

LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM

A COMPONENT UNIT OF THE
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2017
ISSUED DECEMBER 27, 2017

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 13, 2017

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, 2017, 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.; or the LCTCS Facilities Corporation, which are nonprofit corporations included as blended component units in the basic financial statements representing approximately 51.30% of total assets, 35.77% of total liabilities, 9.95% of total revenues, and 5.26% 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.; 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, 2017, 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 \$461,786,569 at June 30, 2017, as determined by the Louisiana State Employees' Retirement System (LASERS) and Teachers' Retirement System of Louisiana (TRSL). The related actuarial valuation was 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, 2017, 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 66, the Schedule of the System's Contributions on page 66, and the Schedule of Funding Progress for the Other Postemployment

Benefits Plan on page 67 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 (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended June 30, 2017, 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 (page 69) and combining financial schedules on pages 70 through 81 for the year ended June 30, 2017, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2017, 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 and combining financial schedules for the fiscal year ended June 30, 2017, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2017.

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, 2016 (not presented herein), and have issued our report thereon dated December 14, 2016, which contained an unmodified opinion on the respective financial statements of the business-type activities. The combining financial schedules on pages 82 through 93 for the year ended June 30, 2016, 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 2016 financial statements. The combining financial schedules for the year ended June 30, 2016, have been subjected to the auditing procedures applied in the audit of the 2016 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. In our opinion, the combining schedules for the fiscal year ended June 30, 2016, are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

New Accounting Standard Not Yet Effective

The implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal year 2018, will require the System to recognize its proportionate share of the other postemployment benefits liability. Though the System's proportionate share of the other postemployment benefits liability is currently unknown, the impact on the System's net position is expected to be significant.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

KLD:CLL:BQD:EFS:aa

LCTCS 2017

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, 2017. 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

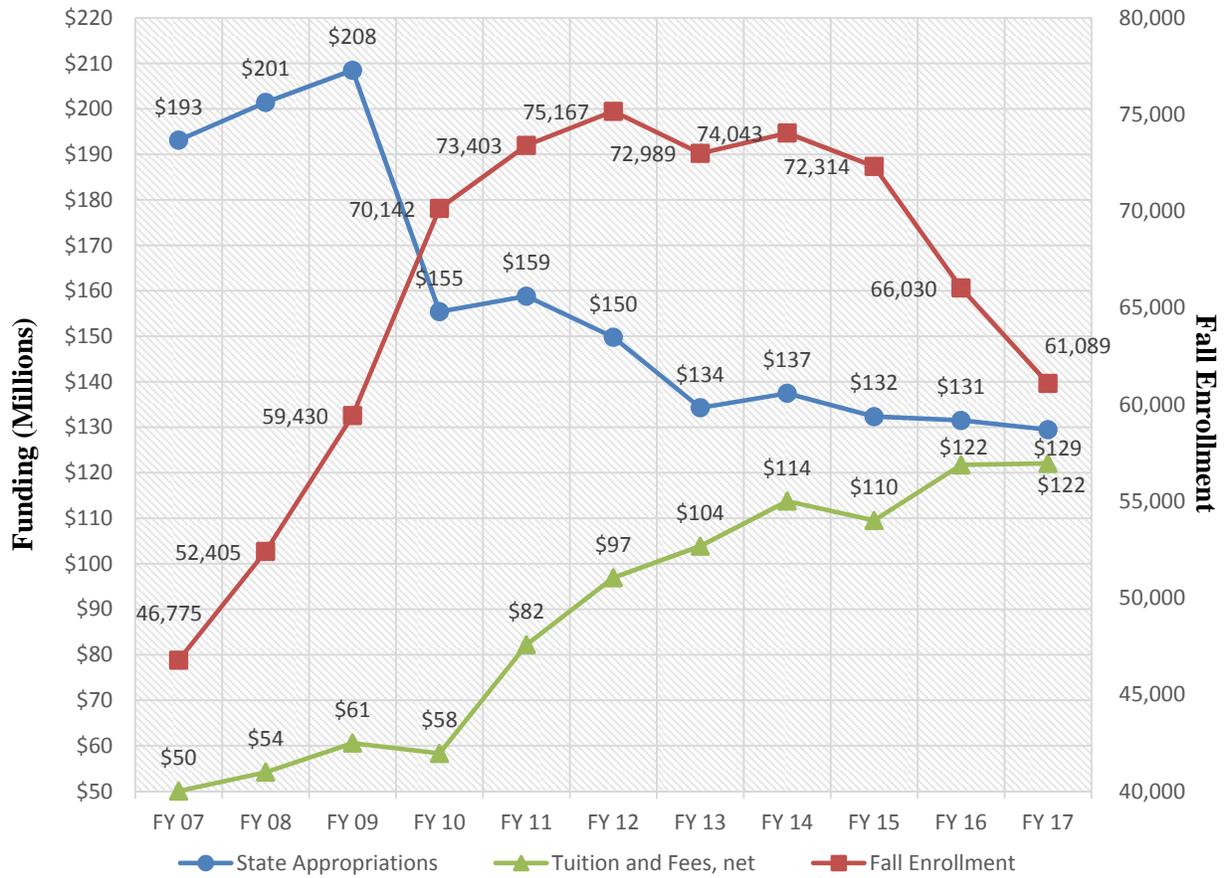
FINANCIAL HIGHLIGHTS

The System's net position overall increased from negative \$136.8 million (restated) to a negative \$110.8 million from July 1, 2016, to June 30, 2017. The overall reasons for this change included:

- \$79.8 million increase in capital assets due primarily to:
 - \$72.7 million increase in capital assets for the Facilities Corporations primarily due to Act 360 projects
 - \$2.9 million increase in capital assets at Nunez Community College for the completion of the Fine Arts Center
 - \$6.9 million increase in capital assets at SOWELA Technical Community College for the new building being constructed at the Morgan Smith Instructional Site in Jennings as part of the State Capital Outlay funds provided in House Bill 2 of the 2017 Second Extraordinary Session
- \$51.7 million decrease in investments due primarily to the completion of construction projects
- \$53.6 million increase in net pension liability and other postemployment benefits payable
- \$16.3 million decrease in bonds payable, net
- \$34.4 million increase in deferred outflows of resources related to pensions

The chart on the following page shows the change in the System's level of state funding in relation to the net tuition and fees and student enrollment for fiscal year 2007 through fiscal year 2017.

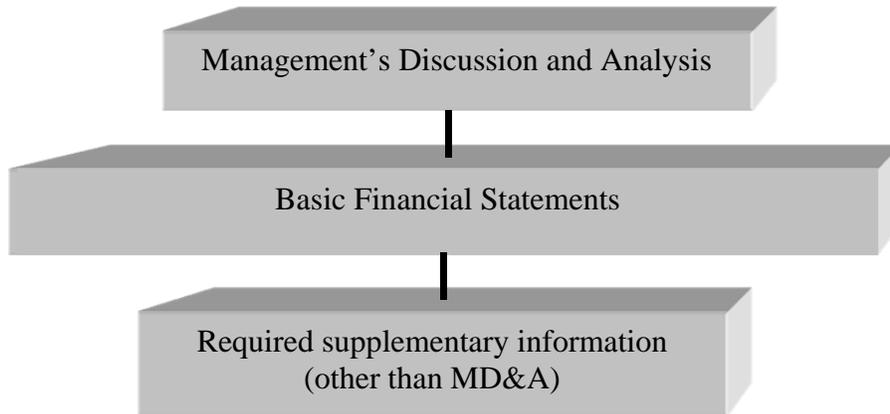
Comparison of LCTCS Funding and Fall Student Enrollment FY07 through FY17



Source: LCTCS Fiscal Year 2017 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, 2017, and 2016

	2017	2016 (restated)	Variance	Percentage Change
Assets:				
Current and other assets	\$300,983	\$353,956	(\$52,973)	(15.0%)
Capital assets	637,129	557,338	79,791	14.3%
Total assets	938,112	911,294	26,818	2.9%
Total deferred outflow of resources	105,672	71,294	34,378	48.2%
Total assets and deferred outflow of resources	1,043,784	982,588	61,196	6.2%
Liabilities:				
Current liabilities	72,121	73,563	(1,442)	(2.0%)
Long-term liabilities	1,061,155	1,024,892	36,263	3.5%
Total liabilities	1,133,276	1,098,455	34,821	3.2%
Total deferred inflow of resources	21,283	20,894	389	1.9%
Total liabilities and deferred inflow of resources	1,154,559	1,119,349	35,210	3.1%
Net Position:				
Net investment in capital assets	261,944	245,258	16,686	6.8%
Restricted	142,684	116,932	25,752	22.0%
Unrestricted	(515,403)	(498,951)	(16,452)	(3.3%)
Total net position	(\$110,775)	(\$136,761)	\$25,986	19.0%

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 \$136.8 million (restated) to a negative \$110.8 million, or 19%, from July 1, 2016, to June 30, 2017.

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, 2017, and 2016

	2017	2016 (restated)	Variance	Percentage Change
Operating revenues:				
Student tuition and fees, net	\$122,047	\$121,709	\$338	0.3%
Grants and contracts	60,972	64,008	(3,036)	(4.7%)
Sales and services of education departments	153	256	(103)	(40.2%)
Auxiliary, net	2,317	2,479	(162)	(6.5%)
Other	560	1,012	(452)	(44.7%)
Total operating revenues	186,049	189,464	(3,415)	(1.8%)
Nonoperating revenues:				
State appropriations	129,476	131,495	(2,019)	(1.5%)
Gifts	750	1,570	(820)	(52.2%)
Investment income	3,853	355	3,498	985.4%
Federal nonoperating revenues	123,161	126,919	(3,758)	(3.0%)
Other nonoperating revenues	1,444	55	1,389	2,525.5%
Total nonoperating revenues	258,684	260,394	(1,710)	(0.7%)
Total revenues	444,733	449,858	(5,125)	(1.1%)
Operating expenses:				
Education and general:				
Instruction	173,283	171,974	1,309	0.8%
Public service	1,778	1,251	527	42.1%
Academic support	54,292	50,571	3,721	7.4%
Student services	33,473	33,697	(224)	(0.7%)
Institutional support	87,701	79,281	8,420	10.6%
Operations and maintenance of plant	39,992	38,655	1,337	3.5%
Depreciation	25,818	24,452	1,366	5.6%
Scholarships and fellowships	54,946	58,628	(3,682)	(6.3%)
Auxiliary enterprises	3,239	3,531	(292)	(8.3%)
Other operating expenses	468	441	27	6.1%
Total operating expenses	474,990	462,481	12,509	2.7%
Nonoperating expenses:				
Interest expense	13,765	16,971	(3,206)	(18.9%)
Total nonoperating expenses	13,765	16,971	(3,206)	(18.9%)
Total expenses	488,755	479,452	9,303	1.9%
Loss before other revenues	(44,022)	(29,594)	(14,428)	48.8%
Capital appropriations	56,237	58,464	(2,227)	(3.8%)
Capital grants and gifts	12,623	12,767	(144)	(1.1%)
Other additions (deductions), net	(4)	126	(130)	(103.2%)
Additions to permanent endowment	1,152	951	201	21.1%
Other revenues	70,008	72,308	(2,300)	(3.2%)
Change in net position	25,986	42,714	(16,728)	(39.2%)
Net position at beginning of year, restated	(136,761)	(179,475)	42,714	23.8%
Net position at end of year	(\$110,775)	(\$136,761)	\$25,986	19.0%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the System had invested approximately \$637.1 million in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$79.8 million, or 14.3%, 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, 2017, and 2016

	2017	2016 (restated)	Variance	Percentage Change
Land and improvements	\$59,486	\$50,904	\$8,582	16.9%
Buildings	406,912	364,630	42,282	11.6%
Equipment	28,392	31,598	(3,206)	(10.1%)
Software	9,378	10,925	(1,547)	(14.2%)
Construction-in-progress	132,961	99,281	33,680	33.9%
Total	<u>\$637,129</u>	<u>\$557,338</u>	<u>\$79,791</u>	14.3%

Debt

The System had \$423.5 million in bonds and notes outstanding at year-end, compared to \$439.7 million last year, a decrease of 3.7%. The decrease is due to bond principal payments of \$15.9 million and net accumulated amortization of premiums/discounts of \$339,845. More detailed information is presented in note 13 to the financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

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

- Continued reduction in state appropriations because of budget shortfall
- Changes in federal grant programs (A significant amount of revenue flows from the federal government through the System. A change in policy at the federal level can have dramatic effects on the operations.)

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

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, 2017**

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$123,320,022
Receivables, net (note 4)	20,836,179
Due from State Treasury	495,289
Due from Federal Government	14,869,342
Inventories	7,112
Prepaid expenses and advances	890,651
Other current assets	104,821
Total current assets	<u>160,523,416</u>

Noncurrent assets:

Restricted assets:

Cash and cash equivalents (note 2)	53,042,742
Investments (note 3)	79,637,189
Receivables, net (note 4)	3,642,677
Other	588,033
Investments (note 3)	46,970
Capital assets, net (note 5)	637,128,826
Other noncurrent assets	3,501,880
Total noncurrent assets	<u>777,588,317</u>
Total assets	<u>938,111,733</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions (note 6)	105,672,108
Total deferred outflows of resources	<u>105,672,108</u>

LIABILITIES

Current liabilities:

Accounts payable and accruals (note 9)	34,208,532
Due to Federal government	7,800
Unearned revenues (note 10)	10,680,829
Compensated absences payable (notes 11 and 13)	1,528,542
Capital lease obligations (notes 12 and 13)	90,000
Amounts held in custody for others	1,370,395
Bonds payable, net (note 13)	16,710,000
Other current liabilities	7,525,047
Total current liabilities	<u>72,121,145</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, 2017**

LIABILITIES (CONT.)

