

LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
A COMPONENT UNIT OF THE
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2014
ISSUED DECEMBER 24, 2014

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 10, 2014

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, 2014, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; or the LCTCS Facilities Corporation, blended component units which represent 55.01%, 61.82%, 27.88%, 5.38%, and 4.83%, respectively, of the assets, liabilities, net position, revenues, and expenses of the System. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; and the LCTCS Facilities Corporation, is based solely on the reports of the other auditors.

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

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

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

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the System as of June 30, 2014, 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

New Accounting Standard Not Yet Effective

As discussed in note 1-P to the basic financial statements, the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, effective for fiscal year 2015, will require the System to recognize a liability for its proportionate share of the net pension liability of the defined benefit pension plans presented in note 7 to the financial statements. Though the System's proportionate share of these plans' pension liabilities is currently unknown, the impact on the System's net position is expected to be significant.

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 6 through 15 and the Schedule of Funding

Progress for Other Postemployment Benefits Plan on page 59 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 Information

Our audit for the year ended June 30, 2014, 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 schedules of per diem paid board members and combining financial schedules on pages 62 through 69 for the year ended June 30, 2014, 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, 2014, 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 schedules of per diem paid board members and combining financial schedules for the fiscal year ended June 30, 2014, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2014.

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, 2013 (not presented herein), and have issued our report thereon dated December 10, 2013, which contained unmodified opinions on the respective financial statements of the business-type activities. The combining financial schedules on pages 70 through 81 for the year ended June 30, 2013, 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 2013 financial statements. The combining financial schedules for the year ended June 30, 2013, have been subjected to the auditing procedures applied in the audit of the 2013 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, 2013, are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014, 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 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 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:APD:CLP:BQD:THC:aa

LCCTS 2014

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, 2014. 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

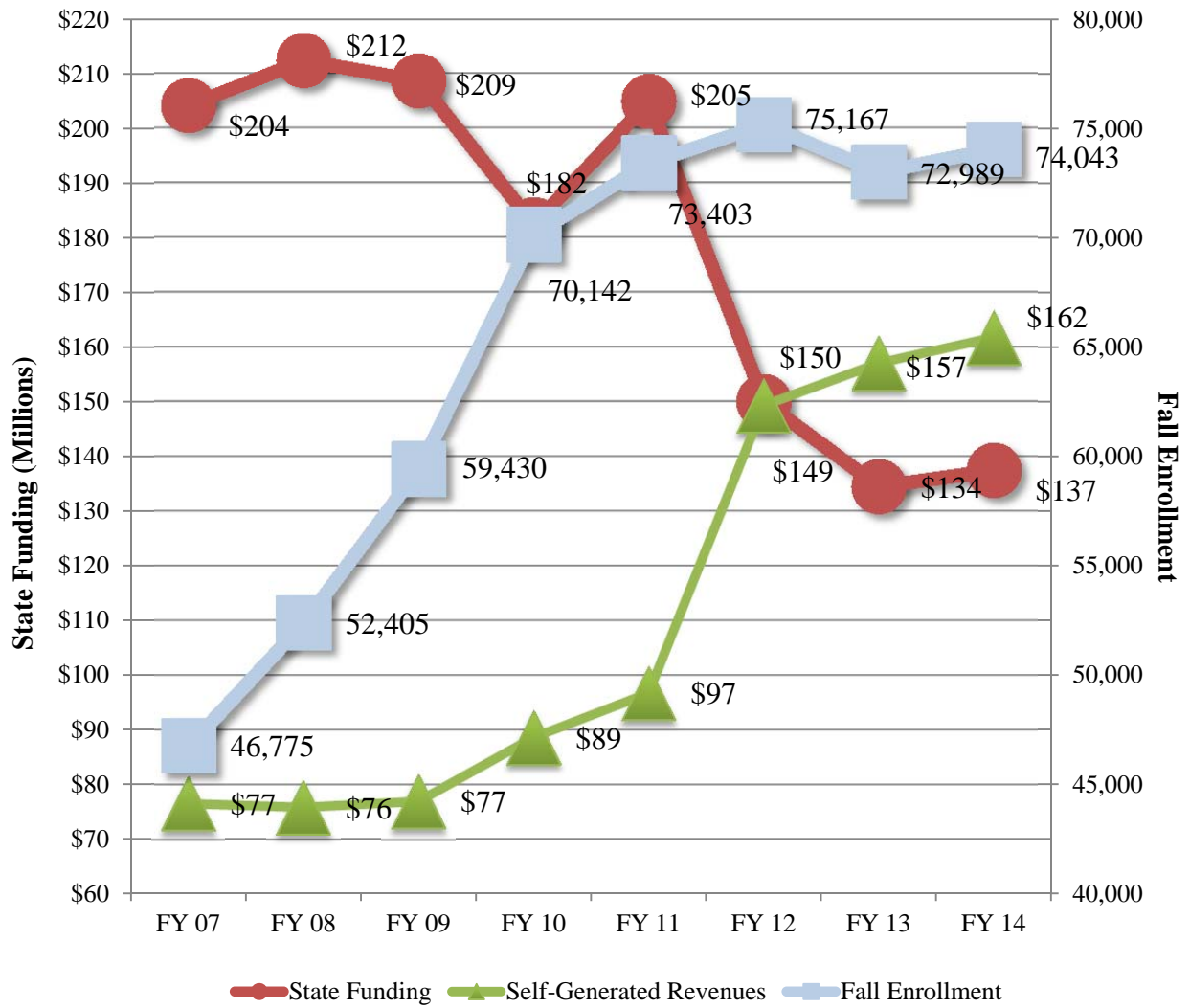
- Facilities Corporations
 - BRCC Facilities Corporation
 - Campus Facilities, Inc.
 - Delta Campus Facilities Corporation
 - LCTCS Facilities Corporation
 - South Louisiana Facilities Corporation

FINANCIAL HIGHLIGHTS

The System's net position overall increased from \$133.5 million (restated) to \$133.9 million, or 0.3%, from July 1, 2013, to June 30, 2014.

