DCC	0.053%	AA-	50,994
Corporate bonds - DCC	0.053%	A-	51,308
Corporate bonds - DCC	0.204%	A-	197,080
Corporate bonds - DCC	0.275%	BBB	265,793
Corporate bonds - DCC	0.072%	BBB	69,553
Corporate bonds - DCC	0.098%	BBB	95,019
Corporate bonds - DCC	0.212%	BBB+	204,658
Corporate bonds - DCC	0.140%	AA-	134,926
Corporate bonds - FTCC	0.067%	BBB-	64,848
Closed-end mutual fund - DCC ¹	1.761%		1,700,581
Equity securities - DCC ¹	0.274%		264,249
Equity securities - NCC ¹	0.017%		16,625
Equity securities - SLCC ¹	0.746%		720,754
Investments held by private foundation -			
External investment Pools - BRCC	0.412%	AAA	397,937
Cash and cash alternatives - NTCC ¹	0.124%		120,000
Mutual funds - NTCC ¹	0.360%		347,850
Municipal bonds - FTCC	0.009%	A-	8,788
Open-end mutual funds - BPCC	0.102%	AA	98,949
Open-end mutual funds - NCC	0.027%	AAA	26,255
Open-end mutual funds - NCC	0.011%	BBB	10,374
Open-end mutual funds - LDCC	0.006%	BBB	5,485
Open-end mutual funds - SLCC	0.662%	AA	639,160
Open-end mutual funds - STCC	0.006%	AAA	5,548
Open-end mutual funds - BPCC ²	0.919%		887,210
Open-end mutual funds - FTCC ²	0.120%		116,330
Open-end mutual funds - LDCC ²	0.365%		352,050
Open-end mutual funds - LDCC ²	0.338%		326,617
Open-end mutual funds - NCC ²	0.251%		242,316
Open-end mutual funds - STCC ²	0.922%		890,286
U.S. agency obligations - DCC ²	1.309%		1,264,269
Nonnegotiable certificates of deposit - CLTCC	0.300%		289,736
Nonnegotiable certificates of deposit - FTCC	0.078%		75,357
Facilities Corporations:			
U.S. government and agency obligations - LCTCS Facilities Corporation	89.234%		86,171,707
	<u>100.00%</u>		<u>\$96,568,741</u>

¹Credit quality ratings not required for these investments.

²Not rated

<u>Type of Investment</u>	Investment Maturities in Years				
	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
Corporate bonds - DCC	\$1,525,460	\$120,964	\$715,193	\$385,653	\$303,650
Corporate bonds - FTCC	64,848			64,848	
Investments held by private foundation - External investment pools - BRCC	397,937	397,937			
Municipal bonds - FTCC	8,788				8,788
Open-end mutual funds - BPCC	98,949		98,949		
Open-end mutual funds - LDCC	5,485		5,485		
Open-end mutual funds - NCC	36,629	10,374	26,255		
Open-end mutual funds - SLCC	639,160		639,160		
Open-end mutual funds - STCC	5,548			5,548	
U.S. agency obligations - DCC	1,264,269				1,264,269
Total	<u>\$4,047,073</u>	<u>\$529,275</u>	<u>\$1,485,042</u>	<u>\$456,049</u>	<u>\$1,576,707</u>

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

The mutual funds of \$5,301,161 and investments held by the private foundation of \$865,787 are held pursuant to the Board of Regents Endowed Chair, Endowed Professorships, and Endowed Scholarship Program. In accordance with Article VII, Section 14(B) of the Constitution of Louisiana, no more than 74% of the Program Assets may be invested in equity. For the purpose of this limitation, publicly traded equity and alternative investments shall be considered equity. A minimum of 26% of program assets will be invested in fixed income investments. No more than 50% of publicly traded equity may be foreign equity, and no more than 50% of publicly traded debt may be foreign debt. Publicly traded debt must maintain an average credit quality of at least "A" as determined by Moody's, S&P, or Fitch. No more than 5% of publicly traded debt may be invested in any single issuer with the exception of securities issued by the U.S. Government or its agencies. No more than 25% of program assets may be invested in alternative investments which is limited to no more than 10% of program assets be invested in Real Estate Investment Trusts, no more than 15% be invested in Hedge Funds, and no more than 10% be invested in private equity and private debt combined based on committed capital. Leverage and the speculative use of derivatives are prohibited at the participant level, yet are permissible for external alternative investment managers.

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

Facilities Corporations' investments totaling \$86,171,707 and money market funds totaling \$58,328,431 were reported in the financial statements and Notes to the Financial Statements for the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; LCTCS Facilities Corporation; and South Louisiana Facilities Corporation, which were prepared in accordance with the pronouncements of FASB ASC Topic 958. Generally accepted accounting principles allow for the inclusion, in the same consolidated report, of financial statements prepared in accordance with FASB, with those prepared under the standards of GASB. As such, the Notes to the Financial Statements of the corporations do not reflect the requirements of GASB Statement No. 3, as revised by Statement No. 40. These investments and money market funds are uninsured and are collateralized by securities held by the financial institution's trust department, but not in the corporation's name.

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

INVESTMENTS - FAIR VALUE MEASUREMENT

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

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

Fair values of assets and liabilities measured on a recurring basis at June 30, 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
Closed-end mutual fund - DCC	\$1,700,581	\$1,700,581		
Corporate bonds - DCC	1,525,460		\$1,525,460	
Corporate bonds - FTCC	64,848	64,848		
Equity securities - DCC	264,249	264,249		
Equity securities - NCC	16,625			\$16,625
Equity securities - SLCC	720,754	720,754		
External investment pools - BRCC	397,937	397,937		
Cash and cash alternatives - NTCC	120,000	120,000		
Mutual Funds - NTCC	347,850	347,850		
Municipal bonds - FTCC	8,788	8,788		
Open-end mutual funds - BPCC	986,159	986,159		
Open-end mutual funds - FTCC	116,330	116,330		
Open-end mutual funds - LDCC	684,152	332,102	352,050	
Open-end mutual funds - NCC	278,945	278,945		
Open-end mutual funds - SLCC	639,160	639,160		
Open-end mutual funds - STCC	895,834	895,834		
U.S. agency obligations - DCC	1,264,269		1,264,269	
Facilities Corporations				
Money market funds - Delta Campus Facilities Corporation*	1,708,165	1,708,165		
U.S. government and agency obligations - LCTCS Facilities Corporation	86,171,707	86,171,707		
	<u>\$97,911,813</u>	<u>\$94,753,409</u>	<u>\$3,141,779</u>	<u>\$16,625</u>

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

4. RECEIVABLES

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

	Receivables	Allowance for Doubtful Accounts	Receivables, Net	Restricted Noncurrent Portion
Student tuition and fees	\$26,752,476	(\$10,479,464)	\$16,273,012	
Auxiliary enterprise	195,422		195,422	
Contributions and gifts	5,084,191		5,084,191	\$4,881,575
State and private grants and contracts	5,095,703		5,095,703	50,000
Other	3,258,992		3,258,992	
Total	<u>\$40,386,784</u>	<u>(\$10,479,464)</u>	<u>\$29,907,320</u>	<u>\$4,931,575</u>