Noncurrent liabilities:

Compensated absences payable (notes 11 and 13)	\$17,500,156
Capital lease obligations (notes 12 and 13)	2,655,000
Net pension liability (notes 6 and 13)	461,786,569
Other postemployment benefits payable (notes 8 and 13)	172,438,317
Bonds payable, net (note 13)	406,774,432
Total noncurrent liabilities	<u>1,061,154,474</u>
Total liabilities	<u>1,133,275,619</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions (note 6)	<u>21,282,965</u>
Total deferred inflows of resources	<u>21,282,965</u>

NET POSITION

Net investment in capital assets	261,943,792
Restricted:	
Nonexpendable (note 14)	7,182,187
Expendable (note 14)	135,501,424
Unrestricted	<u>(515,402,146)</u>
Total net position	<u><u>(\$110,774,743)</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, 2017**

OPERATING REVENUES

Student tuition and fees	\$207,522,774
Less scholarship allowances	(85,475,389)
Net student tuition and fees	<u>122,047,385</u>
Federal grants and contracts	42,524,406
State and local grants and contracts	13,937,463
Nongovernmental grants and contracts	4,510,389
Sales and services of educational departments	152,969
Auxiliary enterprise revenues	2,317,089
Other operating revenues	559,882
Total operating revenues	<u><u>186,049,583</u></u>

OPERATING EXPENSES

Educational and general:	
Instruction	173,283,043
Public service	1,778,532
Academic support	54,292,339
Student services	33,472,818
Institutional support	87,700,582
Operations and maintenance of plant	39,991,585
Depreciation	25,818,286
Scholarships and fellowships	54,946,461
Auxiliary enterprises	3,239,031
Other operating expenses	467,992
Total operating expenses	<u><u>474,990,669</u></u>

OPERATING LOSS (288,941,086)

(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, 2017**

NONOPERATING REVENUES (Expenses)

State appropriations	\$129,475,873
Gifts	749,878
Federal nonoperating revenues	123,161,066
Investment income	3,852,837
Interest expense	(13,765,374)
Other nonoperating revenues, net	1,443,867
Net nonoperating revenues	<u>244,918,147</u>

LOSS BEFORE OTHER REVENUES AND ADDITIONS (44,022,939)

Capital appropriations	56,237,198
Capital grants and gifts	12,623,261
Additions to permanent endowments	1,152,276
Other deductions, net	<u>(3,504)</u>

INCREASE IN NET POSITION 25,986,292

NET POSITION - BEGINNING OF YEAR (restated) (note 15) (136,761,035)

NET POSITION - END OF YEAR (\$110,774,743)

(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, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$126,183,583
Grants and contracts	58,874,591
Sales and services of educational departments	157,169
Auxiliary enterprise receipts	2,703,042
Payments for employee compensation	(188,863,694)
Payments for benefits	(74,366,315)
Payments for utilities	(12,222,174)
Payments for supplies and services	(93,243,007)
Payments for scholarships and fellowships	(56,494,491)
Other payments, net	(3,315,680)
Net cash used by operating activities	<u>(240,586,976)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State appropriations	129,669,280
Gifts and grants for other than capital purposes	122,745,655
Private gifts for endowment purposes	1,145,400
Taylor Opportunity Program for Students (TOPS) receipts	6,654,726
TOPS disbursements	(6,655,600)
Federal Emergency Management Agency receipts	3,278,654
Direct lending receipts	127,911,087
Direct lending disbursements	(127,911,087)
Other receipts	2,247,613
Net cash provided by noncapital financing activities	<u>259,085,728</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital appropriations received	41,863,038
Capital grants and gifts received	13,120,116
Proceeds from sale of capital assets	10,679
Purchases of capital assets	(88,239,494)
Principal paid on capital debt and leases	(16,097,500)
Interest paid on capital debt and leases	(17,700,957)
Other uses	(5,081,029)
Net cash used by capital and related financing activities	<u>(72,125,147)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	131,378,734
Interest received on investments	2,189,887
Purchase of investments	(78,057,175)
Net cash provided by investing activities	<u>55,511,446</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, 2017**

NET INCREASE IN CASH AND CASH EQUIVALENTS	\$1,885,051
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (RESTATED)	<u>174,477,713</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$176,362,764</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	(\$288,941,086)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	25,818,286
Nonemployer contributing entity revenue	1,201,977
Noncash capital expenses	1,078,010
Changes in assets and liabilities:	
Decrease in accounts receivables, net	3,887,790
(Increase) in due from other funds	(669,661)
(Increase) in inventories	(53)
(Increase) in prepaid expenses and advances	(41,518)
Decrease in other assets	10,301
(Increase) in deferred outflows related to pensions	(34,377,413)
(Decrease) in accounts payable and accrued liabilities	(766,626)
(Decrease) in unearned revenue	(1,701,057)
(Decrease) in amounts held in custody for others	(110,935)
(Decrease) in due to other funds	(21,550)
Increase in compensated absences	82,735
Increase in net pension liability	44,333,706
Increase in other postemployment benefits payable	9,262,962
(Decrease) in other liabilities	(22,100)
Increase in deferred inflows related to pensions	<u>389,256</u>
Net cash used by operating activities	<u><u>(\$240,586,976)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:	
Cash and cash equivalents classified as current assets	\$123,320,022
Cash and cash equivalents classified as noncurrent assets	<u>53,042,742</u>
Cash and cash equivalents at end of year	<u><u>\$176,362,764</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Capital appropriations for purchase of equipment, buildings, or land	\$7,857,459
Noncash capital grant/gift of capital assets	\$7,585,145
Noncash grants and gifts	\$41,574
(Loss) on disposal of capital assets	(\$437,645)
Unrealized gain on investments	\$1,637,324
(Decrease) in noncapital accounts and contracts payable	(\$493,209)
(Decrease) in accrued interest payable	(\$34,795)
Capitalized interest including capitalized amortization	\$3,560,943
Amortization of bond premium	\$1,604,127
Accretion of bond discount	\$1,264,282
Amortization of bond issuance costs	\$319,391
Increase in capital accounts and retainage payable	\$146,985
Decrease in nonoperating accounts receivable	\$1,210,529
(Increase) in restricted assets - other	(\$534,206)

(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 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. Also, bonds were issued in 2009, 2010, 2011, and 2014 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 prior years, donated capital assets were valued at estimated fair market value at the time of donation. With the implementation of GASB 72, *Fair Value Measurement and Application*, this year, donated capital assets are valued at acquisition value at the time of donation. There is no significant change in the reported value of donated assets due to the implementation of GASB 72. 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, and other postemployment benefits 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, as well as additions to/deductions from each system's fiduciary net position have been determined on the same basis as they are reported by the system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. 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

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was implemented by the System for the fiscal year ended June 30, 2017. The only impact on the System is a change in terminology related to the description of the other postemployment benefit plan as a “multiple employer plan” instead of an “agent multiple employer plan.”

GASB Statement No. 82, *Pension Issues*, was implemented by the System for the fiscal year ended June 30, 2017. The impact on the System includes a change to the presentation of payroll-related measures in the required supplementary information from *covered-employee payroll*, payroll of employees that are provided with pensions, to *covered payroll*, payroll on which contributions are based.

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, 2017, the System has cash and cash equivalents (book balances) of \$176,362,764 as follows:

Demand deposits	\$116,644,320
Money Market Demand Accounts	8,303,035
Cash equivalents - money market funds	51,332,369
Cash held in foundaiton	60,000
Petty cash	23,040
	<hr/>
Total	<u><u>\$176,362,764</u></u>

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

Current assets	\$123,320,022
Noncurrent assets	53,042,742
	<hr/>
Total	<u><u>\$176,362,764</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, 2017, \$405,773 of the System's bank balance of \$131,971,092 was exposed to custodial credit risk, as these balances were uninsured and uncollateralized. As of June 30, 2017, demand deposits totaling \$554,124 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.

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

3. INVESTMENTS

At June 30, 2017, the System has restricted investments totaling \$79,637,189 and unrestricted investments totaling \$46,970 as follows:

Type of Investment	Percentage of Investments	Credit Quality Rating	Fair Value
Corporate bonds - DCC	0.269%	A	\$214,600
Corporate bonds - DCC	0.077%	AA	61,130
Corporate bonds - DCC	0.182%	BBB	144,637
Corporate bonds - DCC	0.195%	BBB+	155,024
Corporate bonds - DCC	0.084%	A	66,602
Corporate bonds - DCC	0.377%	A-	300,418
Corporate bonds - DCC	0.098%	AA-	78,084
Corporate bonds - DCC	0.062%	AA+	49,606
Corporate bonds - DCC	0.165%	BBB	131,479
Corporate bonds - DCC	0.174%	BBB+	138,987
Corporate bonds - DCC	0.167%	A-	133,345
Corporate bonds - DCC	0.090%	AA+	71,700
Corporate bonds - DCC	0.116%	BBB	92,633
Corporate bonds - FTCC	0.021%	AA	16,871
Corporate bonds - FTCC	0.043%	A	33,952
Corporate bonds - FTCC	0.043%	BBB-	34,595
Closed-end mutual fund - DCC ¹	1.708%		1,360,808
Equity securities - DCC ¹	0.558%		444,884
Equity securities - LDCC ¹	0.058%		46,026
Equity securities - SLCC ¹	0.498%		396,767
Investments held by private foundation -			
External investment Pools - BRCC	0.455%	AAA	362,703
Municipal bonds - FTCC	0.009%	A	7,451
Open-end mutual funds - BPCC	0.025%	AAA	19,681
Open-end mutual funds - BPCC	0.028%	A	22,578
Open-end mutual funds - BPCC	0.041%	AAA	32,725
Open-end mutual funds - FTCC	0.053%	BBB	42,145
Open-end mutual funds - FTCC	0.021%	BBB	17,057
Open-end mutual funds - LDCC ²	0.025%		20,151
Open-end mutual funds - LDCC	0.160%	AA	127,579
Open-end mutual funds - LDCC ²	0.013%		10,165
Open-end mutual funds - LDCC ²	0.025%		20,218
Open-end mutual funds - SLCC	0.498%	AA	396,767
Open-end mutual funds - STCC	0.011%	AAA	8,448
Open-end mutual funds - STCC	0.019%	AA	15,081
Open-end mutual funds - STCC	0.008%	A	6,208
Open-end mutual funds - STCC	0.038%	A	30,537
Open-end mutual funds - STCC	0.009%	A	6,790
Open-end mutual funds - STCC	0.015%	BBB	11,849
Open-end mutual funds - STCC	0.007%	BBB	5,785
Open-end mutual funds - BPCC ²	0.285%		226,841
Open-end mutual funds - FTCC ²	0.131%		104,588
Open-end mutual funds - LDCC ²	0.030%		24,162
Open-end mutual funds - LDCC ²	0.491%		391,177
Open-end mutual funds - STCC ²	0.399%		318,313
Open-end mutual funds - STCC ²	0.132%		105,132
U.S. agency obligations - DCC ¹	0.025%		19,933
U.S. agency obligations - DCC ²	0.928%		739,582
Nonnegotiable certificates of deposit - BPCC	0.063%		50,580
Nonnegotiable certificates of deposit - CLTCC	0.363%		289,536
Nonnegotiable certificates of deposit - NCC	0.340%		271,184
Nonnegotiable certificates of deposit - SOWELA	0.059%		46,970
Facilities Corporations:			
Municipal bonds - LCTCS Facilities Corporation	19.245%		15,334,848
U.S. government and agency obligations - LCTCS Facilities Corporation	71.062%		56,625,247
	<u>100.00%</u>		<u>\$79,684,159</u>

¹Credit quality ratings not required for these investments.

²Not rated

<u>Type of Investment</u>	<u>Investment Maturities in Years</u>				
	<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	\$1,638,245		\$575,391	\$765,176	\$297,678
Corporate bonds - FTCC	85,418			85,418	
Investments held by private foundation - External investment pools - BRCC	362,703	\$362,703			
Municipal bonds - FTCC	7,451			7,451	
Open-end mutual funds - BPCC	74,984		42,259	32,725	
Open-end mutual funds - FTCC	59,202		42,145	17,057	
Open-end mutual funds - LDCC	178,113		30,383	147,730	
Open-end mutual funds - SLCC	396,767		396,767		
Open-end mutual funds - STCC	84,698		33,138	44,770	6,790
U.S. agency obligations - DCC	739,582				739,582
Total	<u>\$3,627,163</u>	<u>\$362,703</u>	<u>\$1,120,083</u>	<u>\$1,100,327</u>	<u>\$1,044,050</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 \$3,324,785 and investments held by the private foundation of \$362,703 are held pursuant to the Board of Regents Endowed Chair, Endowed Professorships, and Endowed Scholarship Program. To reduce overall volatility of investment returns, and to provide a hedge against the effects of economic downturns, the investment policy for that program requires at least 26% of assets be invested in fixed-income funds. The fixed-income funds are diversified among various sectors of the fixed-income market. The overall average quality must be at least A. Interest rate risks are limited by managing their performance using fixed-income indices as benchmarks to gauge and limit such risk. Investments in foreign equity and foreign debt are limited to 50% of the publicly-traded equity and debt securities and publicly-traded debt invested in any single issuer is limited to 5% with the exception of securities issued by the U.S. government or its agencies.

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

Facilities Corporations' investments totaling \$71,960,095 and money market funds totaling \$51,332,369 were reported in the financial statements and Notes to the Financial Statements for the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; LCTCS Facilities Corporation; and South Louisiana Facilities Corporation, which were prepared in accordance with the pronouncements of FASB ASC Topic 958. Generally accepted accounting principles allow for the inclusion, in the same consolidated report, of financial

statements prepared in accordance with FASB, with those prepared under the standards of GASB. As such, the Notes to the Financial Statements of the corporations do not reflect the requirements of GASB Statement No. 3, as revised by Statement No. 40. These investments and money market funds are uninsured and are collateralized by securities held by the financial institution's trust department, but not in the corporation's name.