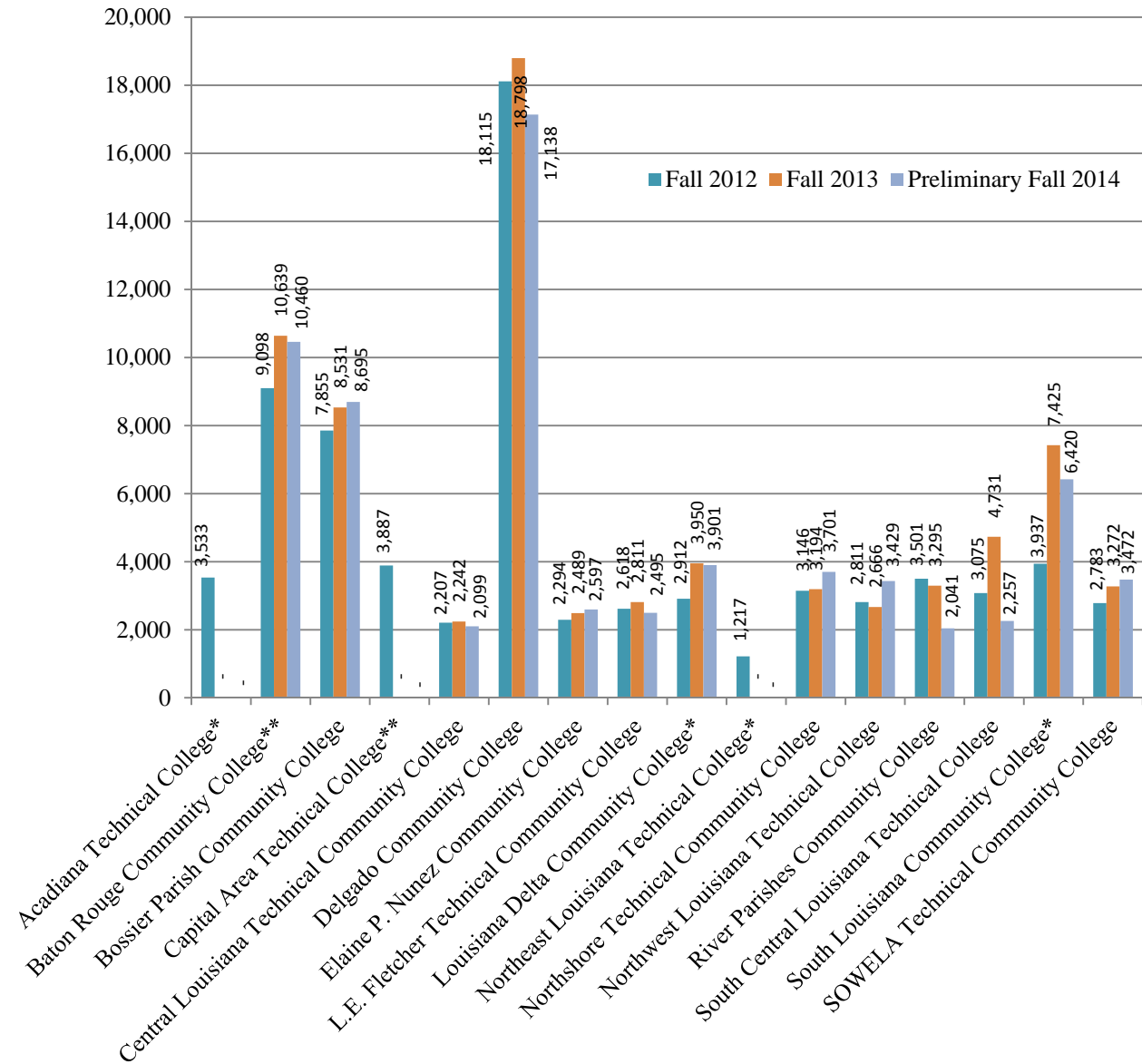
Fall enrollment changed from 72,989 to 74,043 from fiscal year 2013 to fiscal year 2014, an increase of 1.4%.

Comparison of LCTCS Funding and Fall Student Enrollment FY 07 through FY 14



Source: LCTCS Fiscal Year 2014 Annual Financial Report

LCTCS Student Enrollment by College - Fall 2012 to Fall 2014



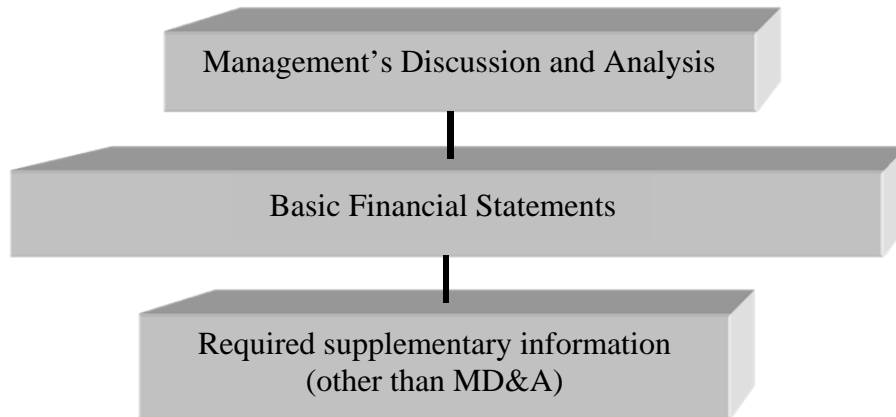
Source: LCTCS Fiscal Year 2014 Annual Financial Report, as adjusted

* In 2012, legislation was passed to merge several of the System’s member institutions with an effective date of July 1, 2012. Louisiana Revised Statute (R.S.) 17:3217.3 allowed for the merger of the Northeast Louisiana Technical College with Louisiana Delta Community College, and R.S. 17:3217.4 allowed for the merger of the Acadiana Technical College with South Louisiana Community College. The student enrollment figures reported reflect this change in the structure beginning with Fall 2013.

** In 2013, legislation was passed (R.S. 17:3217.5) to merge Capital Area Technical College with Baton Rouge Community College, with an effective date of July 1, 2013. The student enrollment figures reported above reflect this change in structure beginning with Fall 2014.

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 the current- and long-term portions of assets and liabilities and deferred outflows of resources and deferred inflows of resources separately. The difference between total assets plus deferred outflows and total 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 assets 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, transactions are 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 and liabilities 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, 2014 and 2013

	2014	2013 (Restated)	Variance	Percentage Change
Assets:				
Current and other assets	\$251,351	\$275,313	(\$23,962)	(8.7%)
Capital assets	415,240	386,891	28,349	7.3%
Total assets	<u>666,591</u>	<u>662,204</u>	4,387	0.7%
Liabilities:				
Current liabilities	67,472	62,896	4,576	7.3%
Long-term liabilities	465,259	465,848	(589)	(0.1%)
Total liabilities	<u>532,731</u>	<u>528,744</u>	3,987	0.8%
Net Position:				
Net investment in capital assets	151,683	146,096	5,587	3.8%
Restricted	87,418	93,771	(6,353)	(6.8%)
Unrestricted	<u>(105,241)</u>	<u>(106,407)</u>	1,166	(1.1%)
Total net position	<u>\$133,860</u>	<u>\$133,460</u>	\$400	0.3%

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 \$133.5 million (restated) to \$133.9 million, or 0.3%, from July 1, 2013 to June 30, 2014.