5. CAPITAL ASSETS

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

	Balance June 30, 2018	Prior Period Adjustment	Adjusted Balance June 30, 2018	Additions	Reclassification of CIP	Retirements	Balance June 30, 2019
Capital assets not being depreciated:							
Land	\$48,623,460		\$48,623,460	\$1,585,412		(\$56,000)	\$50,152,872
Non-depreciable land improvements	2,874,641		2,874,641				2,874,641
Construction-in-progress	39,979,995		39,979,995	37,902,168	(\$50,299,311)		27,582,852
Total capital assets not being depreciated	<u>91,478,096</u>	<u>NONE</u>	<u>91,478,096</u>	<u>39,487,580</u>	<u>(50,299,311)</u>	<u>(56,000)</u>	<u>80,610,365</u>
Capital assets being depreciated:							
Land improvements	15,529,589		15,529,589	146,528			15,676,117
Buildings	725,199,487		725,199,487	2,044,388	46,810,225	(526,677)	773,527,423
Furniture, fixtures, and equipment	128,944,209	\$638,833	129,583,042	9,335,366	3,489,086	(5,844,601)	136,562,893
Software	20,719,120		20,719,120	509,574			21,228,694
Total capital assets being depreciated	<u>890,392,405</u>	<u>638,833</u>	<u>891,031,238</u>	<u>12,035,856</u>	<u>50,299,311</u>	<u>(6,371,278)</u>	<u>946,995,127</u>
Less accumulated depreciation for:							
Land improvements	(6,458,183)		(6,458,183)	(663,219)			(7,121,402)
Buildings	(194,426,276)		(194,426,276)	(18,384,855)		526,677	(212,284,454)
Furniture, fixtures, and equipment	(100,209,086)	(388,597)	(100,597,683)	(8,529,813)		4,843,193	(104,284,303)
Software	(12,919,238)		(12,919,238)	(2,122,869)			(15,042,107)
Total accumulated depreciation	<u>(314,012,783)</u>	<u>(388,597)</u>	<u>(314,401,380)</u>	<u>(29,700,756)</u>	<u>NONE</u>	<u>5,369,870</u>	<u>(338,732,266)</u>
Total capital assets, being depreciated, net	<u>576,379,622</u>	<u>250,236</u>	<u>576,629,858</u>	<u>(17,664,900)</u>	<u>50,299,311</u>	<u>(1,001,408)</u>	<u>608,262,861</u>
Total capital assets, net	<u>\$667,857,718</u>	<u>\$250,236</u>	<u>\$668,107,954</u>	<u>\$21,822,680</u>	<u>\$0</u>	<u>(\$1,057,408)</u>	<u>\$688,873,226</u>

The June 30, 2018, balance of capital assets has been adjusted by \$250,236 to reflect prior-period adjustments resulting from the correction of prior-year errors.

6. PENSION PLANS

General Information about the Pension Plans

Plan Descriptions

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

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

LASERS Retirement Benefits

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

The substantial majority of System's members are regular plan members. Regular plan members hired prior to July 1, 2006, may retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, 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 System are participants in the Regular Plan. In the regular plan, eligibility for retirement is determined by the date the member joined TRSL. Members hired prior to January 1, 2011, are eligible to receive retirement benefits (1) at the age of 60 with five years of service, (2) at the age of 55 with at least 25 years of service, or (3) at any age with at least 30 years of service. Members hired between January 1, 2011, and June 30, 2015, are eligible to retire at age 60 with five years of service. Members hired on or after July 1, 2015, are eligible to retire at age 62 with five years of service. All regular plan members are eligible to retire at any age with 20 years of service 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 \$7,851,412, 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 \$38,840,620, 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 \$1,157,914 for fiscal year 2019, and were recognized as revenue in fiscal year 2019 by the System.

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

At June 30, 2019, the System reported liabilities of \$72,686,645 and \$287,734,742 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 System's proportions of the NPL were based on projections of the System's long-term share of contributions to the pension plans relative to the projected contribution of all participating employers, actuarially determined. As of June 30, 2018, the most recent measurement date, the System's proportions and the changes in proportion from the prior measurement date were 1.06580%, or a decrease of 0.05608%, for LASERS, and 2.92770%, or a decrease of 0.36379%, for TRSL. For the year ended June 30, 2019, the System recognized a total pension expense of \$19,858,577 for defined benefit plans, or \$1,521,032 and \$18,337,545 for LASERS and TRSL, respectively.

At June 30, 2019, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	LASERS	TRSL	Total	LASERS	TRSL	Total
Differences between expected and actual experience				\$815,106	\$9,478,574	\$10,293,680
Changes of assumptions	\$739,644	\$18,487,901	\$19,227,545			
Net difference between projected and actual earnings on pension plan investments	942,505		942,505		18,543,965	18,543,965
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,074,204	39,374,452	42,448,656	4,890,000	56,413,427	61,303,427
Employer contributions subsequent to the measurement date	7,851,412	38,840,620	46,692,032			
Total	<u>\$12,607,765</u>	<u>\$96,702,973</u>	<u>\$109,310,738</u>	<u>\$5,705,106</u>	<u>\$84,435,966</u>	<u>\$90,141,072</u>

Deferred outflows of resources related to pensions resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the LASERS and TRSL NPL in the year ended June 30, 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	(\$439,852)	\$516,513	\$76,661
2021	(425,512)	(6,763,985)	(7,189,497)
2022	(1,776,342)	(13,005,223)	(14,781,565)
2023	(266,020)	(7,932,038)	(8,198,058)

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

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

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:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.00%</u>	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	<u>100.00%</u>	

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

	1.0% Decrease (6.65%)	Current Discount Rate (7.65%)	1.0% Increase (8.65%)
LASERS	\$91,735,377	\$72,686,645	\$56,280,997
TRSL	\$381,178,880	\$287,734,742	\$208,909,746

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 System had \$716,210 and \$3,791,685 in payables to LASERS and TRSL, respectively, for the June 2019 employee and employer legally-required contributions.

7. OPTIONAL RETIREMENT PLAN

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

R.S. 11:927 sets the contribution requirements of the ORP plan members and the employer. Each plan member shall contribute monthly to the ORP an amount equal to the contribution rates established for the regular retirement plan of TRSL as disclosed in note 6. Effective July 1, 2018, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount) 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 \$8,213,869, which represents pension expense for the System. Employee contributions totaled \$2,344,882. The fiscal year 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 6 above.

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Benefits Provided

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

Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers several different plan options for both active and retired employees. OGB offers to retirees under age 65 four self-insured healthcare plans and one fully insured plan. 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 began participation or rejoined the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). For employees who began participation or rejoined on or after January 1, 2002, the percentage of premiums contributed by the employer and retiree is based on the following schedule:

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

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

retirees. 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 \$9,523,173.

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 System nor the state of Louisiana made contributions to a postemployment benefits plan trust. A trust was established but was not funded and has no accumulated assets that meet the criteria of paragraph 4 of GASB Statement 75. The plan is currently financed on a pay-as-you-go basis under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments due.

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

At June 30, 2019, the System reported a liability of \$297,567,369 for its proportionate share of the total collective OPEB liability, of which \$9,523,173 is current, and the remaining \$288,044,196 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 System's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability (AAL) in relation to the total OPEB AAL liability for all participating entities included in the state of Louisiana reporting entity. At July 1, 2018, the most recent measurement date, the System's proportion and the change in proportion from the prior measurement date was 3.4859%, or a decrease of 0.0172%.

For the year ended June 30, 2019, the System recognized total OPEB expense of \$9,500,368 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$1,296,997
Changes of assumptions or other inputs		20,048,046
Changes in employer's proportionate share	\$11,249,040	12,470,967
Differences between change in proportionate share of benefits payments and actual benefit payments	1,120,118	1,795,513
Benefit payments made subsequent to the measurement date	9,523,173	
Total	<u>\$21,892,331</u>	<u>\$35,611,523</u>

Deferred outflows of resources related to OPEB resulting from the System's benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ended June 30, 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	(\$8,026,068)
2021	(\$8,026,068)
2022	(\$5,554,093)
2023	(\$1,636,136)

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 6
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.
Health Care Claim Cost	Per capita costs for the self insured plans were based on medical and prescription drug claims for retired participants for the period January 1, 2017 through December 31, 2018. The claims experience was trended to the valuation date. The last two months of claims experience was adjusted for incurred but not reported claims using completion factors based on prior year data. Per capita costs for the fully insured HMO and Medicare Advantage plans were based on calendar year 2019 premiums adjusted to the valuation date using the trend assumptions above. Per capita costs were adjusted for expected age-related differences in morbidity applicable to retirees, except for costs for the Via Benefits HRA plan, which provides a flat monthly subsidy. The expected impact of the increase in Coverage Gap Brand Discounts from 50% to 70% in 2019 has been incorporated in the costs.
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 6.
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 6.