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

INVESTMENTS - FAIR VALUE MEASUREMENT

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

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

Fair values of assets and liabilities measured on a recurring basis at June 30, 2017, 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	\$1,360,808	\$1,360,808		
Corporate bonds - DCC	1,638,245		\$1,638,245	
Corporate bonds - FTCC	85,418	85,418		
Equity securities - DCC	444,884	444,884		
Equity securities - LDCC	46,026	46,026		
Equity securities - SLCC	396,767	396,767		
External investment pools - BRCC	362,703	362,703		
Municipal bonds - FTCC	7,451	7,451		
Open-end mutual funds - BPCC	301,825	301,825		
Open-end mutual funds - FTCC	163,790	163,790		
Open-end mutual funds - LDCC	593,452	178,113	415,339	
Open-end mutual funds - SLCC	396,767	396,767		
Open-end mutual funds - STCC	508,143	403,011	105,132	
U.S. agency obligations - DCC	739,582		739,582	
Facilities Corporations				
Municipal bonds - LCTCS Facilities Corporation	15,334,848		15,334,848	
U.S. government and agency obligations - LCTCS Facilities Corporation	56,625,247	56,625,247		
Money market funds - Delta Campus Facilities Corporation*	4,881,456	4,881,456		
	<u>\$83,887,412</u>	<u>\$65,654,266</u>	<u>\$18,233,146</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, 2017. These receivables are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net	Restricted Noncurrent Portion
Student tuition and fees	\$24,472,758	(\$10,941,805)	\$13,530,953	
Auxiliary enterprise	139,170		139,170	
Contributions and gifts	3,589,683		3,589,683	\$3,642,677
State and private grants and contracts	5,270,338	(22,308)	5,248,030	
Other	1,971,020		1,971,020	
Total	<u>\$35,442,969</u>	<u>(\$10,964,113)</u>	<u>\$24,478,856</u>	<u>\$3,642,677</u>

5. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2017, follows:

	Balance June 30, 2016	Prior Period Adjustment	Adjusted Balance June 30, 2016	Additions	Reclassification of CIP	Retirements	Balance June 30, 2017
Capital assets not being depreciated:							
Land	\$40,901,853		\$40,901,853	\$7,472,907			\$48,374,760
Non-depreciable land improvements	438,262		438,262		\$1,469,859		1,908,121
Construction-in-progress	98,341,348	\$939,701	99,281,049	90,273,025	(56,593,359)		132,960,715
Total capital assets not being depreciated	139,681,463	939,701	140,621,164	97,745,932	(55,123,500)	NONE	183,243,596
Capital assets being depreciated:							
Land improvements	14,508,270	214,441	14,722,711	14,985	246,718		14,984,414
Buildings	527,962,806	130,895	528,093,701	1,897,221	54,876,782	(\$1,325,268)	583,542,436
Furniture, fixtures, and equipment	122,844,353	(218,833)	122,625,520	5,913,517		(4,530,530)	124,008,507
Software	19,749,564		19,749,564	475,272			20,224,836
Total capital assets being depreciated	685,064,993	126,503	685,191,496	8,300,995	55,123,500	(5,855,798)	742,760,193
Less accumulated depreciation for:							
Land improvements	(5,040,723)	(117,943)	(5,158,666)	(622,859)			(5,781,525)
Buildings	(163,385,148)	(78,839)	(163,463,987)	(14,361,377)		1,195,018	(176,630,346)
Furniture, fixtures, and equipment	(90,958,346)	(68,989)	(91,027,335)	(8,811,566)		4,223,135	(95,615,766)
Software	(8,824,842)		(8,824,842)	(2,022,484)			(10,847,326)
Total accumulated depreciation	(268,209,059)	(265,771)	(268,474,830)	(25,818,286)	NONE	5,418,153	(288,874,963)
Total capital assets, being depreciated, net	416,855,934	(139,268)	416,716,666	(17,517,291)	55,123,500	(437,645)	453,885,230
Total capital assets, net	\$556,537,397	\$800,433	\$557,337,830	\$80,228,641	NONE	(\$437,645)	\$637,128,826

The June 30, 2016, balance of capital assets has been adjusted by \$800,433 to reflect prior-period adjustments resulting from the correction of prior-year errors.

6. PENSION PLANS

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

TRSL also administers an optional retirement plan (ORP), which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education and is considered a defined contribution plan (see note 7 on page 43). A portion of the employer contributions for ORP plan members is dedicated to the unfunded accrued liability of the TRSL defined benefit plan.

General Information about the Pension Plans

Plan Descriptions/Benefits Provided

Louisiana State Employees' Retirement System (LASERS) - LASERS administers a plan to provide retirement, disability, and survivor benefits to eligible State employees and their beneficiaries as defined in R.S. 11:411-414. Act 992 of the 2010 Regular Legislative Session closed existing sub-plans for members hired before January 1, 2011, and created new sub-plans for regular members, hazardous duty members, and judges. The age and years of creditable service (service) required for a member to receive retirement benefits are established by R.S. 11:441 and vary depending on the member's hire date, employer, and job classification. The computation of retirement benefits is defined in R.S. 11:444.

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

Eligibility requirements and benefit computations for disability benefits are provided for in R.S. 11:461. All members with ten or more years of service or members aged 60 or older regardless of date of hire, who become disabled, may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation.

Provisions for survivor benefits are provided for in R.S. 11:471-478. Under these statutes, the deceased member, hired before January 1, 2011, who was in State service at the time of death must have a minimum of five years of service, at least two of which were earned immediately prior to death, or who had a minimum of 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 member, hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when

earned in order for a benefit to be paid to a minor child. The minimum service credits for a surviving spouse include active service at the time of death and a minimum of ten years of service credit with two years being earned immediately prior to death, or a minimum of 20 years regardless of when earned. In addition, the deceased member's spouse must have been married for at least one year before death.

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

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

Teachers' Retirement System of Louisiana (TRSL) - 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 sub-plans, and created new sub-plans for members hired on or after January 1, 2011. The age and years of creditable service required for a member to receive retirement benefits are established by R.S. 11:761 and vary depending on the member's hire date. The computation for retirement benefits is defined in R.S. 11:768.

Most of the TRSL members at the System are participants in the Regular Plan. In the regular plan, eligibility for retirement is determined by the date the member joined TRSL. Members hired prior to January 1, 2011, are eligible to receive retirement benefits (1) at the age of 60 with five years of service, (2) at the age of 55 with at least 25 years of service, or (3) at any age with at least 30 years of service. Members hired between January 1, 2011, and June 30, 2015, are eligible to retire at age 60 with five years of service. Members hired on or after July 1, 2015, are eligible to retire at age 62 with five years of service. All regular plan members are eligible to retire at any age with 20 years of service and a 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.

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

Cost of Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS and TRSL allow for the payment of cost of living adjustments, or COLAs, that are funded through investment earnings when recommended by the board of trustees and approved by the Legislature. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as these ad hoc COLAs were deemed not to be substantively automatic.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily-established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. For those members participating in the TRSL defined contribution ORP, a portion of the employer contributions are used to fund the TRSL defined benefit plan's unfunded accrued liability.

Employer contributions to LASERS for fiscal year 2017 were \$7,697,600, with active regular plan member contributions ranging from 7.5% to 8%, and employer contributions of 35.8%. Employer defined benefit plan contributions to TRSL for fiscal year 2017 were \$35,517,191,

with active regular plan member contributions of 8% and employer contributions of 21.2% for ORP members, and 24.4% to 26.9% for defined benefit plan members. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenue, totaled \$1,201,979, and were recognized as revenue in fiscal year 2017 by the System.

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

At June 30, 2017, the System reported liabilities of \$92,412,913 and \$369,373,656 under LASERS and TRSL, respectively, for its proportionate share of the Net Pension Liability (NPL). The NPL for LASERS and TRSL was measured as of June 30, 2016, 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, 2016, the most recent measurement date, the System's proportions and the changes in proportion from the prior measurement date were 1.17685%, or an increase of 0.00522% for LASERS and 3.14709%, or an increase of 0.00576% for TRSL.

For the year ended June 30, 2017, the System recognized a total pension expense of \$54,761,963, for defined benefit plans, or \$12,735,560 and \$42,026,403 for LASERS and TRSL, respectively. 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	\$53,502		\$53,502	\$857,094	\$7,292,464	\$8,149,558
Changes of assumptions						
Net difference between projected and actual earnings on pension plan investments	11,510,187	\$26,889,542	38,399,729			
Changes in proportion and differences between employer contributions and proportionate share of contributions	432,347	23,571,740	24,004,087	1,159,909	11,973,498	13,133,407
Employer contributions subsequent to the measurement date	7,697,599	35,517,191	43,214,790			
Total	<u>\$19,693,635</u>	<u>\$85,978,473</u>	<u>\$105,672,108</u>	<u>\$2,017,003</u>	<u>\$19,265,962</u>	<u>\$21,282,965</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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>LASERS</u>	<u>TRSL</u>	<u>Total</u>
2018	\$993,379	\$5,084,846	\$6,078,225
2019	\$1,766,904	\$5,084,846	\$6,851,750
2020	\$4,473,092	\$14,342,544	\$18,815,636
2021	\$2,745,659	\$6,683,084	\$9,428,743

Actuarial Assumptions

The total pension liabilities for LASERS and TRSL in the June 30, 2016, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	LASERS	TRSL
Valuation Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Expected Remaining Service Lives	3 years	5 years
Investment Rate of Return	7.75% per annum, net of investment exp.	7.75%, net of investment exp.
Inflation Rate	3% per annum	2.5% per annum
Mortality - Non-disabled	RP-2000, improvement to 2015	RP-2000, scale AA to 2025
Mortality - Disabled	RP-2000	RP-2000, scale AA to 2025
Termination, Disability, Retirement	2009-2013 experience study	2008-2012 experience study
Salary Increases	2009-2013 experience study, ranging from 3.0% to 14.5%	3.5% to 10.0%
Cost of Living Adjustments	Not substantively automatic	Not substantively automatic

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 8.72% and 8.23% for LASERS and TRSL, respectively. The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following table:

	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
TRSL (arithmetic)		
Domestic equity	31%	4.50%
International equity	19%	5.31%
Domestic fixed income	14%	2.45%
International fixed income	7%	3.28%
Alternatives:	29%	
Private equity		6.80%
Other private assets		4.82%
Total	<u>100%</u>	
LASERS (geometric)		
Cash	0%	(0.24%)
Domestic equity	25%	4.31%
International equity	32%	5.48%
Domestic fixed income	8%	1.63%
International fixed income	6%	2.47%
Alternative investments	22%	7.42%
Global asset allocation	7%	2.92%
Total	<u>100%</u>	5.30%

Discount Rate. The discount rate used to measure the total pension liability was 7.75% for both LASERS and TRSL. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually-required rates, actuarially determined. 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 active and inactive 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 chart 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:

	<u>1.0% Decrease</u> (6.75%)	<u>Current Discount Rate</u> (7.75%)	<u>1.0% Increase</u> (8.75%)
LASERS	\$113,537,817	\$92,412,913	\$74,463,368
TRSL	\$460,722,006	\$369,373,656	\$291,642,384

Pension plan fiduciary net position. Detailed information about LASERS and TRSL fiduciary net position is available in the separately-issued financial reports at www.lasersonline.org and www.trsl.org, respectively.

Payables to the Pension Plan. At June 30, 2017, the System had \$696,575 and \$3,410,267 in payables to LASERS and TRSL, respectively, for the June 2017 employee and employer legally-required contributions.

7. OPTIONAL RETIREMENT SYSTEM

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 ORP is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants. The ORP 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 ORP 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, 2014, each higher education board created by Article VIII of the Constitution of Louisiana is required to establish, by resolution, the portion of the employer contribution to be transferred to the ORP participants' accounts (transfer amount). In addition, effective July 1, 2014, the employer contribution rate for amounts credited to the ORP participants who are not employed in higher education must be the greater of (1) the employer normal cost contribution for the TRSL Regular Plan or (2) 6.2%.

Employer ORP contributions to TRSL for fiscal year 2017 totaled \$7,961,154, which represents pension expense for the System. Employee contributions totaled \$2,363,779. The 2017 employee and employer contribution rates were 8% and 5.7%, respectively, with an additional employer contribution of 21.2% (shared UAL) made to the TRSL defined benefit plan described in note 6 above.

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. Employees of the System voluntarily participate in the State of Louisiana's health insurance plan. The Office of Group Benefits (OGB) provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system, and they must be covered by the active medical plan immediately before retirement. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan that is not administered as a formal trust. R.S. 42:801-883 provides the authority to establish and amend benefit provisions

of the plan. 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. The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the System are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

OGB offers several different plan options for both active and retired employees. Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who begin participation or rejoin the plan before January 1, 2002, pay approximately 25% of the cost of coverage. Employees who begin participation or rejoin on or after January 1, 2002, pay a percentage of premiums (active premium if over 20 years of service) based on the following schedule:

<u>OGB Participation</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contribution Percentage</u>
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 are available for the individual retiree and spouses of retirees, subject to maximum values. Employers pay approximately 50% of monthly premiums. 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.

Annual Other Postemployment Benefits Cost and Liability. The System's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement 45, which was initially implemented for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year open amortization period has been used. The total ARC for fiscal year 2017 is \$18,461,902.

The following schedule presents the components of the System's annual OPEB cost for fiscal year 2017, the amount actually contributed to the plan, and changes in the System's net OPEB obligation to the OPEB plan:

ARC	\$18,461,902
Interest on net OPEB obligation	6,200,663
ARC adjustment	(6,071,302)
Annual OPEB cost	<u>18,591,263</u>
Contributions made - current year retiree premiums	<u>(9,328,301)</u>
Increase in net OPEB obligation	9,262,962
Beginning net OPEB obligation at June 30, 2016	<u>163,175,355</u>
Ending net OPEB obligation at June 30, 2017	<u><u>\$172,438,317</u></u>

Percentage of Annual OPEB Cost Contributed 50%

The System's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2017, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$21,396,766	43%	\$150,709,078
June 30, 2016	\$22,336,770	44%	\$163,175,355
June 30, 2017	\$18,591,263	50%	\$172,438,317

Funded Status and Funding Progress. During fiscal year 2017, neither the System nor the State of Louisiana made contributions to a postemployment benefits plan trust. A trust was established July 1, 2008, but was not funded, has no assets, and hence has a funded ratio of zero.