Net investment in capital assets consist 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 these 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, 2014 and 2013

	2014	2013 (Restated)	Variance	Percentage Change
Operating revenues:				
Student tuition and fees, net	\$113,751	\$102,684	\$11,067	10.8%
Grants and contracts	61,219	56,713	4,506	7.9%
Sales and services of education departments	145	600	(455)	(75.8%)
Auxiliary, net	2,743	2,783	(40)	(1.4%)
Other	355	450	(95)	(21.1%)
Total operating revenues	<u>178,213</u>	<u>163,230</u>	<u>14,983</u>	9.2%
Nonoperating revenues:				
State appropriations	137,474	134,282	3,192	2.4%
Gifts	427	1,006	(579)	(57.6%)
Investment income	1,088	1,104	(16)	(1.4%)
Federal nonoperating revenues	138,072	138,638	(566)	(0.4%)
Other nonoperating revenues	1,550	0	1,550	100.0%
Total nonoperating revenues	<u>278,611</u>	<u>275,030</u>	<u>3,581</u>	1.3%
Total revenues	<u>456,824</u>	<u>438,260</u>	<u>18,564</u>	4.2%
Operating expenses:				
Education and general:				
Instruction	177,643	174,374	3,269	1.9%
Public service	1,064	714	350	49.0%
Academic support	41,507	49,558	(8,051)	(16.2%)
Student services	31,718	31,338	380	1.2%
Institutional support	82,691	79,720	2,971	3.7%
Operations and maintenance of plant	38,417	34,276	4,141	12.1%
Depreciation	22,189	19,929	2,260	11.3%
Scholarships and fellowships	80,721	84,563	(3,842)	(4.5%)
Auxiliary enterprises	3,439	5,670	(2,231)	(39.3%)
Other operating expenses	116	31	85	274.2%
Total operating expenses	<u>479,505</u>	<u>480,173</u>	<u>(668)</u>	(0.1%)
Nonoperating expenses:				
Interest expense	11,408	11,896	(488)	(4.1%)
Other nonoperating expenses	0	1,073	(1,073)	(100.0%)
Total nonoperating expenses	<u>11,408</u>	<u>12,969</u>	<u>(1,561)</u>	(12.0%)
Total expenses	<u>490,913</u>	<u>493,142</u>	<u>(2,229)</u>	(0.5%)
Loss before other revenues	<u>(34,089)</u>	<u>(54,882)</u>	<u>20,793</u>	(37.9%)
Capital appropriations	32,299	34,561	(2,262)	(6.5%)
Capital grants and gifts	2,379	3,604	(1,225)	(34.0%)
Other deductions, net	(196)	(216)	20	(9.3%)
Additions to permanent endowment	7	104	(97)	(93.3%)
Other revenues	<u>34,489</u>	<u>38,053</u>	<u>(3,564)</u>	(9.4%)
Change in net position	400	(16,829)	17,229	(102.4%)
Net position at beginning of year, restated	<u>133,460</u>	<u>150,289</u>	<u>(16,829)</u>	(11.2%)
Net position at end of year	<u>\$133,860</u>	<u>\$133,460</u>	<u>\$400</u>	0.3%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the System had invested approximately \$415.2 million in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$28.3 million, or 7.3%, from the previous fiscal year. The change was due to a net increase in buildings of \$30 million, primarily due to the completion of Facilities Corporation's projects. The major increase was for the LCTCS Facilities Corporation. More detailed information about the System's capital assets is presented in note 6 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, 2014 and 2013

	2014	2013 (Restated)	Variance	Percentage Change
Land and improvements	\$35,511	\$33,680	\$1,831	5.4%
Buildings	296,400	265,926	30,474	11.5%
Equipment	30,580	28,031	2,549	9.1%
Software	13,556	14,615	(1,059)	(7.2%)
Construction-in-progress	39,193	44,639	(5,446)	(12.2%)
Total	<u>\$415,240</u>	<u>\$386,891</u>	<u>\$28,349</u>	7.3%

Debt

The System had \$317.8 million in bonds and notes outstanding at year-end, compared to \$327.9 million last year, a decrease of 3.1%. More detailed information is presented in note 14 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 24 to the financial statements.)

- Significant new or additional capital appropriations
- Capital outlay projects (23 projects) at 14 System locations through Act 391 (R.S. 17:3394.3)
- Capital outlay projects (29 projects) at 13 System locations through Act 360 [(R.S. 17:3394.3(A))]
- Implementation of a system-wide ERP
- GRAD Act tuition increases

CONTACTING THE LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the System's finances and to 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, 2014**

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$94,885,699
Receivables, net (note 4)	32,373,278
Due from State Treasury	391,098
Due from federal government	13,885,343
Inventories	11,247
Prepaid expenses and advances	2,217,680
Other current assets	72,693
Total current assets	<u>143,837,038</u>

Noncurrent assets:

Restricted assets:

Cash and cash equivalents (note 2)	64,488,715
Investments (note 3)	39,423,333
Notes receivable, net (note 5)	21,473
Other	28,817
Investments (note 3)	46,920
Capital assets, net (note 6)	415,240,241
Other noncurrent assets	3,504,261
Total noncurrent assets	<u>522,753,760</u>
Total assets	<u>666,590,798</u>

LIABILITIES

Current liabilities:

Accounts payable and accruals (note 10)	33,316,391
Due to federal government	31,109
Unearned revenues (note 11)	11,111,996
Compensated absences payable (notes 12 and 14)	1,961,317
Capital lease obligations (notes 13 and 14)	82,500
Contracts payable (note 14)	51,237
Amounts held in custody for others	6,864,790
Bonds payable, net (note 14)	10,855,000
Other current liabilities	3,197,452
Total current liabilities	<u>67,471,792</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, 2014**

LIABILITIES (CONT.)

Noncurrent liabilities:

Compensated absences payable (notes 12 and 14)	\$16,655,992
Capital lease obligations (notes 13 and 14)	3,175,000
Other postemployment benefits payable (notes 9 and 14)	138,496,480
Bonds payable, net (note 14)	306,931,533
Total noncurrent liabilities	<u>465,259,005</u>
Total liabilities	<u><u>532,730,797</u></u>

NET POSITION

Net investment in capital assets	151,683,171
Restricted:	
Nonexpendable (note 15)	4,623,961
Expendable (note 15)	82,793,800
Unrestricted	<u>(105,240,931)</u>
Total net position	<u><u>\$133,860,001</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, 2014**

OPERATING REVENUES

Student tuition and fees	\$194,208,169
Less scholarship allowances	<u>(80,457,589)</u>
Net student tuition and fees	113,750,580
Federal grants and contracts	44,597,342
State and local grants and contracts	13,168,054
Nongovernmental grants and contracts	3,453,604
Sales and services of educational departments	144,784
Auxiliary enterprise revenues	2,810,133
Less scholarship allowances	<u>(66,897)</u>
Net auxiliary revenues	2,743,236
Other operating revenues	<u>355,346</u>
Total operating revenues	<u>178,212,946</u>

OPERATING EXPENSES

Educational and general:	
Instruction	177,642,303
Public service	1,063,718
Academic support	41,506,701
Student services	31,718,143
Institutional support	82,690,498
Operations and maintenance of plant	38,417,463
Depreciation	22,188,950
Scholarships and fellowships	80,721,390
Auxiliary enterprises	3,439,211
Other operating expenses	<u>115,909</u>
Total operating expenses	<u>479,504,286</u>