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined at June 30, 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 TRSL plan based on recent experience studies reflected in the June 30, 2018, TRSL 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 System's proportionate share of the total collective OPEB liability using the current discount rate, as well as what the System's proportionate share of the total collective OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Current	
1.0% Decrease	Discount Rate	1.0% Increase
(1.98%)	(2.98%)	(3.98%)
\$349,412,770	\$297,567,369	\$256,460,444

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

The following chart presents the System's proportionate share of the total collective OPEB liability using the current healthcare cost trend rates, as well as what the System's proportionate share of the total collective OPEB liability would be if it were calculated using 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	<u>\$255,351,138</u>	<u>\$297,567,369</u>	<u>\$351,921,742</u>

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

9. ACCOUNTS PAYABLE AND ACCRUALS

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

Accrued salaries and benefits	\$20,410,025
Travel and training	184,898
Operating services	3,464,086
Professional services	1,238,383
Supplies	415,154
Grants and public assistance	5,850,182
Other charges	1,758,814
Capital outlay	<u>5,804,296</u>
Total	<u><u>\$39,125,838</u></u>

10. UNEARNED REVENUES

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

Prepaid tuition and fees	\$9,530,724
Prepaid rent	420,890
Grants and contracts	1,816,248
Other	<u>129,739</u>
Total	<u><u>\$11,897,601</u></u>

11. COMPENSATED ABSENCES

At June 30, 2019, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$9,298,942; \$10,927,023; and \$21,410, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

12. LEASE OBLIGATIONS

Operating Leases

For the year ended June 30, 2019, the total rental expense for all operating leases was \$689,038. The following is a schedule, by fiscal year, of future minimum annual rental payments required under operating leases:

Nature of Operating Lease	2020	2021	2022	Total Minimum Payments Required
Buildings	<u>\$130,145</u>	<u>\$73,350</u>	<u>\$37,991</u>	<u>\$241,486</u>
Total	<u><u>\$130,145</u></u>	<u><u>\$73,350</u></u>	<u><u>\$37,991</u></u>	<u><u>\$241,486</u></u>

Capital Leases

The System records items under capital leases as assets and obligations in the accompanying financial statements. The following is a schedule of future minimum lease payments under these capital leases, together with the present value of minimum lease payments, at June 30, 2019:

<u>Fiscal Year ending June 30:</u>	
2020	\$188,823
2021	285,379
2022	283,460
2023	280,866
2024	282,991
2025-2029	1,402,571
2030-2034	<u>276,075</u>
Total minimum lease payments	3,000,165
Less - amount representing interest	<u>(617,665)</u>
Present value - net minimum lease payments	<u><u>\$2,382,500</u></u>

The gross amount of assets held under capital leases as of June 30, 2019, includes buildings of \$3,655,000.

Lessor - Operating Lease

Leasing operations of the System consist of leasing buildings for the purposes of providing bookstore operations to students. The estimated cost, accumulated depreciation, and carrying amount of the System's investment in operating lease property as of June 30, 2019, was \$1,620,562; \$1,452,578; and \$167,984, respectively. This includes estimated values, which are based on the ratio of the square footage of the space leased to the total square footage of the building.

The following is a schedule, by fiscal year, of minimum future rentals on noncancelable operating leases as of June 30, 2019:

<u>Nature of Operating Lease</u>				Total Minimum Future Rentals
	<u>2020</u>	<u>2021</u>	<u>2022</u>	
Buildings	<u>\$208,220</u>	<u>\$40,720</u>	<u>\$12,110</u>	<u>\$261,050</u>
Total	<u><u>\$208,220</u></u>	<u><u>\$40,720</u></u>	<u><u>\$12,110</u></u>	<u><u>\$261,050</u></u>

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. Contingent rentals from operating leases for the year ended June 30, 2019, were \$200,000 for buildings. There were no other contingent rentals received.

13. LONG-TERM LIABILITIES

The following is a summary of bonds and other long-term debt transactions of the System for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Portion Due Within One Year
Bonds payable, net	\$421,242,593	\$76,792,300	(\$20,283,493)	\$477,751,400	\$16,985,000
Capital lease obligations (note 12)	2,565,000		(182,500)	2,382,500	92,500
Compensated absences payable (note 11)	19,438,182	6,733,422	(5,924,229)	20,247,375	1,313,526
Total long-term liabilities **	<u>\$443,245,775</u>	<u>\$83,525,722</u>	<u>(\$26,390,222)</u>	<u>\$500,381,275</u>	<u>\$18,391,026</u>

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

Details of all debt outstanding at June 30, 2019, follow:

Bonds Payable

As presented on the Statement of Net Position, at June 30, 2019, bonds payable total \$477,751,400, of which \$16,985,000 is current, and the remaining \$460,766,400 is noncurrent.

Detailed summaries, by issues, of all bonded debt outstanding at June 30, 2019, follow:

	Date of Issue	Original Issue	Outstanding June 30, 2018	Issued (Redeemed)	Outstanding June 30, 2019	Maturities	Interest Rates	Future Interest Payments June 30, 2019
BRCC Facilities Corporation:								
Series 2011 Revenue Refunding Bonds	Oct. 11, 2011	\$31,495,000	\$24,375,000	(\$2,275,000)	\$22,100,000	2020-2027	2.0% - 4.098%	\$4,316,169
Series 2012 Revenue Refunding Bonds	April 18, 2012	24,125,000	24,125,000		24,125,000	2025-2033	3.625% - 4.958%	11,595,206
Campus Facilities, Inc.:								
Series 2012 Revenue Refunding Bonds	Dec. 4, 2012	38,050,000	33,465,000	(2,705,000)	30,760,000	2020-2028	3.0% - 5.0%	6,521,850
South Louisiana Facilities Corporation -								
Series 2012 Revenue Refunding Bonds	Sept. 6, 2012	13,185,000	10,300,000	(890,000)	9,410,000	2020-2028	2.0%-4.0%	1,377,978
Delta Campus Facilities, Inc. -								
Series 2017 Revenue Refunding Bonds	Oct. 24, 2017	22,750,000	22,750,000	(1,820,000)	20,930,000	2020-2028	3.641% - 5.0%	5,317,300
LCTCS Facilities Corporation:								
Series 2011 Revenue Bonds	Oct. 27, 2011	51,980,000	25,045,000	(8,975,000)	16,070,000	2020-2021	2.22% - 3.85%*	
Series 2014 Revenue Bonds	Dec. 18, 2014	128,330,000	128,330,000		128,330,000	2032-2040	3.25%-5.0%	112,571,500
Series 2017 Revenue Refunding Bonds	Oct. 24, 2017	88,590,000	88,590,000		88,590,000	2022-2029	5.00%	29,958,000
Series 2017 Revenue Bonds	Oct. 25, 2017	20,770,000	20,770,000		20,770,000	2021-2029	5.00%	6,424,500
Series 2018 Revenue Bonds	Dec. 19, 2018	66,830,000		66,830,000	66,830,000	2029-2040	5.00%	44,310,008
Total		<u>\$486,105,000</u>	377,750,000	50,165,000	427,915,000			<u>\$222,392,511</u>
Net original premiums (discounts)			41,797,311	9,962,300	51,759,611			
Net accumulated amortization of premiums/discounts			<u>1,695,282</u>	<u>(3,618,493)</u>	<u>(1,923,211)</u>			
Bonds payable, net			<u>\$421,242,593</u>	<u>\$56,508,807</u>	<u>\$477,751,400</u>			

*This rate is the yield to maturity rate.

The annual requirements to amortize all bonds outstanding at June 30, 2019, are as follows:

	Principal	Interest	Total
2020	\$16,985,000	\$19,032,552	\$36,017,552
2021	17,425,000	19,412,869	36,837,869
2022	20,040,000	18,924,793	38,964,793
2023	21,025,000	17,960,275	38,985,275
2024	22,020,000	16,982,544	39,002,544
2025-2029	127,740,000	68,124,106	195,864,106
2030-2034	87,870,000	41,027,372	128,897,372
2035-2039	93,205,000	19,847,750	113,052,750
2040	21,605,000	1,080,250	22,685,250
Total	<u>\$427,915,000</u>	<u>\$222,392,511</u>	<u>\$650,307,511</u>

Outstanding principal of \$427,915,000 plus net unamortized premium/discount of \$49,836,400 totals \$477,751,400.

The terms specified in Article VIII, Section 8.2 of the Trust Indentures for the bonds described at Note 22 identify events of default. Upon the occurrence of an Event of

Default, the Authority, the Trustee, and, the Bondholders shall have all the rights and remedies as may be allowed by law, the Indenture, or pursuant to the provisions of the Loan Agreement and/or the Facilities Lease by virtue of their assignment, including but not limited to, acceleration of the maturity of all the Bonds, or suit at law or in equity to enforce or enjoin the action or inaction of parties under the provisions.