Since the plan was not funded, the System's entire actuarial accrued liability (AAL) of \$238,821,682 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2016, was as follows:

AAL	\$238,821,682
Actuarial value of plan assets	<u>NONE</u>
UAAL	<u><u>\$238,821,682</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	\$116,260,468
UAAL as percentage of covered payroll	205%

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the

annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2016, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.80% discount rate and a 3.0% per annum projected salary increase. The UAAL is amortized over the maximum acceptable period of 30 years on an open basis. It is calculated assuming a level percentage of projected payroll. Other critical assumptions used in the actuarial valuation are the healthcare cost trend rate and participation assumptions. The healthcare cost trend assumption is used to project the cost of health care to future years. The valuation uses a healthcare cost trend rate assumption of 7.0% (6.0% post Medicare) in the year July 1, 2016, to June 30, 2017, grading down by 0.5% each year until an ultimate healthcare cost trend rate of 4.5% is reached. The participation assumption is the assumed percentage of future retirees that participate and enroll in the health plan. The participation breakouts are provided in the following table:

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

9. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accruals at June 30, 2017:

Accrued salaries and benefits	\$18,151,720
Travel and training	166,936
Operating services	2,443,482
Professional services	1,145,026
Supplies	541,274
Grants and public assistance	5,183,251
Other charges	1,770,499
Capital outlay	<u>4,806,344</u>
Total	<u><u>\$34,208,532</u></u>

10. UNEARNED REVENUES

The following is a summary of unearned revenues at June 30, 2017:

Prepaid tuition and fees	\$7,584,191
Prepaid rent	631,334
Grants and contracts	<u>2,465,304</u>
Total	<u><u>\$10,680,829</u></u>

11. COMPENSATED ABSENCES

At June 30, 2017, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$8,848,443; \$10,138,832; and \$41,423, 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, 2017, the total rental expense for all operating leases was \$865,801. The following is a schedule, by fiscal year, of future minimum annual rental payments required under operating leases:

Nature of Operating Lease	2018	2019	2020	2021	2022	Total Minimum Payments Required
Buildings	\$325,977	\$316,594	\$67,350	\$67,350	\$31,991	\$809,262
Total	<u>\$325,977</u>	<u>\$316,594</u>	<u>\$67,350</u>	<u>\$67,350</u>	<u>\$31,991</u>	<u>\$809,262</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, 2017:

<u>Fiscal Year ending June 30:</u>	
2018	\$197,197
2019	281,798
2020	281,323
2021	285,379
2022	283,460
2023-2027	1,403,615
2028-2032	<u>838,888</u>
Total minimum lease payments	3,571,660
Less - amount representing interest	<u>(826,660)</u>
Present value - net minimum lease payments	<u>\$2,745,000</u>

The gross amount of assets held under capital leases as of June 30, 2017, includes buildings of \$4,395,000.

Lessor - Operating Lease

Leasing operations of the System consist of leasing buildings for the purposes of providing bookstore operations to students. The estimated cost, accumulated depreciation, and carrying amount of the System's investment in operating lease property as of June 30, 2017, was \$1,620,562; \$1,406,121; and \$214,441, 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, 2017:

Nature of Operating Lease	2018	2019	2020	2021	Total Minimum Future Rentals
Buildings	\$408,220	\$315,110	\$103,000	\$16,500	\$842,830
Total	<u>\$408,220</u>	<u>\$315,110</u>	<u>\$103,000</u>	<u>\$16,500</u>	<u>\$842,830</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, 2017, 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, 2017:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Portion Due Within One Year
Bonds payable, net	\$439,744,277		(\$16,259,845)	\$423,484,432	\$16,710,000
Capital lease obligations (note 12)	2,922,500		(177,500)	2,745,000	90,000
Compensated absences payable (note 11)	18,945,962	\$5,495,464	(5,412,728)	19,028,698	1,528,542
Net pension liability (note 6)	417,452,863	44,797,134	(463,428)	461,786,569	
OPEB payable (note 8)	163,175,355	18,591,263	(9,328,301)	172,438,317	
Total long-term liabilities	<u>\$1,042,240,957</u>	<u>\$68,883,861</u>	<u>(\$31,641,802)</u>	<u>\$1,079,483,016</u>	<u>\$18,328,542</u>

Details of all debt outstanding at June 30, 2017, follow:

Bonds Payable

As presented on the Statement of Net Position, at June 30, 2017, bonds payable total \$423,484,432, of which \$16,710,000 is current, and the remaining \$406,774,432 is noncurrent.

Detailed summaries, by issues, of all bonded debt outstanding at June 30, 2017, follow:

	Date of Issue	Original Issue	Outstanding June 30, 2016	Issued (Redeemed)	Outstanding June 30, 2017	Maturities	Interest Rates	Future Interest Payments June 30, 2017
BRCC Facilities Corporation:								
Series 2003 Revenue Bonds	Dec. 23, 2003	\$10,000,000	\$665,000	(\$325,000)	\$340,000	2018	3.8% - 5.5%	\$6,799
Series 2011 Revenue Refunding Bonds	Oct. 11, 2011	31,495,000	28,040,000	(1,800,000)	26,240,000	2018-2027	2.0% - 4.098%	6,458,988
Series 2012 Revenue Refunding Bonds	April 18, 2012	24,125,000	24,125,000		24,125,000	2025-2033	3.625% - 4.958%	13,710,831
Campus Facilities, Inc.:								
Series 2012 Revenue Refunding Bonds	Dec. 4, 2012	38,050,000	38,050,000	(1,990,000)	36,060,000	2018-2028	3.0% - 5.0%	9,470,450
South Louisiana Facilities Corporation -								
Series 2012 Revenue Refunding Bonds	Sept. 6, 2012	13,185,000	12,000,000	(840,000)	11,160,000	2018-2028	2.0%-4.0%	2,025,466
Delta Campus Facilities, Inc. -								
Series 2008 Revenue Bonds	Nov. 21, 2008	42,470,000	32,130,000	(1,985,000)	30,145,000	2018-2028	4.0% - 5.5%	10,792,975
LCTCS Facilities Corporation:								
Series 2009B Revenue Bonds	Oct. 1, 2009	45,280,000	45,280,000		45,280,000	2027-2029	4.25% - 5.0%	23,552,850
Series 2010 Revenue Bonds	Aug. 31, 2010	64,025,000	64,025,000		64,025,000	2021-2026	3.375%-5.0%	21,923,013
Series 2011 Revenue Bonds	Oct. 27, 2011	51,980,000	43,000,000	(8,980,000)	34,020,000	2018-2021	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%	125,299,500
Total		<u>\$448,940,000</u>	415,645,000	(15,920,000)	399,725,000			<u>\$213,240,872</u>
Net original premiums (discounts)			26,135,574		26,135,574			
Net accumulated amortization of premiums/discounts			(2,036,297)	(339,845)	(2,376,142)			
Bonds payable, net			<u>\$439,744,277</u>	<u>(\$16,259,845)</u>	<u>\$423,484,432</u>			

*This rate is the yield to maturity rate.

The annual requirements to amortize all bonds outstanding at June 30, 2017, are as follows:

	Principal	Interest	Total
2018	\$16,710,000	\$17,302,918	\$34,012,918
2019	17,015,000	16,989,892	34,004,892
2020	17,355,000	16,654,068	34,009,068
2021	17,785,000	16,280,468	34,065,468
2022	20,415,000	15,785,393	36,200,393
2023-2027	118,565,000	62,990,223	181,555,223
2028-2032	62,140,000	37,307,454	99,447,454
2033-2037	76,790,000	24,547,206	101,337,206
2038-2040	52,950,000	5,383,250	58,333,250
Total	<u>\$399,725,000</u>	<u>\$213,240,872</u>	<u>\$612,965,872</u>

Outstanding principal of \$399,725,000 plus net unamortized premium/discount of \$23,759,432 totals \$423,484,432.

Capital Lease Obligations

Capital lease obligations at June 30, 2017, for \$2,745,000 are detailed in note 12.

Accrued Compensated Absences Payable

Accrued compensated absences payable at June 30, 2017, for \$19,028,698 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, 2017.

<u>Bond Issue</u>	<u>Reserve Available</u>	<u>Reserve Requirement</u>	<u>Excess</u>
Delta Campus Facilities, Inc. Series 2008 Revenue Bonds	\$3,655,834	\$3,652,762	\$3,072
LCTCS Facilities (Act 391) Series 2009 (A & B), 2010, and 2011 Revenue Bonds	<u>16,176,777</u>	<u>16,171,493</u>	<u>5,284</u>
Total	<u><u>\$19,832,611</u></u>	<u><u>\$19,824,255</u></u>	<u><u>\$8,356</u></u>

14. RESTRICTED NET POSITION

The System has the following restricted net position at June 30, 2017:

Nonexpendable:	
Endowments	\$6,335,061
Student Life Center Maintenance Reserve	557,590
Phoebe Jackson Trust	<u>289,136</u>
 Total nonexpendable	 <u><u>\$7,181,787</u></u>
Expendable:	
Academic excellence fee	\$17,610,315
Albania Plantation	1,663,096
Workforce and Innovation for a Stronger Economy (WISE) Fund	1,541,428
Building use fee	11,687,862
Endowment earnings	2,186,068
Facilities Corporations net position	68,684,443
Grants and contracts	11,372,993
HB 765 (storm recovery)	220,128
Operational fee	1,505,427
Orleans Parish Excellence	3,160,107
Other restricted funds	2,905,941
Phoebe Jackson trust	4,583
Preventative maintenance	66,603
Settlement carryover fund	1,300,055
Student Government Association fees	2,040,440
Student Life Center	1,210,777
Technology fee	5,786,752
Third-party scholarships	111,249
Vehicle registration fee	<u>2,443,157</u>
 Total expendable	 <u><u>\$135,501,424</u></u>

Of the total net position reported in the Statement of Net Position for the year ended June 30, 2017, \$44,021,779 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, 2016	(\$137,801,493)
Reclassifications and adjustments for prior-year errors:	
Capital assets adjustment	800,433
Receivables adjustment	(309,264)
Amounts held in custody for others adjustment	(4,942)
Accounts payable and accrued liabilities adjustment	(4,795)
Cash adjustment	546,264
Unearned revenues adjustment	<u>12,762</u>
Net position at June 30, 2016, as restated	<u><u>(\$136,761,035)</u></u>

The restatements increased the System's beginning net position by \$1,040,458. These restatements were due to corrections of errors. Had the error corrections affecting fiscal year 2016 been included in the June 30, 2016, Statement of Revenues, Expenses, and Changes in Net Position, the previously reported change in net position of \$41,541,064 would have been \$42,713,470.

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 four lawsuits at June 30, 2017, which are being handled by contract attorneys. In the opinion of legal counsel, the possibility that the System will incur a liability in four of the cases is reasonably possible, with a possible loss estimated at \$25,000. 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 Program endowment funds in accordance with the Board of Regents for Higher Education's investment policies. The Endowed Professorship Program endowment funds are established for \$100,000 each, with \$60,000 of private contributions and \$40,000 of State matching portion allocated by the Board of Regents for Higher Education. At June 30, 2017, the foundations hold in custody \$362,703 of State Endowed Professorship Program funds. Amounts invested by private foundations for the System are included as investments held by private foundations in external investment pools in note 3.

18. DONOR-RESTRICTED ENDOWMENTS

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

At June 30, 2017, net appreciation of \$366,813 is available to be spent, of which \$336,813 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, 2017

	BRCC Facilities Corporation	Campus Facilities Corporation	Delta Facilities Corporation	LCTCS Facilities Corporation	South Louisiana Facilities Corporation
Assets:					
Capital Assets	\$50,732,255	\$42,079,735	\$29,307,295	\$251,866,504	\$10,786,816
Other Assets	6,828,636	1,865,982	5,757,600	115,209,106	1,917,854
Total Assets	<u>57,560,891</u>	<u>43,945,717</u>	<u>35,064,895</u>	<u>367,075,610</u>	<u>12,704,670</u>
Liabilities:					
Current Liabilities	2,428,642	2,724,183	2,480,672	19,560,148	1,366,692
Long-Term Liabilities	49,849,123	36,586,204	27,531,736	282,347,836	10,459,533
Total Liabilities	<u>52,277,765</u>	<u>39,310,387</u>	<u>30,012,408</u>	<u>301,907,984</u>	<u>11,826,225</u>
Net Position:					
Net Investment in Capital Assets	(737,581)	2,898,531	3,845,997	6,690,429	(364,805)
Restricted Net Position - Expendable	6,020,707	1,736,799	1,206,490	58,477,197	1,243,250
Total Net Position	<u>\$5,283,126</u>	<u>\$4,635,330</u>	<u>\$5,052,487</u>	<u>\$65,167,626</u>	<u>\$878,445</u>

Facilities Corporations
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017

Depreciation Expense	\$2,030,060	\$1,495,873	\$1,324,009	\$5,229,018	\$418,043
Net Operating Loss	<u>(2,030,060)</u>	<u>(1,495,873)</u>	<u>(1,324,009)</u>	<u>(5,229,018)</u>	<u>(418,043)</u>
Nonoperating Revenues (Expenses):					
Investment Income	27,430	387	5,346	3,126,798	2,122
Interest Expense	(2,137,574)	(1,313,255)	(1,735,769)	(8,121,703)	(328,987)
Other (net)	(240,310)	(176,316)	(251,445)	(4,156,903)	(41,284)
Capital Appropriations	5,155,794	3,900,771	3,927,686	27,021,298	1,359,255
Capital Grants and Gifts	NONE	NONE	NONE	10,598,378	NONE
Changes in Net Position	<u>775,280</u>	<u>915,714</u>	<u>621,809</u>	<u>23,238,850</u>	<u>573,063</u>
Net Position, Beginning of the Year	4,507,846	3,719,616	4,430,678	41,928,776	305,382
Net Position, End of the Year	<u>\$5,283,126</u>	<u>\$4,635,330</u>	<u>\$5,052,487</u>	<u>\$65,167,626</u>	<u>\$878,445</u>

Facilities Corporations
Condensed Statement of Cash Flows
For the Year Ended June 30, 2017

Net cash flows provided (used) by:					
Noncapital Financing	(\$138,406)	(\$157,615)	(\$197,241)	NONE	NONE
Capital and Related Financing	(342,775)	286,469	223,893	(\$65,205,398)	\$144,291
Investing Activities	27,440	387	5,346	55,858,473	2,122
Net Increase (Decrease) in Cash	<u>(453,741)</u>	<u>129,241</u>	<u>31,998</u>	<u>(9,346,925)</u>	<u>146,413</u>
Cash, Beginning of the Year	6,620,763	1,736,741	5,255,921	46,162,553	1,603,529
Cash, End of the Year	<u>\$6,167,022</u>	<u>\$1,865,982</u>	<u>\$5,287,919</u>	<u>\$36,815,628</u>	<u>\$1,749,942</u>

21. RELATED-PARTY TRANSACTIONS

During 2016, 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.