OPERATING LOSS (301,291,340)

(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, 2014**

NONOPERATING REVENUES (Expenses)

State appropriations	\$137,474,154
Gifts	427,273
Federal nonoperating revenues	138,071,758
Investment income	1,087,748
Interest expense	(11,408,318)
Other nonoperating revenues, net	1,550,126
Net nonoperating revenues	<u>267,202,741</u>

LOSS BEFORE OTHER REVENUES AND ADDITIONS (34,088,599)

Capital appropriations	32,299,013
Capital grants and gifts	2,379,272
Additions to permanent endowments	6,631
Other deductions, net	<u>(196,234)</u>

INCREASE IN NET POSITION 400,083**NET POSITION - BEGINNING OF YEAR (Restated) (note 16)** 133,459,918**NET POSITION - END OF YEAR** \$133,860,001

(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, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$110,914,072
Grants and contracts	61,478,106
Sales and services of educational departments	144,784
Auxiliary enterprise receipts	2,229,117
Payments for employee compensation	(184,578,865)
Payments for benefits	(72,085,752)
Payments for utilities	(11,124,567)
Payments for supplies and services	(93,549,120)
Payments for scholarships and fellowships	(80,631,234)
Other payments, net	(2,681,224)
Net cash used by operating activities	<u>(269,884,683)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State appropriations	138,213,603
Gifts and grants for other than capital purposes	138,190,288
Private gifts for endowment purposes	60,400
Taylor Opportunity Program for Students receipts	7,819,573
Taylor Opportunity Program for Students disbursements	(7,727,935)
Federal Emergency Management Agency receipts	237,387
Federal Emergency Management Agency disbursements	(225,729)
Direct lending receipts	120,968,875
Direct lending disbursements	(120,968,875)
Other receipts	3,768,643
Net cash provided by noncapital financing activities	<u>280,336,230</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital appropriations received	28,756,834
Capital grants and gifts received	5,525,675
Purchases of capital assets	(41,850,781)
Principal paid on capital debt and leases	(10,302,500)
Interest paid on capital debt and leases	(12,313,339)
Deposit with trustees	(1,604,446)
Other uses	(2,474,659)
Net cash used by capital and related financing activities	<u>(34,263,216)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	28,589,339
Interest received on investments	1,045,413
Purchase of investments	(668,022)
Net cash provided by investing activities	<u>28,966,730</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, 2014**

NET INCREASE IN CASH AND CASH EQUIVALENTS	\$5,155,061
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Restated)	<u>154,219,353</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$159,374,414</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	(\$301,291,340)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	22,188,950
Changes in assets and liabilities:	
(Increase) in accounts receivables, net	(2,238,282)
Decrease in inventories	2,657
Decrease in prepaid expenses and advances	695,520
Decrease in other assets	44,961
Increase in accounts payable and accrued liabilities	374,579
Increase in unearned revenue	487,824
(Decrease) in amounts held in custody for others	(376,116)
Increase in compensated absences	111,392
Increase in other postemployment benefits payable	10,469,156
(Decrease) in other liabilities	<u>(353,984)</u>
Net cash used by operating activities	<u><u>(\$269,884,683)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:	
Cash and cash equivalents classified as current assets	\$94,885,699
Cash and cash equivalents classified as noncurrent assets	<u>64,488,715</u>
Cash and cash equivalents at end of year	<u><u>\$159,374,414</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Capital appropriations for purchase of equipment, buildings, or land	\$5,534,763
Noncash capital grant/gift of capital assets	2,379,272
(Loss) on disposal of capital assets	(60,216)
Unrealized gain on investments	14,898
(Decrease) in noncapital accounts and contracts payable	(122,921)
(Decrease) in accrued interest payable	(73,594)
Capitalized interest including capitalized amortization	888,302
Amortization of bond premium	569,334
Accretion of bond discount	643,120
Amortization of bond issuance costs	470,364
(Decrease) in capital accounts and retainage payable	(217,386)

(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 comprised 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 includes all programs of public post secondary vocational/technical training and the institutions of higher education that offer associate degrees but not baccalaureate degrees. The System is comprised of 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.

Fiscal year 2014 marked the fourth year of operations as a separate entity for LCTCS Online. 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 colleges that make up LCTCS Online are Baton Rouge Community College, Bossier Parish Community College, L.E. Fletcher Technical Community College, Louisiana Delta Community College, Northshore Technical Community College, Elaine P. Nunez Community College, River Parishes Community College, South Central Louisiana Technical College, and SOWELA Technical Community College.

Thousands of students graduate each year with the knowledge, skills, and abilities to improve their lives, careers, families, and communities. The System's legacy is to provide programs that will prepare students to transfer to Louisiana's outstanding four-year colleges and universities or provide the skills needed for employment in Louisiana's workforce.

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.

Pursuant to Act 171 of the 2013 Regular Legislative Session, the campuses of Capital Area Technical College merged with Baton Rouge Community College (BRCC) for the fiscal year ended June 30, 2014. All beginning balances for BRCC have been restated.

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 for the South Louisiana Community College (SLCC) campus. 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.

C. BASIS OF ACCOUNTING

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

D. CASH AND CASH EQUIVALENTS

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include certificates of deposit and all highly-liquid investments with a maturity of three months or less when purchased. Under state law, the System may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the System may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In accordance with Louisiana Revised Statute (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. RESTRICTED CASH AND INVESTMENTS

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 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, and 2011 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.

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 or their estimated fair value at the date of donation. For movable property, the System's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any

infrastructure exceeding \$3 million is required to be capitalized. Computer software purchased for internal use with depreciable costs of \$1 million or more are 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 which would otherwise have been used to compute years of service for retirement. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits for the Teachers' Retirement System of Louisiana 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, and other postemployment benefits liabilities that will not be paid within the next fiscal year.

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

N. ADOPTION OF NEW ACCOUNTING PRINCIPLES

The System implemented GASB 65 – *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and reporting standards that reclassify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. It also prohibits the use of the term “deferred” for any financial statement item other than deferred inflows of resources and deferred outflows of resources. The System had no deferred inflows/outflows during the fiscal year ended June 30, 2014, and removed the term “deferred” from any other accounts on the financial statements.

The System implemented GASB 66 – *Technical Corrections – 2012, an amendment of GASB Statements 10 and No. 62*. It amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund types. It also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the guidance on accounting for the following: (1) operating lease payments that vary from a straight-line basis, (2) difference between the initial investment and the principal amount of a purchased loan, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current servicing fee rate. The implementation of GASB 66 had no impact on the financial statements or the notes to the financial statements.