Capital Lease Obligations

Capital lease obligations at June 30, 2019, for \$2,382,500 are detailed in note 12.

Accrued Compensated Absences Payable

Accrued compensated absences payable at June 30, 2019, for \$20,247,375 is detailed in note 11.

Debt Service Reserve Requirements

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2019:

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

14. RESTRICTED NET POSITION

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

Nonexpendable:	
Endowments	\$7,944,416
Student Life Center Maintenance Reserve	557,590
Phoebe Jackson Trust	<u>289,736</u>
Total nonexpendable	<u><u>\$8,791,742</u></u>
Expendable:	
Academic excellence fee	\$27,286,412
Albania Plantation	271,443
Workforce and Innovation for a Stronger Economy (WISE) Fund	736,553
Building use fee	13,771,935
Endowment earnings	2,700,280
Facilities Corporations net position	91,103,577
Grants and contracts	17,446,277
Operational fee	925,695
Orleans Parish Excellence	2,709,555
Other restricted funds	1,023,147
Preventative maintenance	66,606
Settlement carryover fund	1,300,055
Student Government Association fees	2,284,818
Student Life Center	2,077,521
Technology fee	6,021,914
Third-party scholarships	16,905
Vehicle registration fee	<u>6,178,290</u>
Total expendable	<u><u>\$175,920,983</u></u>

Of the total net position reported in the Statement of Net Position for the year ended June 30, 2019, \$57,696,960 is restricted by enabling legislation (which also includes a legally-enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation).

15. RESTATEMENT OF BEGINNING NET POSITION

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

Net position at June 30, 2018	(\$212,858,961)
Reclassifications and adjustments for prior-year errors:	
Capital assets adjustment	250,236
Accounts payable and accrued liabilities adjustment	(16,322)
Receivables adjustment	187,263
Amounts held in custody for others adjustment	(3,637)
Unearned revenues adjustment	<u>412,135</u>
Net position at June 30, 2018, as restated	<u><u>(\$212,029,286)</u></u>

The restatements increased the System's beginning net position by \$829,675 with \$250,236 applying to fiscal years prior to 2018 and the remaining \$579,439 affecting the change in net position for fiscal year 2018. The restatements were due to corrections of errors. Had the error corrections affecting fiscal year 2018 been included in the June 30, 2018, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of \$34,016,870 would have been \$34,596,309.

16. CONTINGENT LIABILITIES AND RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management (ORM), the agency responsible for the state's risk management program, or by appropriation from the State's General Fund. The System is involved in three lawsuits at June 30, 2019, which are being handled by contract attorneys. In the opinion of legal counsel, the possibility that the System will incur a liability in two of the cases is reasonably possible, with a possible loss estimated at \$30,000. All other lawsuits are handled by either the ORM or the Attorney General's office.

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

17. FOUNDATIONS

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

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

- SOWELA Technical Community College Foundation, Inc.

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

Certain colleges of the System have contracted with their respective foundations to invest the colleges' Endowed Professorship and Endowed Scholarship Program endowment funds in accordance with the Board of Regents for Higher Education's investment policies. The Endowed Professorship Program endowment funds are established for \$100,000 each, with \$60,000 of private contributions and \$40,000 of state matching portion allocated by the Board of Regents for Higher Education. Once a college has received state match for 15 Endowed Professorship slots, that college will be eligible only for the 80% non-state/20% state ratio. The Endowed Scholarship Program endowment funds are established for \$20,000 each, with \$10,000 of private contributions and \$10,000 of state matching portion allocated by the Board of Regents for Higher Education. Also, other Endowed Scholarship Program endowment funds are established for \$40,000 each, with \$30,000 of private contributions and \$10,000 of state matching portion allocated by the Board of Regents for Higher Education. Higher levels are permitted subject to the same ratios and matching levels. At June 30, 2019, the foundations hold in custody \$865,787 of State Endowed Professorship and Scholarship Program funds. Amounts invested by private foundations for the System are included as investments held by private foundations in external investment pools in note 3.

18. DONOR-RESTRICTED ENDOWMENTS

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

At June 30, 2019, net appreciation of \$658,325 is available to be spent, of which \$658,325 is restricted to specific purposes. The System limits endowment spending to the income earned in a given year for purposes specified by donors. The donated portion of the endowments is reported in "restricted net position - nonexpendable" in the Statement of Net Position; the endowment income is reported in "restricted net position - expendable."

19. DEFERRED COMPENSATION PLAN

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

20. SEGMENT INFORMATION

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

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

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

LCTCS Facilities Corporation is a nonprofit corporation formed in August 2007 and began operations October 1, 2009, to provide funds and oversee the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of 13 community and technical college campuses and a statewide computer information system for the System.

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

Condensed financial information for these blended component units follows:

Facilities Corporations
Condensed Statement of Net Position
For the Year Ended June 30, 2019

	BRCC Facilities Corporation	Campus Facilities, Inc.*	Delta Campus Facilities Corporation*	LCTCS Facilities Corporation*	South Louisiana Facilities Corporation
Assets:					
Capital Assets	\$49,113,688	\$39,087,986	\$26,659,365	\$283,180,719	\$9,944,230
Other Assets	5,124,932	2,205,984	2,495,312	143,801,023	1,789,980
Total Assets	<u>54,238,620</u>	<u>41,293,970</u>	<u>29,154,677</u>	<u>426,981,742</u>	<u>11,734,210</u>
Liabilities:					
Current Liabilities	3,139,129	2,924,765	2,197,789	16,749,597	994,316
Long-Term Liabilities	44,802,924	30,499,380	21,907,278	354,956,705	8,600,113
Total Liabilities	<u>47,942,053</u>	<u>33,424,145</u>	<u>24,105,067</u>	<u>371,706,302</u>	<u>9,594,429</u>
Net Position:					
Net Investment in Capital Assets	1,869,373	5,778,606	3,220,969	(25,881,293)	539,991
Restricted Net Position - Expendable	4,427,194	2,091,219	1,828,641	81,156,733	1,599,790
Total Net Position	<u>\$6,296,567</u>	<u>\$7,869,825</u>	<u>\$5,049,610</u>	<u>\$55,275,440</u>	<u>\$2,139,781</u>

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

Depreciation Expense	\$2,126,031	\$1,495,874	\$1,323,962	\$8,265,047	\$414,439
Net Operating Loss	<u>(2,126,031)</u>	<u>(1,495,874)</u>	<u>(1,323,962)</u>	<u>(8,265,047)</u>	<u>(414,439)</u>
Nonoperating Revenues (Expenses):					
Investment Income	112,993	29,385	26,496	995,135	29,773
Interest Expense	(1,884,889)	(1,127,471)	(765,173)	(7,823,844)	(280,172)
Other (net)	(513,946)	(164,663)	(63,626)	(2,747,243)	(35,761)
Capital Appropriations	5,137,825	4,431,573	3,053,029	22,003,066	1,362,033
Capital Grants and Gifts	NONE	NONE	NONE	1,742,481	NONE
Changes in Net Position	<u>725,952</u>	<u>1,672,950</u>	<u>926,764</u>	<u>5,904,548</u>	<u>661,434</u>
Net Position, Beginning of the Year	5,570,615	6,196,875	4,122,846	49,370,892	1,478,347
Net Position, End of the Year	<u>\$6,296,567</u>	<u>\$7,869,825</u>	<u>\$5,049,610</u>	<u>\$55,275,440</u>	<u>\$2,139,781</u>

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

Net cash flows provided (used) by:					
Noncapital Financing	(\$504,623)	(\$146,033)	NONE	(\$1,202,170)	NONE
Capital and Related Financing	(474,790)	287,380	\$194,141	48,973,860	\$150,737
Investing Activities	112,993	29,385	26,496	(28,321,655)	29,773
Net Increase (Decrease) in Cash	<u>(866,420)</u>	<u>170,732</u>	<u>220,637</u>	<u>19,450,035</u>	<u>180,510</u>
Cash, Beginning of the Year	5,430,292	2,035,252	1,890,793	28,888,473	1,493,596
Cash, End of the Year	<u>\$4,563,872</u>	<u>\$2,205,984</u>	<u>\$2,111,430</u>	<u>\$48,338,508</u>	<u>\$1,674,106</u>

*For the year ended December 31, 2018

21. RELATED-PARTY TRANSACTIONS

During 2018, the Chairman of the LCTCS Facilities Corporation was also a member of the Board of Supervisors of the Louisiana Community and Technical College System (the Board).