During the fiscal year, the son of Delgado Community College's Head Baseball Coach had a professional services contract with the community college totaling \$16,500. Under the contract, he served as Delgado Community College's Sports Information Officer and was under the supervision of the Executive Director for Public Relations and Marketing. This contract ended January 30, 2017, when he accepted a full-time position with the college under the Vice Chancellor for Institutional Advancement.

22. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

On-behalf payments for fringe benefits and salaries are direct payments made by one entity to a third-party recipient for the employees of another, legally separate entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends. For example, a nongovernmental fund-raising foundation affiliated with a governmental university may supplement salaries of certain system employees. Those payments constitute on-behalf payments for purposes of reporting by the System if they are made to the faculty members in their capacity as employees of the System.

The amount of on-behalf payments for fringe benefits and salaries included in the accompanying financial statements for fiscal year 2017 is \$13,462.

23. 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. Pursuant to terms of a Ground Lease agreement effective October 29, 2002, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on October 1, 2028. In accordance with the provisions of the facilities lease, the corporation, on behalf of the Board, will develop and construct new facilities which will be leased back to the Board for use by the students, faculty, and staff of the community college. On April 9, 2009, LDCC broke ground for construction of its new campus, which was completed in June 2010.

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

LCTCS Facilities Corporation

Act 391

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

Phase 1: On October 1, 2009, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$64,570,000 in revenue bonds on behalf of the LCTCS Facilities Corporation, a nonprofit organization, for the following projects: Northwest Campus of Northwest Louisiana Technical College in Minden, Huey P. Long Campus of Central

Louisiana Technical Community College in Winnfield, Young Memorial Campus of South Central Louisiana Technical College in Morgan City, Shelby M. Jackson Campus of Central Louisiana Technical Community College in Ferriday, Gulf Area Campus of South Louisiana Community College in Abbeville, Elaine P. Nunez Community College in Chalmette, Statewide Information System Infrastructure and Equipment for Campuses, L.E. Fletcher Technical Community College in Houma, and Florida Parishes Campus of Northshore Technical Community College in Greensburg. Pursuant to terms of a Ground Lease agreement effective October 1, 2009, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on October 1, 2038. In accordance with the provisions of the facilities lease, the corporation, on behalf of the Board, will develop and construct new facilities which will be leased back to the Board for use by the students, faculty, and staff of the colleges.

Phase 2: On August 31, 2010, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$64,025,000 in revenue bonds on behalf of the LCTCS Facilities Corporation, a nonprofit organization, for the following projects: Evangeline Campus of South Louisiana Community College in St. Martinville, Huey P. Long Campus of Central Louisiana Technical Community College in Winnfield, Northwest Campus of Northwest Louisiana Technical College in Minden, Young Memorial Campus of South Central Louisiana Technical College in Morgan City, Florida Parishes Campus of Northshore Technical Community College in Greensburg, Westside Campus of Baton Rouge Community College in Plaquemine, Gulf Area Campus of South Louisiana Community College in Abbeville, Shelby M. Jackson Campus of Central Louisiana Technical Community College in Ferriday, L.E. Fletcher Technical Community College in Houma, Elaine P. Nunez Community College in Chalmette, SOWELA Technical Community College in Lake Charles, River Parishes Community College in Sorrento, Delgado Community College - New Orleans Campus in New Orleans, and Delgado Community College - Sidney N. Collier Campus in New Orleans.

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

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

Act 360

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

Phase 1: On December 18, 2014, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$128,330,000 in revenue bonds on behalf of the

LCTCS Facilities Corporation, a nonprofit organization, for the following projects: New Workforce Training Center of Baton Rouge Community College in Baton Rouge; Smiley Heights Technology Center of Baton Rouge Community College in Baton Rouge; Science, Technology, Engineering, and Math (STEM) Building of Bossier Parish Community College in Bossier City; Workforce Industrial Training Campus of Central Louisiana Technical Community College in Alexandria; Training Center for Transportation, Maritime, Engineering of Delgado Community College in New Orleans; Advanced Manufacturing Center of Excellence of Delgado Community College in New Orleans; Technology and Career Program Training Center of Louisiana Delta Community College in Winnsboro; Welding, Vehicle Operation, and Industrial Training Center of Louisiana Delta Community College in Jonesboro; Training Center for Industrial Technologies of Northshore Technical Community College in Lacombe; Workforce Development Center of Northwest Louisiana Technical College in Minden; Center for Advanced Technology of River Parishes Community College in Gonzales; New PTech Building of South Central Louisiana Technical College in Reserve; Center for Advancement of Technical Education Building of South Central Louisiana Technical College in Reserve; Marine Operations and Industrial Safety Training Center of South Central Louisiana Technical College in Morgan City; Allied Health and Science Training Program Building of South Louisiana Community College in Lafayette; and One Stop Shop for Student Programs and Services of SOWELA Technical Community College in Lake Charles. Pursuant to terms of a Ground Lease agreement effective December 1, 2014, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on December 1, 2039. In accordance with the provisions of the facilities lease, the corporation, on behalf of the Board, will develop and construct new facilities which will be leased back to the Board for use by the students, faculty, and staff of the colleges.

Additional Phases: See note 26 for Act 360 Phase 2. Additional phases have not been scheduled.

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

24. COMMITMENTS

In February 2014, LCTCS Facilities Corporation entered into a Cooperative Endeavor Agreement (CEA) with the State of Louisiana, Division of Administration, Office of Community Development – Disaster Recovery Unit (OCD). Under the terms of the CEA, the OCD will make available to LCTCS Facilities Corporation up to \$20,000,000 to fund the construction of the SOWELA Technical Community College Campus Training Building, a 65,000- to 75,000-square-foot training building to house classroom and laboratories. The funds will be used in accordance with the guidelines for the Economic Revitalization Program and the Recovery Workforce Facilities Program.

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 fee for monthly services for Act 391 shall be \$28,463 payable on the first day of each month. The fee for monthly services for Act 360 shall be \$64,332 payable on the first day of each month.

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 various campuses. The Original Act 391 management contract expired on October 1, 2014, but was extended through December 31, 2016, for a fixed fee of \$450,750. The compensation for services associated with Act 360 is a fixed fee of \$11,436,840 paid in 60 equal installments beginning November 2014.

The LCTCS Facilities Corporation has active construction projects at various campuses as of December 31, 2016. The LCTCS Facilities Corporation's commitments to contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
ACT 391		
Student Information System/Disaster Command Center	\$181,933	\$6,139
Delgado Community College Industrial and Maritime Training Center	451,285	3,892
Louisiana Technical College, Evangeline Campus	134,807	185,356
ACT 360		
Louisiana Delta Community College - Winnsboro	2,960,404	965,638
Northshore Technical Community College - Lacombe	7,128,948	1,264,305
River Parishes Community College Technical Training Center	7,061,953	1,000,833
South Louisiana Community College - Lafayette	15,414,711	1,163,659
South Central Louisiana Technical College - Adv Tec	2,806,942	398,707
South Central Louisiana Technical College - PTECH	2,968,887	492,799
SOWELA - Lake Charles	4,055,804	2,772,569
Bossier Parish Community College STEM Building	9,738,298	5,526,317
CDBG - Disaster Recovery Program		
SOWELA Regional Training Facility	15,680,829	843,385
	\$68,584,801	\$14,623,599

25. 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	\$5,621,612
Campus Facilities, Inc.	0.60%	280,000	1,808,630
Delta Campus Facilities Corporation	0.60%	225,000	1,225,621
LCTCS Facilities Corporation	0.60%	1,401,823	3,826,601
South Louisiana Facilities Corporation	1.50%	141,414	1,705,091
Total		<u>\$2,798,237</u>	<u>\$14,187,555</u>

26. SUBSEQUENT EVENTS

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

- The South Central Louisiana Technical College - Reserve Campus realigned with River Parishes Community College.
- The South Central Louisiana Technical College - Lafourche Campus and affiliated education center located in Galliano realigned with Fletcher Technical Community College.
- The South Central Louisiana Technical - Young Memorial Campus, including the affiliated marine training extension campus, realigned with South Louisiana Community College.
- The Fletcher Technical Community College - Louisiana Marine Petroleum Institute realigned with South Louisiana Community College with sale rights afforded Fletcher Technical Community College regarding the potential sale of a portion of the campus upon final approval by the Board of Supervisors of the System.
- The Northwest Louisiana Technical College - Natchitoches Campus realigned with Central Louisiana Technical Community College.
- The Northwest Louisiana Technical College - Sabine Valley Campus realigned with Central Louisiana Technical Community College.
- The Central Louisiana Technical Community College - Oakdale Campus realigned with SOWELA Technical Community College.
- The Baton Rouge Community College - Westside Campus realigned with the River Parishes Community College.

The Delta Campus Facilities Corporation refunded a portion of the \$42,470,000 Revenue Bonds (Delta Campus Facilities Corporation Project) Series 2008. This refunding occurred on October 24, 2017, and the par amount of the bonds is \$22,750,000.

The LCTCS Facilities Corporation refunded the \$45,280,000 Revenue Bonds (LCTCS Facilities Corporation Project) Series 2009B and the \$64,025,000 Revenue Bonds (LCTCS Facilities Corporation Project) Series 2010. This refunding occurred on October 24, 2017, and the par amount of the bonds is \$88,590,000.

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

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 Funding Progress for the Other Postemployment Benefits Plan

Schedule 3 presents certain specific data regarding the funding progress of the Other Postemployment Benefits Plan, including the unfunded actuarial accrued liability.

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

**Schedules of Required Supplementary Information
Fiscal Year Ended June 30, 2017**

**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%
Teachers' Retirement System of Louisiana					
2015	3.03832%	\$310,559,571	\$108,071,790 ^	287%	63.7%
2016	3.14133%	\$337,764,405	\$111,646,416 ^	303%	62.5%
2017	3.14709%	\$369,373,656	\$114,167,862	324%	59.9%

*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%
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%

*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 to Covered Payroll for LASERS and TRSL:

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

Changes of Benefits Terms include:

LASERS: A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session, and 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 a 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session, and added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014.

TRSL: 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. 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:

There were no changes of benefit assumptions for the three fiscal years presented in the schedules above for either plan.

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

**Schedule of Funding Progress for the
Other Postemployment Benefits Plan
For the Fiscal Year Ended June 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2014	NONE	\$272,525,300	\$272,525,300	0.0%	\$117,395,050	232%
July 1, 2015	NONE	\$285,242,029	\$285,242,029	0.0%	\$119,877,258	238%
July 1, 2016	NONE	\$238,821,682	\$238,821,682	0.0%	\$116,260,468	205%

Factors contributing to the decrease in the Office of Group Benefits plans from the July 1, 2015, valuation to the July 1, 2016, valuation were:

1. A smaller active population
2. Better claims experience than expected
3. Lower than expected spousal coverage for future retirees
4. Incorporating disabled mortality rates to current disabled retirees
5. An update to the participation assumptions based on more recent information

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, 2017. 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, 2017

Schedule 5 presents a combining Schedule of Net Position, by College, for the year ended June 30, 2017.

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

Schedule 6 presents a combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, for the year ended June 30, 2017.

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

Schedule 7 presents a combining Schedule of Cash Flows, by College, for the year ended June 30, 2017.

Combining Schedule of Net Position, by College, June 30, 2016

Schedule 8 presents a combining Schedule of Net Position, by College, for the year ended June 30, 2016.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, For the Year Ended June 30, 2016

Schedule 9 presents a combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, for the year ended June 30, 2016.

Combining Schedule of Cash Flows, by College, For the Year Ended June 30, 2016

Schedule 10 presents a combining Schedule of Cash Flows, by College, for the year ended June 30, 2016.