The System implemented GASB 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. It establishes accounting and financial reporting

standards for financial guarantees that are nonexchange in nature and were previously reported according to guidance applicable to all financial guarantees. Nonexchange financial guarantees are transactions in which the following occur:

1. An entity (guarantor) guarantees an obligation of another legally-separate entity or individual (i.e., the guarantor agrees to indemnify a third-party obligation holder in the event that the entity or individual that issued the guaranteed obligation does not fulfill its requirements under the obligation); and
2. The entity extending the financial guarantee does not receive equal or approximately equal value in return.

This statement requires governments that extend nonexchange financial guarantees to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. Also, this statement specifies the disclosure requirements for governments that extend financial guarantees as well as disclosures for governments that receive nonexchange financial guarantees. The implementation of GASB 70 had no impact on the financial statements or the notes to the financial statements.

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.

P. NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, was issued in June 2012 and is effective for fiscal years beginning after June 15, 2014. Statement No. 68 addresses accounting and financial reporting for pensions that are provided to employees of state and local governmental employers through pension plans administered through trusts, and establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses. In addition, Statement No. 68 addresses note disclosures and required supplementary information for pensions. Most significantly, the System will be required to recognize a liability for its proportionate share of the net pension liability of the defined benefit pension plans presented in note 7. Though the System's proportionate share of these plans' pension liabilities is currently unknown, the impact on the System's net position is expected to be significant.

2. CASH AND CASH EQUIVALENTS

At June 30, 2014, the System has cash and cash equivalents (book balances) of \$159,374,414 as follows:

Demand deposits	\$95,874,560
Certificates of deposit	290,657
Cash equivalents - money market funds	63,182,974
Petty cash	<u>26,223</u>
Total	<u>\$159,374,414</u>

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

Current assets	\$94,885,699
Noncurrent assets	<u>64,488,715</u>
Total	<u>\$159,374,414</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, 2014, demand deposits totaling \$515,313 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, 2014, the System has restricted investments totaling \$39,423,333 and unrestricted investments totaling \$46,920 as follows:

	Fair Value June 30, 2014	Investment Maturities (Years)	Credit Quality Rating
Mutual funds:			
Pooled equity funds - DCC	\$903,503	Not Applicable	Not Applicable
Pooled equity funds - LDCC	261,620	Not Applicable	Not Applicable
Fixed income securities - LDCC	177,414	5.43	Below B
International equity funds - DCC	293,636	Not Applicable	Not Applicable
Other mutual Funds - DCC	25,095	Not Applicable	Not Applicable
Other mutual Funds - LDCC	21,875	Not Applicable	Not Applicable
Subtotal - mutual funds	<u>1,683,143</u>		
Investments held by private foundation -			
External investment pool -BRCC	330,154	Not Applicable	Not Rated
External investment pool - FTCC	120,000	Not Applicable	Not Rated
External investment pool - SLCC	200,000	Not Applicable	Not Rated
Nonnegotiable certificates of deposit - BPCC	124,902	1.0	Not Applicable
Nonnegotiable certificates of deposit - STCC	46,920	1.1	Not Applicable
Common stocks - DCC	454,366	Not Applicable	Not Applicable
Common stocks - LDCC	65,124	Not Applicable	Not Applicable
Limited partnerships - DCC	20,959	Not Applicable	Not Applicable
Treasury and federal agencies securities - DCC	576,451	Not Applicable	Not Applicable
Nongovernmental obligations - DCC	1,591,595	Not Applicable	Not Applicable
Other -DCC	58,273	Not Applicable	Not Applicable
Other - LDCC	11,725	Not Applicable	Not Applicable
Subtotal	<u>3,600,469</u>		
Facilities Corporations:			
Municipal bonds - LCTCS FC	7,500,157		
U.S. government and agency obligations - LCTCS FC	<u>26,686,484</u>		
Subtotal - Facilities Corporations	<u>34,186,641</u>		
 Total	 <u><u>\$39,470,253</u></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 \$1,683,143 and investments held by the private foundation of \$650,154 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 \$34,186,641 and money market funds totaling \$63,182,974 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 whose original maturities exceed three months. All disclosures required for these deposits are included in note 2.

4. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2014. These receivables are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student Tuition and Fees	\$35,733,073	(\$9,551,142)	\$26,181,931
Auxiliary enterprise	718,157		718,157
State and private grants and contracts	3,322,232		3,322,232
Other	2,150,958		2,150,958
Total	\$41,924,420	(\$9,551,142)	\$32,373,278

5. NOTES RECEIVABLE

Notes receivable are comprised of loans to students under the Federal Perkins Loan and miscellaneous private student loan programs. Loans are no longer issued under the Federal Perkins Loan program, but collections are still made on outstanding loans. None of the balances are expected to be collected within the next fiscal year. These notes receivable are composed of the following:

	Notes Receivable	Allowance for Doubtful Accounts	Notes Receivable, Net
Perkins Loan program	\$63,648	(\$50,500)	\$13,148
Miscellaneous private student loan programs	8,325		8,325
Total	<u>\$71,973</u>	<u>(\$50,500)</u>	<u>\$21,473</u>

6. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2014, follows:

	Balance June 30, 2013	Prior Period Adjustment	Adjusted Balance June 30, 2013	Additions	Transfers	Reclassification of CIP	Retirements	Balance June 30, 2014
Capital assets not being depreciated:								
Land	\$29,613,380	(\$6,432,469)	\$23,180,911	\$2,298,591				\$25,479,502
Non-depreciable land improvements	267,867		267,867					267,867
Construction-in-progress	44,638,717		44,638,717	40,300,029		(\$45,745,328)		39,193,418
Total capital assets not being depreciated	<u>74,519,964</u>	<u>(6,432,469)</u>	<u>68,087,495</u>	<u>42,598,620</u>	<u>NONE</u>	<u>(45,745,328)</u>	<u>NONE</u>	<u>64,940,787</u>
Capital assets being depreciated:								
Land improvements	13,502,648		13,502,648	119,405				13,622,053
Buildings	394,186,881	1	394,186,882	2,144,920	\$905,154	39,092,347		436,329,303
Furniture, fixtures, and equipment	98,559,929	395,088	98,955,017	4,946,359	197,665	6,652,981	(\$2,830,419)	107,921,603
Software	17,687,772		17,687,772	789,321				18,477,093
Total capital assets being depreciated	<u>523,937,230</u>	<u>395,089</u>	<u>524,332,319</u>	<u>8,000,005</u>	<u>1,102,819</u>	<u>45,745,328</u>	<u>(2,830,419)</u>	<u>576,350,052</u>
Less accumulated depreciation for:								
Land improvements	(3,271,165)		(3,271,165)	(587,012)				(3,858,177)
Buildings	(129,262,831)	1,002,306	(128,260,525)	(10,764,162)	(905,154)			(139,929,841)
Furniture, fixtures, and equipment	(69,691,520)	(1,232,902)	(70,924,422)	(8,990,067)	(197,665)		2,770,203	(77,341,951)
Software	(3,072,920)		(3,072,920)	(1,847,709)				(4,920,629)
Total accumulated depreciation	<u>(205,298,436)</u>	<u>(230,596)</u>	<u>(205,529,032)</u>	<u>(22,188,950)</u>	<u>(1,102,819)</u>	<u>NONE</u>	<u>2,770,203</u>	<u>(226,050,598)</u>
Total capital assets, being depreciated, net	<u>318,638,794</u>	<u>164,493</u>	<u>318,803,287</u>	<u>(14,188,945)</u>	<u>NONE</u>	<u>45,745,328</u>	<u>(60,216)</u>	<u>350,299,454</u>
Total capital assets, net	<u>\$393,158,758</u>	<u>(\$6,267,976)</u>	<u>\$386,890,782</u>	<u>\$28,409,675</u>	<u>NONE</u>	<u>NONE</u>	<u>(\$60,216)</u>	<u>\$415,240,241</u>