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

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

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

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

22. ALTERNATIVE FINANCING AGREEMENTS

Baton Rouge Community College (BRCC)

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

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

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

Bossier Parish Community College (BPCC)

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

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

South Louisiana Community College (SLCC)

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

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

Louisiana Delta Community College (LDCC)

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

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

LCTCS Facilities Corporation**Act 391**

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

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

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

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

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

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

Act 360

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

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

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

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

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

Phase 4: See the note 27 Subsequent Events.

Additional Phases: Additional phases have not been scheduled.

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

Appropriation Dependency

The Facilities Corporations are dependent upon the State Legislature appropriating funds to the System Board sufficient to make payments of base rental to the Facilities Corporations. The State, the System Board, and the Facilities Corporations entered into Cooperative Endeavor Agreements pursuant to which the Commissioner of Administration agreed to include in the Executive Budget and request that the State Legislature provide funding for the payment of Base Rental pursuant to the facilities lease without further obligations. A failure by the Legislature to

appropriate sufficient funds to satisfy the obligations of the System Board under the facilities lease shall permit the System Board to terminate the facilities lease without any further obligations. Absent an appropriation by the Legislature sufficient to allow the System Board to make payments of base rental under the facilities leases, the Facilities Corporations will not be able to make payments under the Loan Agreement. The System Board is under no obligation to use any other of its funds to make payments of base rental.

23. COMMITMENTS

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

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

The LCTCS Facilities Corporation has active construction projects at various campuses as of December 31, 2018. The LCTCS Facilities Corporation's commitments to contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
ACT 360		
Baton Rouge Community College - North Baton Rouge Campus	\$2,559,369	\$1,893,114
Central Louisiana Technical Community College - Alexandria	5,034,932	10,982,717
Louisiana Delta Community College - Monroe	1,421,737	4,853,792
Louisiana Delta Community College - Tallulah	369,547	1,586,453
Northshore Technical Community College - Livingston	1,002,370	3,111,710
	<u>\$10,387,955</u>	<u>\$22,427,786</u>

24. MAINTENANCE RESERVE REQUIREMENTS

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

	Maintenance Reserve Requirement per Bond Covenant	Annual Required Payment per Facilities Lease Agreement	Maintenance Reserve Balance
BRCC Facilities Corporation	1.50%	\$750,000	\$4,486,668
Campus Facilities, Inc.	0.60%	280,000	2,129,778
Delta Campus Facilities Corporation	0.60%	225,000	1,707,915
LCTCS Facilities Corporation	0.60%	1,401,030	6,601,267
South Louisiana Facilities Corporation	1.50%	141,414	1,609,770
Total		\$2,797,444	\$16,535,398

25. TRANSFERS OF OPERATIONS

On July 1, 2018, all operations of South Central Louisiana Technical College were transferred to other colleges within the System.

- South Central Louisiana Technical College transferred the operations of the Young Memorial Campus, including the affiliated marine training extension campus, to South Louisiana Community College.
- South Central Louisiana Technical College transferred the operations of the Reserve Campus to River Parishes Community College.
- South Central Louisiana Technical College transferred the operations of the Lafourche Campus and affiliated education center located in Galliano to Fletcher Technical Community College.

On July 1, 2018, Fletcher Technical Community College transferred the Louisiana Marine Petroleum Institute (LAMPI) Marine Technical Center building to South Louisiana Community College.

On July 1, 2018, Central Louisiana Technical Community College transferred to SOWELA Technical Community College the operations of the Oakdale campus.

The transfers are pursuant to the System Board of Supervisors' decision to realign the campuses for the efficient administration and delivery of instructional and workforce training.

26. DEFEASEMENT OF DEBT

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

Of the debt considered defeased in substance, none is outstanding as of June 30, 2019.

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

Of the debt considered defeased in substance, \$109,305,000 is outstanding as of June 30, 2019.

27. SUBSEQUENT EVENTS

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

On December 19, 2019, the Louisiana State Bond Commission approved the Louisiana Community Development Authority to refund all or a portion of the BRCC Facilities Corporation Series 2011 and 2012 Revenue Refunding Bonds not exceeding \$43,000,000. The revenue refunding bond issuance has not been scheduled.

During the 2019 Regular Session, House Bill 89 was introduced to create Northwest Louisiana Technical Community College. The legislation was approved as Act 287 and signed into law by Governor John Bel Edwards on June 13, 2019, with an effective date of August 1, 2019. Going forward, the college will now be able to offer associate degrees.

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule 1 presents the System's Net Pension Liability.

Schedule of the System's Contributions

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

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

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

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

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

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

Fiscal Year*	System's proportion of the net pension liability (asset)	System's proportionate share of the net pension liability (asset)	System's covered payroll	System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System					
2015	1.19406%	\$74,663,401	\$22,120,231	338%	65.0%
2016	1.17163%	\$79,688,458	\$22,328,326	357%	62.7%
2017	1.17685%	\$92,412,913	\$22,217,956	416%	57.7%
2018	1.12188%	\$78,967,293	\$21,418,739	369%	62.5%
2019	1.06580%	\$72,686,645	\$20,704,446	351%	64.3%

Teachers' Retirement System of Louisiana

2015	3.03832%	\$310,559,572	\$108,071,790	287%	63.7%
2016	3.14133%	\$337,764,405	\$111,646,416	303%	62.5%
2017	3.14709%	\$369,373,656	\$114,167,862	324%	59.9%
2018	3.29149%	\$337,439,101	\$113,004,943	299%	65.6%
2019	2.92770%	\$287,734,742	\$115,804,730	248%	68.2%

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

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

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

Fiscal Year*	(a) Statutorily-required contribution	(b) Contributions in relation to the statutorily-required contribution	(a-b) Contribution deficiency (excess)	System's covered payroll	Contributions as a percentage of covered payroll
Louisiana State Employees' Retirement System					
2015	\$7,638,053	\$7,638,053		\$22,328,326	34.2%
2016	\$8,248,134	\$8,248,134		\$22,217,956	37.1%
2017	\$7,697,600	\$7,697,600		\$21,418,739	35.9%
2018	\$7,837,800	\$7,837,800		\$20,704,446	37.9%
2019	\$7,851,412	\$7,851,412		\$20,700,390	37.9%

Teachers' Retirement System of Louisiana

2015	\$37,388,060	\$37,388,060		\$111,646,416	33.5%
2016	\$37,524,964	\$37,524,964		\$114,167,862	32.9%
2017	\$35,517,191	\$35,517,191		\$113,004,944	31.4%
2018	\$37,602,992	\$37,602,992		\$115,804,730	32.5%
2019	\$38,840,620	\$38,840,620		\$120,502,773	32.2%

*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 five 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.

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

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

*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.

SUPPLEMENTARY INFORMATION SCHEDULES

Schedule of Per Diem Paid Board Members (Cash Basis)

Schedule 4 presents the per diem paid board members for the year ended June 30, 2019. Louisiana Revised Statute 17:3206 provides that appointed members of the Board of Directors shall be entitled to \$50 per day for attendance at meetings of the board, meetings of committees appointed by the board on which the member serves, or while on business as assigned by and on behalf of the board. This schedule is prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

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

Schedule 5 presents a combining Schedule of Net Position, by College, for the year ended June 30, 2019.

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

Schedule 6 presents a combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, for the year ended June 30, 2019.

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

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

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

Schedule 8 presents a combining Schedule of Net Position, by College, for the year ended June 30, 2018.

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

Schedule 9 presents a combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, for the year ended June 30, 2018.

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

Schedule 10 presents a combining Schedule of Cash Flows, by College, for the year ended June 30, 2018.