**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, 2017**

	<u>Amount</u>
Brown, Sommer	\$700
Burgess, Jennifer	500
Carter, Helen	400
Grissette, Geraldine	300
Hardy, Timothy	600
McConduit, Erika	300
Mount, Willie	200
Murphy, Michael	500
Oge', Norwood	550
Potts, Joe	400
Price, Paul	150
Smith, Stephen	300
Spears, Mark	250
Spohn, Craig	200
St. Blanc, Vincent	350
Strong, Charles	300
Toups, Stephen	200
	<hr/>
Total	<u><u>\$6,200</u></u>

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

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

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

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

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

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

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

(Concluded)

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

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

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

(Continued)

Schedule 6

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

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

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

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

(Concluded)

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

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

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

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

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

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

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

(Continued)

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

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

(Continued)

Schedule 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
(\$1,294,819)	(\$7,096,636)	(\$17,702,174)	(\$10,773,242)	(\$10,808,174)	(\$5,055,550)	(\$9,972,238)	(\$26,386,955)
2,880	887,609 34,866	682,831 86,959	217,682 50,830	435,389 37,466	166,786 27,789	372,655 40,058	1,782,662 101,160
3,500	3,809	(97,371)	(39,618)	(62,330)	(424,295)	158,027	(217,924)
	161 5,942	(214)	(349)		(540)	8,034	4,419
83,060	(2,792) (753,653)	(4,074,858)	(2,203,820)	(757,680)	(671,590)	(553,861)	(3,488,224)
213,711	(345,142)	3,632	21,802	(345,607)	2,232	148,217	823,794
	127,281	134,421	35,855	(39,028)	(10,787)	57,955	(94,327)
	731	(33,948)	(46,115)	(14,619)	25,353	7,696	(10,326)
(15,196)	(122,165)	(95,105)	46,829	(41,934)	3,084	11,415	(72,755)
14,259	1,084,527	5,882,212	2,677,462	504,697	850,072	1,702,829	4,283,958
	338,989	627,739	370,888	225,806	236,342	346,291	694,627
					(37,534)		
(56,587)	(85,927)	(416,355)	(264,039)	607,297	(204,988)	(179,283)	(625,418)
<u>(\$1,049,192)</u>	<u>(\$5,922,400)</u>	<u>(\$15,002,231)</u>	<u>(\$9,905,835)</u>	<u>(\$10,258,717)</u>	<u>(\$5,093,626)</u>	<u>(\$7,852,205)</u>	<u>(\$23,205,309)</u>
\$358,907	\$4,283,761	\$1,694,020	\$4,218,558	\$4,807,555	\$5,353,039	\$3,158,003	\$25,762,362
		1,154	80,000		10,000		
<u>\$358,907</u>	<u>\$4,283,761</u>	<u>\$1,695,174</u>	<u>\$4,298,558</u>	<u>\$4,807,555</u>	<u>\$5,363,039</u>	<u>\$3,158,003</u>	<u>\$25,762,362</u>
				\$26,574		\$15,000	
		(\$186,875)			(\$150,591)	(\$1,930)	(\$50,641)
	\$1,717	\$48,872					\$19,818

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

	SOWELA Technical Community College	Facilities Corporations	System Eliminating Entries	Total Per System
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	(\$17,041,948)	(\$10,497,003)	\$8,045,236	(\$288,941,086)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	1,681,704	10,497,003	(506,288)	25,818,286
Nonemployer contributing entity revenue	61,307			1,201,977
Noncash capital expense				1,078,010
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	27,901			3,887,790
(Increase) decrease in due from other funds				(669,661)
(Increase) decrease in inventories				(53)
(Increase) decrease in prepaid expenses and advances				(41,518)
(Increase) decrease in notes receivable			(646,276)	-
(Increase) decrease in other assets				10,301
(Increase) decrease in deferred outflows related to pensions	(1,700,242)			(34,377,413)
Increase (decrease) in accounts payable and accrued liabilities	47,334			(766,626)
Increase (decrease) in unearned revenue	(16,084)			(1,701,057)
Increase (decrease) in amounts held in custody for others	3,051			(110,935)
(Decrease) in due to other funds				(21,550)
Increase (decrease) in compensated absences	88,563			82,735
Increase (decrease) in net pension liability	2,699,649			44,333,706
Increase in OPEB payable	518,252			9,262,962
Increase (decrease) in other liabilities			646,276	(22,100)
Increase (decrease) in deferred inflows related to pensions	(243,566)			389,256
Net cash used by operating activities:	<u>(\$13,874,079)</u>	<u>\$0</u>	<u>\$7,538,948</u>	<u>(\$240,586,976)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Cash and cash equivalents classified as current assets	\$12,893,739			\$123,320,022
Cash and cash equivalents classified as noncurrent assets	15,000	\$51,886,493		53,042,742
Cash and cash equivalents at the end of the year	<u>\$12,908,739</u>	<u>\$51,886,493</u>		<u>\$176,362,764</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital appropriations for purchase of equipment, buildings, or land				\$7,857,459
Noncash capital grant/gift of capital assets	\$25,891,005		(\$18,867,460)	\$7,585,145
Noncash grants and gifts				\$41,574
Loss on disposal of capital assets				(\$437,645)
Unrealized gain on investments		\$1,566,538		\$1,637,324
Decrease in noncapital accounts and contracts payable		(\$493,209)		(\$493,209)
Decrease in accrued interest payable		(\$34,795)		(\$34,795)
Capitalized interest including capitalized amortization		\$3,560,943		\$3,560,943
Amortization of bond premium		\$1,604,127		\$1,604,127
Accretion of bond discount		\$1,264,282		\$1,264,282
Amortization of bond issuance costs		\$319,391		\$319,391
Increase in capital accounts and retainage payable		\$146,985		\$146,985
(Increase) in nonoperating accounts receivables		\$1,210,529		\$1,210,529
(Increase) in restricted assets - other		(\$534,206)		(\$534,206)

(Concluded)

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

**Combining Schedule of Net Position, by College
June 30, 2016**

	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	\$17,790,751	\$11,863,931	\$2,997,994	\$1,326,930	\$19,880,766	\$3,405,271
Receivables, net	455,542	5,186,684	4,275,422	874,310	4,619,439	485,498
Due from State Treasury	706,738					
Due from Federal Government	7,506,109	355,543	208,221	362,470	738,474	1,117,666
Due from LCTCS Colleges/LCTCS	2,838,389	578,492	151,821	378,967	920,569	138,823
Inventories						
Prepaid expenses and advances		181,707		21,779	203,442	470,914
Notes receivable	646,276					
Other current assets			93,448			19,267
Total current assets	29,943,805	18,166,357	7,726,906	2,964,456	26,362,690	5,637,439
Noncurrent Assets						
Restricted assets:						
Cash and cash equivalents					90,219	206,645
Investments		330,191	475,780	289,136	3,948,246	256,572
Receivables, net						
Other						
Investments						
Capital assets, net	10,940,488	45,687,852	21,341,365	6,000,802	66,028,846	25,955,309
Other noncurrent assets						
Total noncurrent assets	10,940,488	46,018,043	21,817,145	6,289,938	70,067,311	26,418,526
Total Assets	40,884,293	64,184,400	29,544,051	9,254,394	96,430,001	32,055,965
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	7,591,263	7,868,551	9,348,376	1,468,288	16,990,071	2,261,323
Total deferred outflows of resources	7,591,263	7,868,551	9,348,376	1,468,288	16,990,071	2,261,323
LIABILITIES						
Current Liabilities						
Accounts payable and accruals	13,470,731	2,621,170	2,321,700	771,727	2,362,107	746,690
Due to federal government	791			7,215		3,503
Due to LCTCS College/LCTCS	4,247,205	389,867	346,128	230,094	683,905	96,540
Unearned revenues	452,331	1,151,358	1,041,587	419,282	5,168,317	293,192
Amounts held in custody for others	10,512	72,188	710,192	47,769	181,934	15,897
Compensated absences payable	106,169	238,111	111,271	96,599	242,400	38,248
Capital lease obligations					87,500	
Notes payable			646,276			
Bonds payable, net						
Other current liabilities					60,729	
Total current liabilities	18,287,739	4,472,694	5,177,154	1,572,686	8,786,892	1,194,070
Noncurrent Liabilities						
Compensated absences payable	1,336,828	2,518,865	2,066,162	437,856	4,565,359	654,026
Capital lease obligations					2,835,000	
Net pension liability	26,676,613	55,856,765	45,162,508	14,060,227	114,238,498	12,657,536
OPEB payable	4,444,786	21,985,017	19,089,107	7,201,800	42,031,400	5,757,802
Bonds payable, net						
Total noncurrent liabilities	32,458,227	80,360,647	66,317,777	21,699,883	163,670,257	19,069,364
Total Liabilities	50,745,966	84,833,341	71,494,931	23,272,569	172,457,149	20,263,434
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	1,384,284	2,081,783	2,473,203	608,518	5,113,248	559,432
Total deferred inflows of resources	1,384,284	2,081,783	2,473,203	608,518	5,113,248	559,432
NET POSITION						
Net investment in capital assets	10,940,487	45,687,852	21,343,166	6,000,802	63,106,345	25,955,309
Restricted:						
Nonexpendable		240,000	450,000	289,136	2,782,105	559,774
Expendable	770,376	5,774,909	2,646,452	2,794,279	16,908,701	2,987,850
Unrestricted	(15,365,557)	(66,564,934)	(59,515,325)	(22,242,622)	(146,947,476)	(16,008,511)
Total Net Position	(\$3,654,694)	(\$14,862,173)	(\$35,075,707)	(\$13,158,405)	(\$64,150,325)	\$13,494,422

(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
\$141,696	\$2,950,534	\$781,030	\$3,007,421	\$3,520,782	\$4,515,037	\$3,641,066	\$23,823,832	\$12,268,037
	951,841	1,897,353	419,450	583,096	868,231	1,492,934	918,896	1,044,144
	5,956	273,101	142,772	6,049	85,096	64,885	2,233,781	721,974
3,500	88,057	663,851	350,711	219,998	116,187	155,393	430,488	167,671
	161	6,898						
	28,780		31,721	5,902	37,409	12,513	5,581	
	2,408							
145,196	4,027,737	3,622,233	3,952,075	4,335,827	5,621,960	5,366,791	27,412,578	14,201,826
			40,000					300,000
	254,942	590,606					398,888	52,381
								46,970
	18,615,675	8,634,407	2,951,982	5,044,007	2,486,987	3,973,955	9,229,802	17,577,570
	18,870,617	9,225,013	2,991,982	5,044,007	2,486,987	3,973,955	9,628,690	17,976,921
145,196	22,898,354	12,847,246	6,944,057	9,379,834	8,108,947	9,340,746	37,041,268	32,178,747
286,585	2,218,972	4,760,517	2,183,410	2,130,555	1,659,761	3,754,785	4,295,895	4,475,988
286,585	2,218,972	4,760,517	2,183,410	2,130,555	1,659,761	3,754,785	4,295,895	4,475,988
26,010	898,715	1,309,148	759,925	431,286	146,907	757,767	1,856,318	1,567,107
119,186	84,464	144,761	105,585	116,325	117,714	72,748	261,375	144,950
	359,295	335,766	161,425	246,597	238,284	629,564	1,311,754	585,898
	3,748	107,581	87,381	103,692	6,990	34,386	79,268	14,851
4,120	50,464	124,002	60,673	102,632	43,772	49,323	190,652	54,938
					37,534			
149,316	1,396,686	2,021,258	1,174,989	1,000,532	591,201	1,543,788	3,699,367	2,367,744
36,603	652,644	958,548	549,970	493,330	374,892	578,563	1,325,125	883,817
870,827	12,506,955	26,737,515	16,214,152	14,725,175	9,720,393	14,677,669	34,265,888	19,082,142
	4,461,745	10,325,863	6,005,223	7,038,264	4,195,562	6,621,213	16,790,200	7,227,373
907,430	17,621,344	38,021,926	22,769,345	22,256,769	14,290,847	21,877,445	52,381,213	27,193,332
1,056,746	19,018,030	40,043,184	23,944,334	23,257,301	14,882,048	23,421,233	56,080,580	29,561,076
404,923	765,847	1,691,723	847,740	636,105	1,000,196	658,862	1,836,841	831,003
404,923	765,847	1,691,723	847,740	636,105	1,000,196	658,862	1,836,841	831,003
	18,615,675	8,634,407	2,951,982	5,044,007	2,486,987	3,973,955	9,229,802	17,577,570
	230,000	528,896	40,000		10,000		390,000	350,000
	1,955,565	1,288,592	1,356,917	2,181,861	2,185,100	1,795,836	12,042,173	4,390,454
(1,029,888)	(15,467,791)	(34,579,039)	(20,013,506)	(19,608,885)	(10,795,623)	(16,754,355)	(38,242,233)	(16,055,368)
(\$1,029,888)	\$5,333,449	(\$24,127,144)	(\$15,664,607)	(\$12,383,017)	(\$6,113,536)	(\$10,984,564)	(\$16,580,258)	\$6,262,656

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

**Combining Schedule of Net Position, by College
June 30, 2016**

	Facilities Corporations	System Eliminating Entries	Total Per System
ASSETS			
Current Assets			
Cash and cash equivalents			\$111,915,078
Receivables, net			24,072,840
Due from State Treasury			706,738
Due from Federal Government			13,822,097
Due from LCTCS Colleges/LCTCS		(\$7,202,917)	
Inventories			7,059
Prepaid expenses and advances			999,748
Notes receivable		(646,276)	
Other current assets			115,123
Total current assets		(7,849,193)	151,638,683
Noncurrent Assets			
Restricted assets:			
Cash and cash equivalents	\$61,379,507		62,016,371
Investments	124,691,770		131,288,512
Receivables, net	4,853,206		4,853,206
Other	53,817		53,817
Investments			46,970
Capital assets, net	312,068,350		556,537,397
Other noncurrent assets	3,821,281		3,821,281
Total noncurrent assets	506,867,931		758,617,554
Total Assets	506,867,931	(7,849,193)	910,256,237
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions			71,294,340
Total deferred outflows of resources			71,294,340
LIABILITIES			
Current Liabilities			
Accounts payable and accruals	7,117,697		37,165,005
Due to federal government			11,509
Due to LCTCS College/LCTCS	42,070	(7,202,917)	
Unearned revenues			12,394,650
Amounts held in custody for others			1,476,389
Compensated absences payable			1,513,374
Capital lease obligations			87,500
Notes payable		(646,276)	
Bonds payable, net	15,747,871		15,747,871
Other current liabilities	5,071,589		5,169,852
Total current liabilities	27,979,227	(7,849,193)	73,566,150
Noncurrent Liabilities			
Compensated absences payable			17,432,588
Capital lease obligations			2,835,000
Net pension liability			417,452,863
OPEB payable			163,175,355
Bonds payable, net	423,996,406		423,996,406
Total noncurrent liabilities	423,996,406		1,024,892,212
Total Liabilities	451,975,633	(7,849,193)	1,098,458,362
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions			20,893,708
Total deferred inflows of resources			20,893,708
NET POSITION			
Net investment in capital assets	2,909,138		244,457,484
Restricted:			
Nonexpendable			5,869,911
Expendable	51,983,160		111,062,225
Unrestricted			(499,191,113)
Total Net Position	\$54,892,298	(7,849,193)	(\$137,801,493)