The June 30, 2013, balance of capital assets has been adjusted by \$6,267,976 to reflect prior-period adjustments resulting from the correction of prior-year errors.

7. PENSION PLANS

Plan Description - Substantially all employees of the System are members of two statewide, public employee retirement systems. Academic employees are generally members of the Teachers' Retirement System of Louisiana (TRSL), and classified/unclassified state employees are generally members of the Louisiana State Employees' Retirement System (LASERS). TRSL is a cost-sharing, multiple-employer defined benefit pension plan and LASERS is considered a single-employer defined benefit pension plan because the material portion of its activity is with one employer – the state of Louisiana. TRSL and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries and are administered by separate boards of trustees. The state of Louisiana guarantees benefits granted by the retirement systems by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the retirement systems; employee benefits vest with TRSL after five years of service and with LASERS after 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The retirement systems issue annual publicly-available financial reports that include financial statements and required supplementary information for the retirement systems. The TRSL reports may be obtained online at www.trsl.org or by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446. The LASERS reports may be obtained online at www.lasersonline.org or by writing the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Funding Policy - The contribution requirements of plan members and the System are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially-required employer contribution as set forth in R.S. 11:102. Employees contribute 8% (TRSL) and 7.5% (LASERS) of covered salaries. Act 75 of the 2005 Regular Legislative Session now requires that employees hired on or after July 1, 2006, must contribute 8% of covered salaries to LASERS. In fiscal year 2014, the state contributed 26.5% of covered salaries to TRSL and 31.3% of covered salaries to LASERS. The employer contribution is funded through annual appropriations by the state of Louisiana. The System's employer contributions to TRSL for the years ended June 30, 2014, 2013, and 2012 were \$28,548,588; \$26,957,254; and \$25,659,399, respectively, and to LASERS for the years ended June 30, 2014, 2013, and 2012 were \$6,626,369; \$6,547,883; and \$6,002,794, respectively, equal to the required contributions for each year.

8. OPTIONAL RETIREMENT SYSTEM

TRSL administers an optional retirement plan, which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. This plan was designed to aid colleges in recruiting employees who may not be expected to remain in TRSL for five or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than TRSL and purchase retirement and death benefits through contracts provided by designated companies.

R.S. 11:927 requires the employer and each participant to contribute monthly to the optional retirement plan the same amount which they would be required to contribute to the regular retirement plan of TRSL if the participant were a member of that retirement plan. Employer contributions by the System are 26.5% of the covered payroll. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, TRSL pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by an actuarial committee. TRSL retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligation of the state of Louisiana or TRSL. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

Employer and employee contributions to the optional retirement plan totaled \$8,139,482 and \$2,434,294, respectively, for the year ended June 30, 2014.

9. 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 but is classified as an agent multiple-employer plan for financial reporting purposes since the plan 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 Louisiana 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 three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) Plan, and the Medical

Home HMO Plan. OGB also offers the Consumer Driven Health Plan with a Health Savings Account option (CDHP-HSA) for active employees. Retired employees who have Medicare Part A and Part B coverage also have access to three OGB Medicare Advantage plans: the Peoples Health HMO-POS Plan, the Vantage HMO-POS Plan, and the Vantage Zero-Premium HMO-POS Plan. There is also a Health Exchange Plan that is not an OGB plan; however, OGB is partnering with Extend Health to offer access to multiple Medicare plans. There are no premiums to the state for the Vantage Zero-Premium HMO-POS Plan or the Health Exchange Plan.

Employees hired before January 1, 2002, pay approximately 25% of the cost of medical coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate upon retirement based on the following schedule:

<u>Service</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%

The following table shows the monthly premium rates in effect at June 30, 2014.

	PPO	HMO	CDHP with HSA	Medical Home HMO Health Plan
<u>Active</u>				
Single	\$566	\$534	\$439	\$573
With Spouse	1,202	1,135	933	1,200
With Children	690	652	536	695
Family	1,267	1,197	984	1,264
<u>Retired No Medicare and Re-employed Retiree</u>				
Single	\$1,053	\$998	NA	\$1,052
With Spouse	1,859	1,761	NA	1,847
With Children	1,172	1,111	NA	1,171
Family	1,850	1,753	NA	1,838
<u>*Retired with 1 Medicare</u>				
Single	\$342	\$330	NA	\$352
With Spouse	1,265	1,206	NA	1,262
With Children	592	568	NA	599
Family	1,685	1,605	NA	1,676
<u>*Retired with 2 Medicare</u>				
With Spouse	\$615	\$592	NA	\$621
Family	762	732	NA	766

*All members who retire on or after July 1, 1997, must have Medicare Parts A and B to qualify for the reduced premium rates.

The following table shows the Medicare Advantage Plans monthly premium rates in effect at June 30, 2014.

<u>Medicare Supplemental Rates</u>	Calendar Year 2014		Calendar Year 2013	
	Retired with		Retired with	
	1 Medicare	2 Medicare	1 Medicare	2 Medicare
People's Health (HMO Plan)	\$251	\$502	\$234	\$468
Vantage (HMO Plan)	151	301	184	369

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life, and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total monthly premium is approximately \$1 per thousand dollars of coverage, of which the employer pays 50% for retirees. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

Annual Other Postemployment Benefit Cost and Liability - The System's annual other postemployment benefit (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 2014 is \$19,027,427.