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

**Schedule of Per Diem Paid Board Members (Cash Basis)
For the Fiscal Year Ended June 30, 2019**

	<u>Amount</u>
Gray, Jeremy	\$250
Yantis, Raissa	<u>350</u>
Total	<u><u>\$600</u></u>

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

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

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College	Elaine P. Nunez Community College
ASSETS						
Current Assets						
Cash and cash equivalents	\$20,365,746	\$19,525,428	\$7,389,066	\$677,814	\$27,963,947	\$2,949,767
Receivables, net	729,696	1,863,900	5,085,317	1,745,610	4,731,017	1,136,416
Due from State Treasury	460,501					
Due from federal government	8,033,536	534,448	46,913	370,378	1,106,202	2,580,554
Due from LCTCS colleges/LCTCS	3,274,459	1,102,070	287,905	637,582	942,036	262,079
Inventories						
Prepaid expenses and advances		182,704		57,892	38,642	79,541
Other current assets						19,268
Total current assets	32,863,938	23,208,550	12,809,201	3,489,276	34,781,844	7,027,625
Noncurrent Assets						
Restricted assets:						
Cash and cash equivalents				7,397	107,274	223,455
Investments		397,937	986,159	289,736	4,754,559	295,570
Receivables, net						
Other						
Capital assets, net	6,223,495	44,378,108	19,980,846	7,812,431	70,426,335	38,756,626
Other noncurrent assets						
Total noncurrent assets	6,223,495	44,776,045	20,967,005	8,109,564	75,288,168	39,275,651
Total Assets	39,087,433	67,984,595	33,776,206	11,598,840	110,070,012	46,303,276
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	8,079,959	10,633,376	8,498,793	6,308,074	30,268,437	2,995,134
Deferred outflows related to OPEB	1,882,444	1,325,415	777,422	1,349,471	2,401,495	734,783
Total deferred outflows of resources	9,962,403	11,958,791	9,276,215	7,657,545	32,669,932	3,729,917
LIABILITIES						
Current Liabilities						
Accounts payable and accruals	13,401,549	3,338,810	1,945,888	1,045,661	3,024,291	711,615
Due to federal government				7,215		
Due to LCTCS colleges/LCTCS	4,214,599	349,531	272,525	626,696	584,950	92,021
Unearned revenues	125,737	1,345,295	701,448	633,402	4,662,166	323,350
Amounts held in custody for others		15,580	209,720	46,803	221,395	27,728
Compensated absences payable	113,756	162,130	112,892	51,685	314,049	52,488
Capital lease obligations					92,500	
Total OPEB liability	218,776	869,370	469,444	1,049,446	2,401,495	319,740
Bonds payable, net						
Other current liabilities					41,426	1,289
Total current liabilities	18,074,417	6,080,716	3,711,917	3,460,908	11,342,272	1,528,231
Noncurrent Liabilities						
Compensated absences payable	1,836,753	2,893,123	2,079,122	716,577	4,272,364	663,013
Capital lease obligations					2,290,000	
Net pension liability	26,852,897	47,511,332	36,228,081	15,539,762	89,499,141	11,744,972
Total OPEB liability	11,497,038	34,019,313	23,248,777	20,316,266	73,699,898	10,171,274
Bonds payable, net						
Total noncurrent liabilities	40,186,688	84,423,768	61,555,980	36,572,605	169,761,403	22,579,259
Total Liabilities	58,261,105	90,504,484	65,267,897	40,033,513	181,103,675	24,107,490
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	3,453,098	10,197,324	7,241,994	2,167,933	36,691,510	1,871,173
Deferred inflows related to OPEB	1,101,150	2,896,960	2,158,859	3,638,552	6,158,641	825,206
Total deferred inflows of resources	4,554,248	13,094,284	9,400,853	5,806,485	42,850,151	2,696,379
NET POSITION						
Net investment in capital assets	6,223,495	44,378,107	19,980,846	7,812,431	67,598,670	38,756,626
Restricted:						
Nonexpendable		240,000	960,000	289,736	3,207,105	490,000
Expendable	367,946	10,427,868	6,836,347	1,862,151	25,621,035	4,315,176
Unrestricted	(20,356,958)	(78,701,357)	(59,393,522)	(36,547,931)	(177,640,692)	(20,332,478)
Total Net Position	(\$13,765,517)	(\$23,655,382)	(\$31,616,329)	(\$26,583,613)	(\$81,213,882)	\$23,229,324

(Continued)

Schedule 5

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

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

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

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

(Concluded)

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

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

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College	Elaine P. Nunez Community College
OPERATING REVENUES						
Student tuition and fees		\$31,454,161	\$24,729,082	\$9,287,644	\$53,936,344	\$7,403,702
Less scholarship allowances		(15,464,028)	(8,063,531)	(4,117,284)	(16,665,405)	(2,862,590)
Net student tuition and fees		15,990,133	16,665,551	5,170,360	37,270,939	4,541,112
Federal grants and contracts	\$32,870,045	3,366,999	2,392,588	2,149,013	7,277,198	348,994
State and local grants and contracts	5,962,463	648,654	2,332,257	496,755	1,814,359	456,467
Nongovernmental grants and contracts	7,955	8,440	317,753	566,201	1,769,506	62,029
Sales and services of educational departments		13,812	22,530			
Interagency revenue	9,167,697	174,527	78,915	21,350	43,485	5,506
Auxiliary enterprise revenues		221,201	276,389	150,655	1,176,750	28,610
Other operating revenues	52,855	32,288	93,105		249,268	5,691
Total operating revenues	48,061,015	20,456,054	22,179,088	8,554,334	49,601,505	5,448,409
OPERATING EXPENSES						
Educational and general:						
Instruction		16,973,506	18,368,101	6,584,699	41,817,490	5,566,372
Public service			257,597			
Academic support	42,279,842	4,497,706	2,139,897	1,328,768	7,548,592	1,185,223
Student services	902,936	6,546,237	3,903,067	1,490,679	5,646,002	1,153,308
Institutional support	21,928,414	6,994,123	6,034,288	3,601,019	12,063,008	2,663,414
Operations and maintenance of plant	217,391	6,574,298	3,526,544	1,526,699	11,008,899	1,753,317
Depreciation	2,138,367	1,778,799	1,199,492	638,458	3,532,837	1,306,369
Scholarships and fellowships		6,922,264	11,605,914	3,371,209	22,123,930	3,231,697
Auxiliary enterprises			2,723	337,446	1,142,929	
Interagency expense	280,573	1,320,833	1,001,829	439,137	2,112,503	310,491
Other operating expenses					320,867	
Total operating expenses	67,747,523	51,607,766	48,039,452	19,318,114	107,317,057	17,170,191
OPERATING LOSS	(19,686,508)	(31,151,712)	(25,860,364)	(10,763,780)	(57,715,552)	(11,721,782)
NONOPERATING REVENUES (Expenses)						
State appropriations	17,099,163	14,952,875	11,514,429	5,591,283	26,996,976	4,049,130
Gifts			750	86,387		14,232
Federal nonoperating revenues		19,522,787	17,620,886	5,297,364	38,078,277	6,844,994
Net investment income (loss)	387,799	298,104	66,666	8,768	575,089	75,955
Interest expense					(95,596)	
Other nonoperating revenues (expenses)	90,324	2,121,346	877,600	936,194	2,584,242	741,987
Net nonoperating revenues (expenses)	17,577,286	36,895,112	30,080,331	11,919,996	68,138,988	11,726,298
Income (loss) before other revenues and additions	(2,109,222)	5,743,400	4,219,967	1,156,216	10,423,436	4,516
Capital appropriations		364,150			3,412,014	
Capital grants and gifts					1,312,000	815,266
Additions to permanent endowments			110,000	200		10,000
Interagency transfers				(85,484)		
Other deductions, net					(4,594)	
Increase (decrease) in net position	(2,109,222)	6,107,550	4,329,967	1,070,932	15,142,856	829,782
NET POSITION - BEGINNING OF YEAR (restated)	(11,656,295)	(29,762,932)	(35,946,296)	(27,654,545)	(96,356,738)	22,399,542
NET POSITION - END OF YEAR	(\$13,765,517)	(\$23,655,382)	(\$31,616,329)	(\$26,583,613)	(\$81,213,882)	\$23,229,324

(Continued)