(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, 2016**

	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		\$34,045,566	\$24,552,938	\$7,529,091	\$58,905,026	\$6,320,483
Less scholarship allowances		(16,144,839)	(8,386,089)	(5,466,445)	(17,920,597)	(2,980,113)
Net student tuition and fees		17,900,727	16,166,849	2,062,646	40,984,429	3,340,370
Federal grants and contracts	\$31,131,229	2,203,027	6,914,843	3,519,319	5,554,170	1,895,085
State and local grants and contracts	6,129,756	522,216	1,996,354	530,466	1,479,100	178,096
Nongovernmental grants and contracts	589,613	63,224	306,139		1,374,803	32,989
Sales and services of educational departments		5,924	79,194			52,885
Interagency revenue	7,704,756	168,851	92,829	4,914	48,150	4,493
Auxiliary enterprise revenues		349,810	325,705	35,921	1,578,569	43,633
Other operating revenues	7,447	58,585	387,816	33,633	336,131	13,593
Total operating revenues	45,562,801	21,272,364	26,269,729	6,186,899	51,355,352	5,561,144
OPERATING EXPENSES						
Educational and general:						
Instruction		21,637,843	24,548,524	6,032,727	51,116,529	5,295,899
Public service			1,251,578			
Academic support	40,971,662	4,882,767	2,152,411	1,436,946	8,376,781	967,983
Student services		7,734,368	3,018,592	937,195	7,656,713	1,194,068
Institutional support	20,110,847	9,178,404	5,978,348	2,172,958	12,537,511	2,516,000
Operations and maintenance of plant	362,942	7,316,961	3,773,945	1,745,321	9,566,809	1,842,886
Depreciation	1,998,615	1,642,625	1,046,373	368,774	2,867,232	705,075
Scholarships and fellowships		5,737,741	11,094,667	756,886	25,308,132	2,034,264
Auxiliary enterprises		61,757	1,221,235	193,148	1,913,161	13,013
Interagency expense	256,053	1,155,116	893,693	281,825	2,063,246	263,654
Other operating expenses					424,509	11,437
Total operating expenses	63,700,119	59,347,582	54,979,366	13,925,780	121,830,623	14,844,279
OPERATING LOSS	(18,137,318)	(38,075,218)	(28,709,637)	(7,738,881)	(70,475,271)	(9,283,135)
NONOPERATING REVENUES (Expenses)						
State appropriations	17,116,618	15,156,969	10,839,974	5,855,867	26,918,348	3,435,486
Gifts				324,013		45,511
Federal nonoperating revenues (expenses)		17,179,506	16,577,617	2,622,968	43,494,399	4,881,632
Net investment income (loss)	2,646	9,292	13,521	484	286,729	11,466
Interest expense					(125,984)	
Other nonoperating revenues (expenses)	409,529	1,980,331	1,138,418	958,006	1,672,838	777,683
Net nonoperating revenues (expenses)	17,528,793	34,326,098	28,569,530	9,761,338	72,246,330	9,151,778
Income (loss) before other revenues and additions	(608,525)	(3,749,120)	(140,107)	2,022,457	1,771,059	(131,357)
Capital appropriations		13,815,198	1,283,087		5,957,663	3,914,999
Capital grants and gifts				2,775,015		
Additions to permanent endowment			350,000	207	100,000	
Other additions (deductions), net			121,419		(273,920)	278,088
Increase (decrease) in net position	(608,525)	10,066,078	1,614,399	4,797,679	7,554,802	4,061,730
NET POSITION - BEGINNING OF YEAR						
(restated)	(3,046,169)	(24,928,251)	(36,690,106)	(17,956,084)	(71,705,127)	9,432,692
NET POSITION - END OF YEAR	(\$3,654,694)	(\$14,862,173)	(\$35,075,707)	(\$13,158,405)	(\$64,150,325)	\$13,494,422

(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
	\$7,056,051	\$12,139,758	\$8,548,625	\$6,434,525	\$6,812,262	\$5,097,291	\$23,967,537	\$12,364,368
	(1,670,704)	(7,371,986)	(5,194,144)	(5,033,912)	(2,536,635)	(2,310,409)	(11,439,339)	(5,609,013)
\$27,474	5,385,347	4,767,772	3,354,481	1,400,613	4,275,627	2,786,882	12,528,198	6,755,355
	484,551	2,735,197	1,642,358	754,662	497,926	564,130	1,559,745	751,542
	516,399	1,734,345	466,116	175,748	182,270	1,073,822	667,788	46,289
	6,225	153,572	77,861	36,154	6,055	176,839		42,867
		9,727	2,415	13,758			78,012	14,298
1,200	15,619	35,267	5,564	11,594	71,914	1,514	11,840	46,830
	48,871	73,280	18,724		4,900			
	93		99,841		54,399		14,391	5,542
28,674	6,457,105	9,509,160	5,667,360	2,392,529	5,093,091	4,603,187	14,859,974	7,662,723
	5,390,497	9,652,304	7,307,933	6,540,803	3,579,702	7,021,243	15,153,344	9,443,128
1,076,723	1,693,012	3,984,198	1,502,501	274,004	658,398	176,110	3,125,952	1,733,385
	905,976	2,266,238	1,334,054	1,386,728	957,098	1,213,670	3,283,663	1,808,290
37,423	1,876,444	5,849,402	2,612,077	2,591,307	2,051,051	3,115,993	5,208,754	3,444,248
	955,903	2,600,924	1,167,486	1,185,087	638,139	751,135	5,087,180	1,906,725
	493,269	653,815	254,752	490,056	206,684	311,087	1,784,579	1,086,106
	2,084,968	464,895	1,170,145	1,995,202	1,117,871	1,049,014	3,836,338	1,978,471
	19,419	90,170	18,744					
119,186	251,765	490,097	304,561	331,855	323,189	223,278	793,746	474,071
1,233,332	13,671,253	26,052,043	15,672,253	14,795,042	9,532,132	13,861,530	38,273,556	21,874,424
(1,204,658)	(7,214,148)	(16,542,883)	(10,004,893)	(12,402,513)	(4,439,041)	(9,258,343)	(23,413,582)	(14,211,701)
1,289,307	3,011,706	8,174,188	5,116,129	6,922,779	3,384,511	4,289,272	12,983,391	6,999,887
	198,247		2,406			15,000	139,259	845,672
	3,180,203	6,804,051	4,374,957	4,590,345	2,193,389	2,545,926	13,108,437	5,365,499
49	6,338	(7,525)	3,657	103		19,742	7,348	51,359
3,031	358,297	1,171,513	882,289	571,864	327,738	421,119	1,269,326	2,364,418
1,292,387	6,754,791	16,142,227	10,379,438	12,085,091	5,905,638	7,291,059	27,507,761	15,626,835
87,729	(459,357)	(400,656)	374,545	(317,422)	1,466,597	(1,967,284)	4,094,179	1,415,134
		2,070,420			7,911			272,963
		428	40,000		10,000		150,000	375,319
87,729	(459,357)	1,670,192	414,545	(317,422)	1,484,508	(1,967,284)	4,244,179	300,000
(1,117,617)	5,792,806	(25,797,336)	(16,079,152)	(12,065,595)	(7,598,044)	(9,017,280)	(20,824,437)	3,899,240
(\$1,029,888)	\$5,333,449	(\$24,127,144)	(\$15,664,607)	(\$12,383,017)	(\$6,113,536)	(\$10,984,564)	(\$16,580,258)	\$6,262,656

**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, 2016**

	Facilities Corporations	System Eliminating Entries	Total Per System
OPERATING REVENUES			
Student tuition and fees			\$213,773,521
Less scholarship allowances			(92,064,225)
Net student tuition and fees			121,709,296
Federal grants and contracts		(\$12,392,700)	47,842,558
State and local grants and contracts		(1,914,434)	13,784,331
Nongovernmental grants and contracts		(485,221)	2,381,120
Sales and services of educational departments			256,213
Interagency revenue		(8,225,335)	
Auxiliary enterprise revenues			2,479,413
Other operating revenues			1,011,471
Total operating revenues		(23,017,690)	189,464,402
OPERATING EXPENSES			
Educational and general:			
Instruction		(746,030)	171,974,446
Public service			1,251,578
Academic support		(22,441,586)	50,571,247
Student services			33,696,653
Institutional support			79,280,767
Operations and maintenance of plant			38,901,443
Depreciation	\$10,542,882		24,451,924
Scholarships and fellowships			58,628,594
Auxiliary enterprises			3,530,647
Interagency expense		(8,225,335)	
Other operating expenses			435,946
Total operating expenses	10,542,882	(31,412,951)	462,723,245
OPERATING LOSS	(10,542,882)	8,395,261	(273,258,843)
NONOPERATING REVENUES (Expenses)			
State appropriations			131,494,432
Gifts			1,570,108
Federal nonoperating revenues (expenses)			126,918,929
Net investment income (loss)	(49,773)		355,436
Interest expense	(16,845,416)		(16,971,400)
Other nonoperating revenues (expenses)	(6,093,169)	(8,395,261)	(182,030)
Net nonoperating revenues (expenses)	(22,988,358)	(8,395,261)	243,185,475
Income (loss) before other revenues and additions	(33,531,240)		(30,073,368)
Capital appropriations	32,527,233		57,771,143
Capital grants and gifts	7,538,402		12,767,067
Additions to permanent endowment			950,635
Other additions (deductions), net			125,587
Increase (decrease) in net position	6,534,395		41,541,064
NET POSITION - BEGINNING OF YEAR (restated)	48,357,903		(179,342,557)
NET POSITION - END OF YEAR	\$54,892,298		(\$137,801,493)

(Concluded)

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

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2016**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College
CASH FLOWS FROM OPERATING ACTIVITIES:					
Tuition and fees		\$16,702,753	\$17,373,438	\$2,222,430	\$42,588,536
Grants and contracts	\$36,683,459	2,873,190	9,772,354	3,427,522	10,944,867
Sales and services of educational departments		5,924	79,194		
Auxilliary enterprise receipts		309,575	330,070	35,921	2,037,366
Payments for employee compensation	(11,136,799)	(27,623,760)	(21,515,764)	(5,807,474)	(51,058,228)
Payments for benefits	(4,270,809)	(10,726,082)	(9,053,695)	(2,840,639)	(19,929,720)
Payments for utilities		(2,240,029)	(888,334)	(470,370)	(3,080,384)
Payments for supplies and services	(43,418,853)	(13,320,620)	(12,721,940)	(3,371,189)	(18,983,032)
Payments for scholarships and fellowships		(5,752,013)	(10,850,316)	(863,780)	(25,308,132)
Other receipts (payments)	6,837,728	552,083	1,112,249		206,937
Net cash used by operating activities	(15,305,274)	(39,218,979)	(26,362,744)	(7,667,579)	(62,581,790)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
State appropriations	17,116,618	15,187,974	10,855,600	5,867,026	26,975,108
Gifts and grants for other than capital purposes		19,000,688	17,752,089	3,904,987	41,343,159
Private gifts for endowment purposes			250,000	207	100,000
TOPS receipts		1,450,602	1,464,648	231,606	1,698,856
TOPS disbursements		(1,450,602)	(1,464,648)	(231,606)	(1,698,856)
FEMA receipts					3,941,969
Direct lending receipts		16,002,272	26,217,659		64,234,103
Direct lending disbursements		(16,002,272)	(26,217,659)		(64,234,103)
Other receipts (disbursements)	334,367				686,891
Net cash provided (used) by noncapital financing activities	17,450,985	34,188,662	28,857,689	9,772,220	73,047,127
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital appropriations received					
Capital grants and gifts received					
Proceeds from sale of capital assets					
Purchases of capital assets	(456,993)	(1,430,550)	(1,494,767)	(1,599,835)	(2,083,283)
Principal paid on capital debt and leases					(170,000)
Interest paid on capital debt and leases					(125,984)
Other uses					
Net cash provided (used) by capital and related financing activities	(456,993)	(1,430,550)	(1,494,767)	(1,599,835)	(2,379,267)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received on investments	2,646	9,292	13,521	484	286,729
Purchase of investments			(250,000)		(59,658)
Net cash provided (used) by investing activities	2,646	9,292	(236,479)	484	227,071
Net Increase (decrease) in Cash	1,691,364	(6,451,575)	763,699	505,290	8,313,141
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (restated)	16,099,387	18,315,506	2,234,295	821,640	11,657,844
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$17,790,751	\$11,863,931	\$2,997,994	\$1,326,930	\$19,970,985

(Continued)

Schedule 10

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
\$3,276,788		\$5,316,574	\$4,884,044	\$3,379,523	\$1,454,460	\$4,441,092	\$2,908,331	\$13,240,677
2,386,249	\$31,499	996,866	4,074,856	1,840,313	1,052,475	814,715	1,243,991	2,171,913
52,885			9,727	2,415	13,758			78,012
43,633		48,871	73,280	18,724		4,900		
(6,832,073)	(361,866)	(5,918,580)	(12,594,171)	(7,709,326)	(5,916,411)	(4,556,176)	(5,767,358)	(15,894,347)
(1,931,762)	(132,890)	(2,271,934)	(5,395,507)	(3,197,432)	(3,203,885)	(1,661,346)	(2,659,117)	(7,235,231)
(394,219)		(396,893)	(602,904)	(318,102)	(554,307)	(320,618)	(278,352)	(1,123,307)
(985,744)	(691,054)	(2,218,218)	(5,555,066)	(2,663,584)	(2,266,475)	(1,891,813)	(2,962,645)	(8,065,136)
(3,643,337)		(2,079,858)	(464,895)	(1,188,453)	(1,995,202)	(1,117,871)	(1,047,263)	(3,836,337)
116,942	(2,725)	(202,730)	(403,419)	(89,992)	(250,814)	209,881	(254,245)	(706,105)
<u>(7,910,638)</u>	<u>(1,157,036)</u>	<u>(6,725,902)</u>	<u>(15,974,055)</u>	<u>(9,925,914)</u>	<u>(11,666,401)</u>	<u>(4,077,236)</u>	<u>(8,816,658)</u>	<u>(21,369,861)</u>
3,415,898	1,289,307	3,017,105	8,190,798	5,125,373	6,936,134	3,389,998	4,297,548	13,010,302
5,704,826		3,518,066	7,824,285	4,931,498	5,059,531	2,495,813	2,860,072	13,336,289
		110,000		40,000		10,000		150,000
252,311		768,555	531,419	337,844	160,693	575,401	231,347	1,321,873
(252,311)		(768,555)	(531,419)	(337,844)	(160,693)	(575,401)	(231,347)	(1,321,873)
3,006,405		899,425				2,787,200		7,285,347
(3,006,405)		(899,425)				(2,787,200)		(7,285,347)
		100,050	145,368	9,263	102,736		101,903	250,181
<u>9,120,724</u>	<u>1,289,307</u>	<u>6,745,221</u>	<u>16,160,451</u>	<u>10,106,134</u>	<u>12,098,401</u>	<u>5,895,811</u>	<u>7,259,523</u>	<u>26,746,772</u>
521,600				472,655				
(1,092,979)		(109,100)	(931,307)	(258,684)	(678,015)	(85,542)	(491,994)	(3,787,273)
<u>(571,379)</u>		<u>(109,100)</u>	<u>(931,307)</u>	<u>213,971</u>	<u>(678,015)</u>	<u>(85,542)</u>	<u>(491,994)</u>	<u>(3,787,273)</u>
11,466	49	5,656	1,185	3,657	103		19,742	194
3,505		(110,000)	43,071					(151,734)
14,971	49	(104,344)	44,256	3,657	103		19,742	(151,540)
653,678	132,320	(194,125)	(700,655)	397,848	(245,912)	1,733,033	(2,029,387)	1,438,098
<u>2,958,238</u>	<u>9,376</u>	<u>3,144,659</u>	<u>1,481,685</u>	<u>2,649,573</u>	<u>3,766,694</u>	<u>2,782,004</u>	<u>5,670,453</u>	<u>22,385,734</u>
<u>\$3,611,916</u>	<u>\$141,696</u>	<u>\$2,950,534</u>	<u>\$781,030</u>	<u>\$3,047,421</u>	<u>\$3,520,782</u>	<u>\$4,515,037</u>	<u>\$3,641,066</u>	<u>\$23,823,832</u>