The following schedule presents the components of the System's annual OPEB cost for fiscal year 2014, the amount actually contributed to the plan, and changes in the System's net OPEB obligation to the OPEB plan:

ARC	\$19,027,427
Interest on net OPEB obligation	5,121,100
ARC adjustment	(4,892,100)
Annual OPEB cost	<u>19,256,427</u>
Contributions made - current-year retiree premiums	<u>(8,787,271)</u>
Increase in net OPEB obligation	10,469,156
Beginning net OPEB obligations at June 30, 2013 (restated)	<u>128,027,324</u>
Ending net OPEB obligation at June 30, 2014	<u><u>\$138,496,480</u></u>

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, 2014, 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, 2012	\$20,723,835	43%	\$118,880,744
June 30, 2013	\$19,905,694	43%	\$128,027,324
June 30, 2014	\$19,256,427	46%	\$138,496,480

Funded Status and Funding Progress - During fiscal year 2014, 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 \$245,720,900 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2013, was as follows:

AAL	\$245,720,900
Actuarial value of plan assets	NONE
UAAL	<u>\$245,720,900</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	\$114,067,317
UAAL as a percentage of covered payroll	215%

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 multi-year 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 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, 2013 OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% discount rate and initial annual healthcare cost trend rate of 8.0% and 6.0% for pre-Medicare and Medicare eligible employees, respectively, scaling down to ultimate rates of 4.5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's UAAL is being amortized over 30 years as a level percentage of projected payroll on an open basis. Annual per capita medical claims costs were updated to reflect an additional year of actual experience. Assumptions also include a salary scale of 5% and payroll growth of 3%.

10. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accruals at June 30, 2014:

Vendors	\$14,003,296
Accrued salaries and benefits	18,911,854
Accrued interest	57,752
Other	<u>343,489</u>
Total	<u><u>\$33,316,391</u></u>

11. UNEARNED REVENUES

The following is a summary of unearned revenues at June 30, 2014:

Prepaid tuition and fees	\$7,777,622
Prepaid rent	970,797
Grants and contracts	2,080,919
Other	<u>282,658</u>
Total	<u><u>\$11,111,996</u></u>

12. COMPENSATED ABSENCES

At June 30, 2014, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$8,866,661; \$9,688,026; and \$62,622, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

13. LEASE OBLIGATIONS**Operating Leases**

For the year ended June 30, 2014, the total rental expense for all operating leases was \$3,376,024. The following is a schedule, by fiscal year, of future minimum annual rental payments required under operating leases:

Nature of Operating Lease	2015	2016	2017	2018	2019	2020-2024	Total Minimum Payments Required
Office space	\$1,489,827	\$421,629	\$348,287	\$67,500	\$67,500	\$166,691	\$2,561,434
Land	61,008						61,008
Total	<u>\$1,550,835</u>	<u>\$421,629</u>	<u>\$348,287</u>	<u>\$67,500</u>	<u>\$67,500</u>	<u>\$166,691</u>	<u>\$2,622,442</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, 2014:

Fiscal Year Ended June 30:	
2015	\$204,247
2016	282,622
2017	287,523
2018	287,197
2019	281,798
2020-2024	1,414,019
2025-2029	1,402,570
2030-2034	276,075
Total minimum lease payments	<u>4,436,051</u>
Less - amount representing interest	<u>(1,178,551)</u>
Present value - net minimum lease payments	<u>\$3,257,500</u>

The gross amount of assets held under capital leases as of June 30, 2014, includes office space of \$4,395,000.

Lessor - Operating Lease

Leasing operations of the System consist of leasing office space and a building 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, 2014, was \$165,587; \$37,260; and \$128,327, 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, 2014:

Nature of Operating Lease	2015	2016	2017	2018	2019	2020-2024	Total Minimum Future Rentals
Office space	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$420,000
Building	200,000	200,000	200,000	200,000	200,000		1,000,000
Total	\$270,000	\$270,000	\$270,000	\$270,000	\$270,000	\$70,000	\$1,420,000

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, 2014, were \$452,563, of which \$200,000 was guaranteed and \$252,563 was commission of sales.

14. 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, 2014:

	Restated Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Portion Due Within One Year
Bonds payable, net	\$327,852,746		(\$10,066,213)	\$317,786,533	\$10,855,000
Capital lease obligations (note 13)	3,420,000		(162,500)	3,257,500	82,500
Compensated absences payable (note 12)	18,505,917	\$5,760,026	(5,648,634)	18,617,309	1,961,317
Contracts payable	119,553		(68,316)	51,237	51,237
OPEB payable (note 9)	128,027,324	19,256,427	(8,787,271)	138,496,480	
Total long-term liabilities	\$477,925,540	\$25,016,453	(\$24,732,934)	\$478,209,059	\$12,950,054

Details of all debt outstanding at June 30, 2014, follow:

Bonds Payable

As presented on the Statement of Net Position, at June 30, 2014, bonds payable total \$317,786,533, of which \$10,855,000 is current and the remaining \$306,931,533 is noncurrent.

Detailed summaries, by issues, of all bonded debt outstanding at June 30, 2014, follow:

	Date of Issue	Original Issue	Outstanding June 30, 2013	Issued (Redeemed)	Outstanding June 30, 2014	Maturities	Interest Rates	Future Interest Payments June 30, 2014	
BRCC Facilities Corporation:									
	Series 2003 Revenue Bonds	Dec. 23, 2003	\$10,000,000	\$3,220,000	(\$1,935,000)	\$1,285,000	2015-2018	3.8% - 5.5%	\$105,810
	Series 2011 Revenue Refunding Bonds	Oct. 11, 2011	31,495,000	31,495,000		31,495,000	2015-2027	2.0% - 4.098%	10,140,131
	Series 2012 Revenue Refunding Bonds	April 18, 2012	24,125,000	24,125,000		24,125,000	2025-2033	3.625% - 4.958%	16,884,269
Campus Facilities, Inc.:									
	Series 2012 Revenue Refunding Bonds	Dec. 4, 2012	38,050,000	38,050,000		38,050,000	2017-2028	3.0% - 5.0%	14,287,850
South Louisiana Facilities Corporation -									
	Series 2012 Revenue Refunding Bonds	Sept. 6, 2012	13,185,000	13,185,000		13,185,000	2015-2028	2.0% - 4.0%	3,177,973
Delta Campus Facilities, Inc. -									
	Series 2008 Revenue Bonds	Nov. 21, 2008	42,470,000	37,610,000	(1,755,000)	35,855,000	2015-2028	4.0% - 5.5%	16,146,106
LCTCS Facilities Corporation:									
	Series 2009A Revenue Bonds	Oct. 1, 2009	19,290,000	13,095,000	(6,450,000)	6,645,000	2015-2015	4.0%	265,800
	Series 2009B Revenue Bonds	Oct. 1, 2009	45,280,000	45,280,000		45,280,000	2027-2029	4.25% - 5.0%	29,988,563
	Series 2010 Revenue Bonds	Aug. 31, 2010	64,025,000	64,025,000		64,025,000	2021-2026	3.375% - 5.0%	31,319,725
	Series 2011 Revenue Bonds	Oct. 27, 2011	51,980,000	51,980,000		51,980,000	2016-2021	2.22% - 3.85%*	
	Total		\$339,900,000	322,065,000	(10,140,000)	311,925,000			\$122,316,227
	Net original premiums (discounts)			7,823,523		7,823,523			
	Net accumulated amortization of premiums/discounts			(2,035,777)	73,787	(1,961,990)			
	Bonds payable, net			\$327,852,746	(\$10,066,213)	\$317,786,533			

*This rate is the yield to maturity rate.