Schedule 6

LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northshore Technical Community College	Northwest Louisiana Technical College	River Parishes Community College	South Central Louisiana Technical College	South Louisiana Community College	SOWELA Technical Community College
	\$8,510,133	\$15,005,646	\$12,488,186	\$2,963,172	\$12,719,447		\$26,439,532	\$13,056,570
	(3,996,198)	(10,018,860)	(7,217,472)	(2,149,400)	(5,186,176)		(13,318,012)	(6,372,374)
	4,513,935	4,986,786	5,270,714	813,772	7,533,271		13,121,520	6,684,196
	548,622	5,317,489	2,155,188	735,230	1,120,220		8,588,085	826,782
	1,162,218	3,995,591	288,938	192,700	204,185		1,013,365	461,878
	7,416	87,190	17,500		14,119			102,335
	116	2,161		20,086			11,396	21,971
	37,500	5,773	8,218	3,738	12,500		187,912	6,369
	48,471	72,204	164,162		8,814			
	38,205	51,045	60,555		133,893		13,843	319,112
	6,356,483	14,518,239	7,965,275	1,765,526	9,027,002		22,936,121	8,422,643
	5,058,202	10,063,110	9,441,317	3,121,398	6,409,776		19,733,228	10,884,746
							4,882,976	
(\$115,204)	2,230,896	4,581,562	1,702,812	165,317	1,376,543		5,798,500	2,238,629
	727,347	2,074,417	2,121,366	526,274	1,540,085		4,636,487	2,029,202
5,257	2,473,895	7,197,576	3,449,741	1,455,327	2,600,985		6,853,366	4,500,022
	1,411,171	2,303,977	1,270,631	777,144	1,458,565		6,348,514	2,864,750
	462,083	569,163	317,355	306,740	234,952		1,435,772	2,155,016
	1,807,298	1,200,142	1,788,934	1,264,521	1,890,752		3,856,820	2,360,876
	154,911	57,369	159,823					
547,550	363,237	607,619	486,242	207,213	580,046		948,019	548,198
437,603	14,689,040	28,654,935	20,738,221	7,823,934	16,091,704		54,493,682	27,581,439
(437,603)	(8,332,557)	(14,136,696)	(12,772,946)	(6,058,408)	(7,064,702)		(31,557,561)	(19,158,796)
1,286,145	4,484,007	7,658,221	6,084,664	4,037,068	5,477,823		14,909,586	9,481,505
	54,268		14,870		3,500			1,329,745
	5,191,633	9,948,785	7,302,470	3,167,146	5,037,128		15,141,367	6,399,845
	39,598	70,058	144,221		44,824		210,727	161,790
	400,458	1,153,636	1,306,679	358,162	268,353		1,651,007	1,563,858
1,286,145	10,169,964	18,830,700	14,852,904	7,562,376	10,831,628		31,912,687	18,936,743
848,542	1,837,407	4,694,004	2,079,958	1,503,968	3,766,926		355,126	(222,053)
			2,996,848	90,940			19,438	3,250
			440,000		20,000		330,000	62,520
	(4,068,300)				2,077,913	\$16,527,139	(14,536,752)	85,484
							1	
848,542	(2,230,893)	4,694,004	5,516,806	1,594,908	5,864,839	16,527,139	(13,832,187)	(70,799)
(848,542)	2,552,588	(35,767,175)	(17,670,356)	(17,236,132)	(4,099,385)	(16,527,139)	(33,644,903)	23,449,447
NONE	\$321,695	(\$31,073,171)	(\$12,153,550)	(\$15,641,224)	\$1,765,454	NONE	(\$47,477,090)	\$23,378,648

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

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

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

(Concluded)

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

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

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College	Elaine P. Nunez Community College
CASH FLOWS FROM OPERATING ACTIVITIES:						
Tuition and fees		\$16,114,105	\$16,242,018	\$4,559,074	\$36,644,731	\$4,350,423
Grants and contracts	\$39,259,160	3,555,615	5,185,400	2,775,391	11,390,160	381,150
Sales and services of educational departments		13,812	22,530			
Auxilliary enterprise receipts		221,201	167,276	150,655	1,173,112	28,610
Payments for employee compensation	(13,460,326)	(24,605,939)	(19,416,826)	(7,858,203)	(49,491,045)	(7,067,696)
Payments for benefits	(4,798,839)	(9,223,839)	(7,546,579)	(3,892,775)	(19,248,167)	(2,603,432)
Payments for utilities		(2,451,299)	(1,101,216)	(410,121)	(3,390,335)	(403,782)
Payments for supplies and services	(46,912,114)	(8,017,697)	(9,731,646)	(3,475,405)	(17,037,682)	(2,637,780)
Payments for scholarships and fellowships		(6,933,013)	(11,679,176)	(3,371,209)	(22,123,930)	(3,223,812)
Other receipts (payments)	8,808,254	(1,161,122)	(893,603)	(376,784)	(1,955,734)	(302,504)
Net cash used by operating activities	(17,103,865)	(32,488,176)	(28,751,822)	(11,899,377)	(64,038,890)	(11,478,823)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	17,099,163	14,801,599	11,515,942	5,594,584	27,002,065	4,049,713
Gifts and grants for other than capital purposes		21,644,133	18,623,491	6,261,266	39,741,220	6,469,888
Private gifts for endowment purposes			110,000	200		10,000
TOPS receipts		1,469,994	1,561,642	227,033	1,509,186	278,599
TOPS disbursements		(1,469,958)	(1,561,642)	(227,033)	(1,509,186)	(278,599)
Direct lending receipts		20,484,580	25,645,828	4,071,085	52,755,925	7,402,254
Direct lending disbursements		(20,484,580)	(25,645,828)	(4,071,085)	(52,755,925)	(7,402,254)
Other receipts (disbursements)	7,169		443,974	4,980	645,241	27,201
Net cash provided (used) by noncapital financing activities	17,106,332	36,445,768	30,693,407	11,861,030	67,388,526	10,556,802
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt						
Capital appropriations received						
Capital grants and gifts received						
Proceeds from sale of capital assets						
Purchases of capital assets	(509,574)	(329,636)	(1,125,027)	(710,867)	(2,901,187)	(252,908)
Principal paid on capital debt and leases					(182,500)	
Interest paid on capital debt and leases					(95,596)	
Other uses						
Net cash used by capital and related financing activities	(509,574)	(329,636)	(1,125,027)	(710,867)	(3,179,283)	(252,908)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments						79,720
Interest received on investments	387,799	262,870	66,666	8,768	575,089	75,955
Purchase of investments			(110,000)	(200)	(159,224)	
Net cash provided (used) by investing activities	387,799	262,870	(43,334)	8,568	415,865	155,675
Net Increase (decrease) in Cash and Cash Equivalents	(119,308)	3,890,826	773,224	(740,646)	586,218	(1,019,254)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,485,054	15,634,602	6,615,842	1,425,857	27,485,003	4,192,476
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$20,365,746	\$19,525,428	\$7,389,066	\$685,211	\$28,071,221	\$3,173,222

(Continued)

Schedule 7

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

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

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

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

(Continued)

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

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College	Elaine P. Nunez Community College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating loss	(\$19,686,508)	(\$31,151,712)	(\$25,860,364)	(\$10,763,780)	(\$57,715,552)	(\$11,721,782)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation expense	2,138,367	1,778,799	1,199,492	638,458	3,532,837	1,306,369
Nonemployer contributing entity revenue	83,155	154,259	114,661	53,449	276,058	40,426
Noncash transfers of operations		74,989				
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable, net	(914,609)	(594,882)	(1,454,218)	(912,770)	(978,662)	(599,229)
(Increase) decrease in due from other funds	20,535					
(Increase) decrease in inventories						
(Increase) decrease in prepaid expenses and advances		68,737		(14,098)	602	4,284
(Increase) decrease in other assets						
(Increase) decrease in deferred outflows related to pensions	(2,473,585)	(873,971)	(773,274)	(1,809,491)	859,839	(168,965)
(Increase) decrease in deferred outflows related to OPEB	(1,718,087)	(471,471)	(341,431)	(249,665)	10,793	(501,686)
Increase (decrease) in accounts payable and accrued liabilities	1,128,202	259,121	(208,379)	295,271	(1,652,761)	(4,048)
Increase (decrease) in unearned revenue	(7,956)	34,620	(105,222)	(153,945)	716,190	(80,701)
Increase (decrease) in amounts held in custody for others		5,769	23,548	2,614	30,473	1,321
Increase (decrease) in compensated absences	160,548	206,896	136,775	29,779	(194,722)	77,779
Increase (decrease) in net pension liability	1,728,665	(7,494,054)	(3,369,076)	1,436,982	(33,864,076)	(1,467,957)
Increase (decrease) in total OPEB liability	1,745,010	(75,208)	(53,636)	(2,911,616)	(1,987,719)	316,765
Increase (decrease) in other liabilities					(2,704)	647
Increase (decrease) in deferred inflows related to pensions	196,421	4,752,708	1,301,684	158,082	25,032,191	1,063,649
Increase (decrease) in deferred inflows related to OPEB	495,977	837,224	637,618	2,301,353	1,898,323	254,305
Net cash used by operating activities:	(\$17,103,865)	(\$32,488,176)	(\$28,751,822)	(\$11,899,377)	(\$64,038,890)	(\$11,478,823)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:						
Cash and cash equivalents classified as current assets	\$20,365,746	\$19,525,428	\$7,389,066	\$677,814	\$27,963,947	\$2,949,767
Cash and cash equivalents classified as noncurrent assets				7,397	107,274	223,455
Cash and cash equivalents at the end of the year	\$20,365,746	\$19,525,428	\$7,389,066	\$685,211	\$28,071,221	\$3,173,222
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Capital appropriations for purchase of equipment, buildings, or land		\$364,150			\$3,412,014	
Noncash capital grant/gift of capital assets					\$1,312,000	\$815,266
Noncash grants and gifts						
(Loss) on disposal of capital assets			(\$682,890)		(\$4,594)	(\$6,080)
Unrealized gain on investments		\$35,234				
(Decrease) in noncapital accounts and contracts payable						
Increase in accrued interest payable						
Capitalized interest including capitalized amortization						
Amortization of bond premium						
Accretion of bond discount						
Amortization of bond issuance costs						
Increase (decrease) in capital accounts and retainage payable						
(Increase) in nonoperating accounts receivables						(\$1,069,778)
(Increase) in restricted assets - other						
Noncash transfers of operations - gain (loss) on disposal of capital assets				(\$85,234)		