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

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2016**

	SOWELA Technical Community College	Facilities Corporations	System Eliminating Entries	Total Per System
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees	\$6,881,442			\$124,670,088
Grants and contracts	289,278		(\$14,792,355)	63,811,192
Sales and services of educational depart.	14,298			256,213
Auxilliary enterprise receipts				2,902,340
Payments for employee compensation	(9,077,107)			(191,769,440)
Payments for benefits	(3,667,061)			(78,177,110)
Payments for utilities	(560,283)			(11,228,102)
Payments for supplies and services	(4,775,410)		31,412,951	(92,477,828)
Payments for scholarships and fellowships	(1,971,231)			(60,118,688)
Other receipts (payments)	(365,836)		(8,225,335)	(1,465,381)
Net cash used by operating activities	(13,231,910)		8,395,261	(243,596,716)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations	7,058,602			131,733,391
Gifts and grants for other than capital purposes	8,638,112		(8,395,261)	127,974,154
Private gifts for endowment purposes	300,000			960,207
TOPS receipts	1,130,523			10,155,678
TOPS disbursements	(1,130,523)			(10,155,678)
FEMA receipts				3,941,969
Direct lending receipts				120,432,411
Direct lending disbursements				(120,432,411)
Other receipts (disbursements)	486,281	(\$963,366)		1,253,674
Net cash provided (used) by noncapital financing activities	16,482,995	(963,366)	(8,395,261)	265,863,395
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital appropriations received		32,527,233		33,048,833
Capital grants and gifts received	369,819	8,253,616		8,623,435
Proceeds from sale of capital assets				472,655
Purchases of capital assets	(1,770,461)	(37,746,844)		(54,017,627)
Principal paid on capital debt and leases		(13,755,000)		(13,925,000)
Interest paid on capital debt and leases		(16,380,717)		(16,506,701)
Other uses		(4,303,845)		(4,303,845)
Net cash provided (used) by capital and related financing activities	(1,400,642)	(31,405,557)		(46,608,250)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	48,952	1,102,745		1,506,421
Purchase of investments	(50,000)	(107,387,901)		(107,962,717)
Net cash provided (used) by investing activities	(1,048)	(106,285,156)		(106,456,296)
Net Increase (decrease) in Cash	1,849,395	(138,654,079)		(130,797,867)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (restated)				
	10,718,642	200,033,586		304,729,316
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	\$12,568,037	\$61,379,507		\$173,931,449

(Continued)

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2016**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Central Louisiana Technical Community College	Delgado Community College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating loss	(\$18,137,318)	(\$38,075,218)	(\$28,709,637)	(\$7,738,881)	(\$70,475,271)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation expense	1,998,615	1,642,625	1,046,373	368,774	2,867,232
Nonemployer contributing entity revenue	75,162	159,150	121,419	41,546	320,181
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable, net	101,231	(613,708)	1,548,613	(435,960)	3,512,777
(Increase) decrease in due from other funds			1,253,352	(159,076)	
Decrease in inventories					
(Increase) decrease in prepaid expenses and advances		(3,300)	(113,894)	(10,050)	(3,018)
(Increase) decrease in notes receivable	646,277				
(Increase) decrease in other assets	(1)		(91,748)		
(Increase) decrease in deferred outflows related to pensions	(1,786,662)	394,550	1,281,573	315,148	(2,716,961)
Increase (decrease) in accounts payable and accrued liabilities	74,793	121,190	(9,916)	8,948	(268,412)
Increase (decrease) in unearned revenue	(589,614)	(497,389)	(267,289)	108,708	936,270
Increase (decrease) in amounts held in custody for others	1,241	(1,276,619)	(45,352)	33,152	(29,479)
Increase in due to other funds				77,037	
Increase (decrease) in compensated absences	49,903	(127,685)	(39,054)	12,564	1,119
Increase (decrease) in net pension liability	3,950,449	2,701,765	1,310,222	633,183	10,313,525
Increase in OPEB payable	412,591	1,743,698	1,756,400	342,000	3,329,800
Increase (decrease) in other liabilities			(1,729,144)		2,228
Increase (decrease) in deferred inflows related to pensions	(2,101,941)	(5,388,038)	(3,674,662)	(1,264,672)	(10,371,781)
Net cash used by operating activities:	<u>(\$15,305,274)</u>	<u>(\$39,218,979)</u>	<u>(\$26,362,744)</u>	<u>(\$7,667,579)</u>	<u>(\$62,581,790)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:					
Cash and cash equivalents classified as current assets	\$17,790,751	\$11,863,931	\$2,997,994	\$1,326,930	\$19,880,766
Cash and cash equivalents classified as noncurrent assets					90,219
Cash and cash equivalents at the end of the year	<u>\$17,790,751</u>	<u>\$11,863,931</u>	<u>\$2,997,994</u>	<u>\$1,326,930</u>	<u>\$19,970,985</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Capital appropriations for purchase of equipment, buildings, or land		\$13,815,198	\$1,283,087		\$5,957,663
Noncash capital grant/gift of capital assets				\$2,810,742	
Loss on disposal of capital assets					(\$273,920)
Unrealized gain on investments					
Increase 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 in capital accounts and retainage payable					
(Increase) in nonoperating accounts receivables					

(Continued)

Schedule 10

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
(\$9,283,135)	(\$1,204,658)	(\$7,214,148)	(\$16,542,883)	(\$10,004,893)	(\$12,402,513)	(\$4,439,041)	(\$9,258,343)	(\$23,413,582)
705,075		493,269	653,815	254,752	490,056	206,684	311,087	1,784,579
37,120	3,031	34,898	75,367	46,618	40,100	27,738	38,871	96,871
340,365	4,025	30,737	(558,753)	(313,644)	134,826	228,466	(450,359)	378,511
119,785		123 (11,422)	2,171	(13,373)		(4,650)	(8,033)	4,464
145								
210,880	61,789	(544,103)	(924,142)	(119,197)	466,214	(287,112)	183,278	196,627
133,207	125,914	(78,719)	392,899	244,149	(8,001)	(92,388)	(44,112)	221,895
44,584		(15,162)	125,801	(12,900)	4,932	77,433	58,552	274,501
(52,529)		718	(3,053)	71,288	36,809	2,155	(53,270)	(44,100)
(18,666)	(11,324)	54,214	11,137	19,356	(80,679)	(991)	(15,827)	30,263
551,099	(363,002)	1,370,712	2,672,433	1,063,368	675,385	979,372	1,310,746	1,638,034
457,305		410,243	853,400	497,493	319,715	326,708	450,513	943,600
6,190						19,574		
(1,162,063)	227,189	(1,257,262)	(2,732,247)	(1,658,931)	(1,343,245)	(1,121,184)	(1,339,761)	(3,481,524)
<u>(\$7,910,638)</u>	<u>(\$1,157,036)</u>	<u>(\$6,725,902)</u>	<u>(\$15,974,055)</u>	<u>(\$9,925,914)</u>	<u>(\$11,666,401)</u>	<u>(\$4,077,236)</u>	<u>(\$8,816,658)</u>	<u>(\$21,369,861)</u>
\$3,405,271	\$141,696	\$2,950,534	\$781,030	\$3,007,421	\$3,520,782	\$4,515,037	\$3,641,066	\$23,823,832
206,645				40,000				
<u>\$3,611,916</u>	<u>\$141,696</u>	<u>\$2,950,534</u>	<u>\$781,030</u>	<u>\$3,047,421</u>	<u>\$3,520,782</u>	<u>\$4,515,037</u>	<u>\$3,641,066</u>	<u>\$23,823,832</u>
\$3,914,999			\$2,070,420			\$7,911		
				(\$25,550)				(\$95,663)
		\$682	(\$8,282)					\$7,154

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2016**

	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	(\$14,211,701)	(\$10,542,882)	\$8,395,261	(\$273,258,843)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	1,086,106	10,542,882		24,451,924
Nonemployer contributing entity revenue	57,590			1,175,662
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable, net	(524,953)			3,382,174
(Increase) decrease in due from other funds				1,094,276
Decrease in inventories				2,294
(Increase) decrease in prepaid expenses and advances				(43,491)
(Increase) decrease in notes receivable			(646,277)	
(Increase) decrease in other assets				(91,604)
(Increase) decrease in deferred outflows related to pensions	(2,274,288)			(5,542,406)
Increase (decrease) in accounts payable and accrued liabilities	(196,523)			624,924
Increase (decrease) in unearned revenue	87,415			335,842
Increase (decrease) in amounts held in custody for others	(3,164)			(1,362,203)
Increase in due to other funds				77,037
Increase (decrease) in compensated absences	117,255			1,585
Increase (decrease) in net pension liability	3,422,600			32,229,891
Increase in OPEB payable	622,811			12,466,277
Increase (decrease) in other liabilities			646,277	(1,054,875)
Increase (decrease) in deferred inflows related to pensions	(1,415,058)			(38,085,180)
Net cash used by operating activities:	<u>(\$13,231,910)</u>	<u>\$61,379,507</u>	<u>\$8,395,261</u>	<u>(\$243,596,716)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Cash and cash equivalents classified as current assets	\$12,268,037			\$111,915,078
Cash and cash equivalents classified as noncurrent assets	300,000	\$61,379,507		62,016,371
Cash and cash equivalents at the end of the year	<u>\$12,568,037</u>	<u>\$61,379,507</u>		<u>\$173,931,449</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital appropriations for purchase of equipment, buildings, or land				\$24,970,947
Noncash capital grant/gift of capital assets	\$278,463			\$5,167,536
Loss on disposal of capital assets		(\$1,012,500)		(\$1,407,633)
Unrealized gain on investments	\$2,407	\$1,152,518		\$1,154,479
Increase in noncapital accounts and contracts payable		\$348,205		\$348,205
Increase in accrued interest payable		\$1,560,165		\$1,560,165
Capitalized interest including capitalized amortization		\$829,188		\$829,188
Amortization of bond premium		\$1,696,290		\$1,696,290
Accretion of bond discount		\$1,430,011		\$1,430,011
Amortization of bond issuance costs		\$472,754		\$472,754
Increase in capital accounts and retainage payable		\$3,792,655		\$3,792,655
(Increase) in nonoperating accounts receivables		(\$267,286)		(\$267,286)

(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.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 13, 2017

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, 2017, 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 13, 2017. 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.; 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.

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, 2017. 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, 2017, 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 2017 Management Letter	December 27, 2017	Noncompliance with Purchase Regulations Noncompliance with Student Technology Fee Plan Noncompliance over Return of Title IV Funds Inadequate Controls over Movable Property Untimely Termination of Access to Banner System
Bossier Parish Community College	Fiscal Year 2017 Management Letter	December 20, 2017	Lack of Controls over Banner System
Central Louisiana Technical Community College	Fiscal Year 2016 -2017 Procedural Report	August 9, 2017	Inappropriate System Access Inadequate Cash Controls Inadequate Controls over Student Receivables Inadequate Controls over Travel Expenses Inadequate Controls over Contracts Inadequate Controls over FISAP Reporting
Delgado Community College	Fiscal Year 2017 Management Letter	December 13, 2017	Inadequate Controls over Movable Property Noncompliance with Student Financial Assistance Enrollment Reporting Requirements
Elaine P. Nunez Community College	Fiscal Year 2016 -2017 Procedural Report	September 21, 2017	Improper Retroactive Pay Lack of Controls over Payroll Inadequate Controls over Bank Accounts Lack of Controls over Deposits Inadequate Controls over the Banner System Noncompliance with Purchase Regulations and Reporting Requirements Inadequate Controls over the Assessment and Refunding of Student Tuition and Fees
L. E. Fletcher Technical Community College	Fiscal Year 2016 -2017 Procedural Report	August 16, 2017	Noncompliance with Tuition Discount Policy Noncompliance with Hardship Waiver Requirements
Louisiana Delta Community College	None	N/A	Inadequate Controls over the File Sharing System Failure to Submit Past-due Student Accounts for Collection
Northshore Technical Community College	Fiscal Year 2017 Full Scope	November 29, 2017	N/A
Northwest Louisiana Technical College	Fiscal Year 2016 -2017 Procedural Report	August 9, 2017	Inadequate Control over Movable Property
River Parishes Community College	Fiscal Year 2016 -2017 Procedural Report	June 21, 2017	None
South Central Louisiana Technical College	None	N/A	N/A
South Louisiana Community College	Fiscal Year 2017 Management Letter	Pending	
SOWELA Technical Community College	Fiscal Year 2016 -2017 Procedural Report	June 7, 2017	None

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

Purpose of this Report

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

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

KLD:CLL:BQD:EFS:aa

LCTCS 2017