(Continued)

Schedule 7

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

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

	SOWELA Technical Community College	Facilities Corporations	System Eliminating Entries	Total Per System
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	(\$19,158,796)	(\$13,625,353)	\$8,466,273	(\$261,578,047)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	2,155,016	13,625,353		29,700,756
Nonemployer contributing entity revenue	69,384			1,157,916
Noncash transfers of operations				74,991
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	735,231			(8,058,657)
(Increase) decrease in due from other funds				20,535
(Increase) decrease in inventories				3,281
(Increase) decrease in prepaid expenses and advances	(860)			(137,598)
(Increase) decrease in other assets				19,914
(Increase) decrease in deferred outflows related to pensions	244,681			(11,200,644)
(Increase) decrease in deferred outflows related to OPEB	(807,888)			(12,069,388)
Increase (decrease) in accounts payable and accrued liabilities	(319,164)			824,575
Increase (decrease) in unearned revenue	(66,407)			1,035,417
Increase (decrease) in amounts held in custody for others	4,256			261,042
Increase (decrease) in compensated absences	70,708			809,192
Increase (decrease) in net pension liability	(3,210,110)			(55,985,004)
Increase (decrease) in total OPEB liability	650,243			(6,883,603)
Increase (decrease) in other liabilities				(2,057)
Increase (decrease) in deferred inflows related to pensions	2,447,821			39,194,280
Increase (decrease) in deferred inflows related to OPEB	426,942			18,586,132
Net cash used by operating activities:	<u>(\$16,758,943)</u>	<u>NONE</u>	<u>\$8,466,273</u>	<u>(\$264,226,967)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Cash and cash equivalents classified as current assets	\$14,263,074			\$150,564,158
Cash and cash equivalents classified as noncurrent assets		\$58,893,900		59,468,154
Cash and cash equivalents at the end of the year	<u>\$14,263,074</u>	<u>\$58,893,900</u>	<u>NONE</u>	<u>\$210,032,312</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital appropriations for purchase of equipment, buildings, or land				\$3,776,164
Noncash capital grant/gift of capital assets	\$3,250			\$5,218,304
Noncash grants and gifts				\$19,438
Loss on disposal of capital assets				(\$1,057,408)
Unrealized gain on investments		\$135,981		\$265,343
Decrease in noncapital accounts and contracts payable		(\$25,745)		(\$30,237)
Increase in accrued interest payable		\$232,136		\$232,136
Capitalized interest including capitalized amortization		\$1,049,276		\$1,049,276
Amortization of bond premium		\$4,177,628		\$4,177,628
Accretion of bond discount		\$559,134		\$559,134
Amortization of bond issuance costs		\$313,442		\$313,442
Increase (decrease) in capital accounts and retainage payable	(\$63,586)	\$1,893,609		\$1,830,023
(Increase) in nonoperating accounts receivables		(\$1,133,743)		(\$2,203,521)
(Increase) in restricted assets - other		(\$828)		(\$828)
Noncash transfer of operations - gain (loss) on disposal of capital assets	\$85,234			

(Concluded)

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

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

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

(Continued)

Schedule 8

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

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

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

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

(Concluded)

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

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

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

(Continued)

Schedule 9

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

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

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

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

(Concluded)

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

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

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

(Continued)

Schedule 10

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

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

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

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

(Continued)

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

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

(Continued)

Schedule 10

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

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

\$270,854	\$72,361 (20,495) 3,107	\$834,483 (32,958)	\$181,360	\$34,847	(\$270,854)	(\$306,081) 25,752
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13,370

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

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

(Concluded)

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Exhibit A

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



December 23, 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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Louisiana Community and Technical College System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 23, 2019. Our report includes a reference to other auditors who audited the financial statements of the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; and the LCTCS Facilities Corporation, as described in our report on the System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report was modified to include an emphasis of matter section regarding actuarial assumptions and an other matters paragraph regarding an internal transfer of college operations.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Reports

Other external auditors audited the South Louisiana Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; BRCC Facilities Corporation; and the LCTCS Facilities Corporation, which are blended component units included in the System's basic financial statements for the year ended June 30, 2019. To obtain copies of those reports, refer to note 1-B to the basic financial statements for mailing addresses. These reports are also available on the Internet at www.lla.la.gov.

As a part of our audit of the System's basic financial statements for the year ended June 30, 2019, we performed certain procedures on colleges within the System. Our reports on those procedures for those colleges are listed as follows:

College	Audit Type	Issue Date	Finding Title
Baton Rouge Community College	Fiscal Year 2019 Management Letter	December 26, 2019	Lack of Controls over Payroll Failure to Make Proper Notification of Misappropriated Assets
Bossier Parish Community College	Fiscal Year 2019 Management Letter	December 9, 2019	Inadequate Controls over Banner System Failure to Report Misappropriation
Central Louisiana Technical Community College	Fiscal Year 2018 -2019 Procedural Report	July 10, 2019	Inadequate Controls over Student Receivables Inadequate Controls over Contracts Failure to Report Misappropriations Weakness in Controls over Fuel Cards
Delgado Community College	Fiscal Year 2019 Management Letter	December 16, 2019	Failure to Report Misappropriations Possible Improper Payment to Employees Misstatement of Capital Assets and Expenses
Elaine P. Nunez Community College	Fiscal Year 2018 -2019 Procedural Report	August 28, 2019	Failure to Make Proper Notifications of Misappropriated Assets Noncompliance with Unclaimed Property Regulations
L. E. Fletcher Technical Community College	Fiscal Year 2019 Management Letter	December 26, 2019	Failure to Make Proper Notification of Misappropriated Assets
Louisiana Delta Community College	None	N/A	N/A
Northshore Technical Community College	Fiscal Year 2019 Full Scope	October 16, 2019	N/A
Northwest Louisiana Technical College	Fiscal Year 2018 -2019 Procedural Report	July 10, 2019	N/A
River Parishes Community College	Fiscal Year 2018 -2019 Procedural Report	October 2, 2019	Improper Tuition and Fee Charges Inadequate Controls over Outstanding Student Account Balances Bank Reconciliations Not Performed Inadequate Controls over Banner System Possible Improper Payment to Employees
South Central Louisiana Technical College	None	N/A	N/A
South Louisiana Community College	Fiscal Year 2019 Management Letter	Pending	Pending
SOWELA Technical Community College	Fiscal Year 2018 -2019 Procedural Report	September 25, 2019	Inappropriate System Access Possible Improper One-Time Salary Supplement to Employees

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

Purpose of this Report

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

Respectfully submitted,



Thomas H. Cole, CPA
First Assistant Legislative Auditor

KDN:CLL:BQD:EFS:aa

LCTCS 2019