The annual requirements to amortize all bonds outstanding at June 30, 2014, are as follows:

	Principal	Interest	Total
2015	\$10,855,000	\$11,787,843	\$22,642,843
2016	13,755,000	11,377,905	25,132,905
2017	15,920,000	11,208,888	27,128,888
2018	16,710,000	10,939,132	27,649,132
2019	17,015,000	10,625,893	27,640,893
2020-2024	99,500,000	45,446,174	144,946,174
2025-2029	121,565,000	19,525,520	141,090,520
2030-2033	16,605,000	1,404,872	18,009,872
Total	\$311,925,000	\$122,316,227	\$434,241,227

Outstanding principal of \$311,925,000 plus net unamortized premium/discount of \$5,861,533 totals \$317,786,533.

Capital Lease Obligations

Capital lease obligations at June 30, 2014, for \$3,257,500 are detailed in note 13.

Accrued Compensated Absences Payable

Accrued compensated absences payable at June 30, 2014, for \$18,617,309 is detailed in note 12.

Contracts Payable

The LCTCS Facilities Corporation entered into a contract with a consulting firm to create and institute the program of construction projects established by Act 391. The contract stipulates that the LCTCS Facilities Corporation will pay a start-up fee to the firm in the form of 60 monthly installments of \$5,693 beginning on November 1, 2009. As of December 31, 2013, \$51,237 is payable to the firm and is recorded as "Contracts Payable" on the Statement of Net Position.

Debt Service Reserve Requirements

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2014.

<u>Bond Issue</u>	<u>Reserve Available</u>	<u>Reserve Requirement</u>	<u>Excess</u>
Delta Campus Facilities, Inc. Series 2008 Revenue Bonds	\$3,656,783	\$3,652,762	\$4,021
LCTCS Facilities (Act 391) Series 2009 (A&B), 2010, and 2011 Revenue Bonds	<u>16,171,892</u>	<u>16,171,493</u>	<u>399</u>
Total	<u>\$19,828,675</u>	<u>\$19,824,255</u>	<u>\$4,420</u>

15. RESTRICTED NET POSITION

The System has the following restricted net position at June 30, 2014:

Nonexpendable:	
Endowments	\$3,777,435
Student Life Center Maintenance Reserve	557,590
Phoebe Jackson Trust	<u>288,936</u>
 Total nonexpendable	 <u><u>\$4,623,961</u></u>
Expendable:	
Academic excellence	\$8,150,498
Accumulated grant funds	504,135
Albania Plantation	681,662
Building use fee	5,674,878
Debt services	104,873
Endowment earnings	1,913,421
Calcasieu Parish Fund and Calcasieu Parish higher education improvements	183,010
Facilities Corporations net position	32,387,391
Grants and contracts	10,914,169
HB 765 (storm recovery)	219,047
Maintenance reserve	91,154
Operational fee	1,759,557
Orleans Parish Excellence	2,151,542
Other restricted funds	662,881
Phoebe Jackson Trust	8,111
Preventative maintenance	67,628
Settlement carryover fund	3,872,742
Systemwide ERP System	963,942
Student Government Association fees	3,009,478
Student Life Center	1,798,446
Technology fee	5,793,875
Third-party scholarships	273,737
Vehicle registration fee	<u>1,607,623</u>
 Total expendable	 <u><u>\$82,793,800</u></u>

Of the total net position reported in the Statement of Net Position for the year ended June 30, 2014, \$26,684,585 is restricted by enabling legislation (which also includes a legally-enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation).

16. RESTATEMENT OF BEGINNING NET POSITION

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

Net position at June 30, 2013	\$139,941,312
Reclassifications and adjustments for prior year errors:	
Capital Assets adjustment	(6,267,976)
Payables adjustment	(21,947)
Receivables adjustment	(34,313)
Amounts held in custody of others adjustment	177,758
Cash adjustment	(353,942)
OPEB adjustment	(15)
Other miscellaneous corrections	<u>19,041</u>
Net Position at June 30, 2013, as restated	<u><u>\$133,459,918</u></u>

The restatements decreased the System's beginning net position by \$6,481,394.

17. 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, the agency responsible for the state's risk management program, or by appropriation from the state's General Fund. The System is involved in seven lawsuits at June 30, 2014, that are being handled by contract attorneys. In the opinion of legal counsel, the possibility that the System will incur a liability in six of the cases is reasonably possible, with a possible loss estimated at \$110,000. All other lawsuits are handled by either the Office of Risk Management or the Attorney General's Office.

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

18. 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.
- Cavalier Athletic 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
- 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, 2014, the foundations hold in custody \$650,154 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.

19. 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, 2014, net appreciation of \$322,609 is available to be spent, of which \$322,609 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."

20. 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.

21. 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, 2014

	BRCC Facilities Corporation	Campus Facilities, Inc.	Delta Facilities Corporation	LCTCS Facilities Corporation	South Louisiana Facilities Corporation
Assets:					
Capital Assets	\$55,003,205	\$52,740,911	\$34,079,666	\$111,703,724	\$11,708,350
Other Assets	7,514,927	2,086,133	5,424,269	84,865,519	1,557,158
Total Assets	<u>62,518,132</u>	<u>54,827,044</u>	<u>39,503,935</u>	<u>196,569,243</u>	<u>13,265,508</u>
Liabilities:					
Current Liabilities	2,204,522	6,332,190	2,291,142	11,124,106	476,692
Long-Term Liabilities	56,883,831	42,028,939	33,342,677	161,620,909	13,055,177
Total Liabilities	<u>59,088,353</u>	<u>48,361,129</u>	<u>35,633,819</u>	<u>172,745,015</u>	<u>13,531,869</u>
Net Position:					
Net Investment in Capital Assets	(3,092,571)	10,070,706	3,187,492	(3,765,907)	(1,463,434)
Restricted Net Position - Expendable	6,522,350	(3,604,791)	682,624	27,590,135	1,197,073
Total Net Position	<u>\$3,429,779</u>	<u>\$6,465,915</u>	<u>\$3,870,116</u>	<u>\$23,824,228</u>	<u>(\$266,361)</u>

Facilities Corporations
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2014

Depreciation Expense	\$2,574,858	\$1,497,389	\$1,867,195	\$3,035,738	\$506,370
Net Operating Loss	<u>(2,574,858)</u>	<u>(1,497,389)</u>	<u>(1,867,195)</u>	<u>(3,035,738)</u>	<u>(506,370)</u>
Nonoperating Revenues (Expenses):					
Investment Income	193	294	1,381	275,001	378
Interest Expense	(2,190,270)	(1,306,506)	(1,961,504)	(5,441,909)	(377,258)
Other (net)	4,910,591	1,744,064	3,730,026	12,308,767	523,837
Changes in Net Position	<u>145,656</u>	<u>(1,059,537)</u>	<u>(97,292)</u>	<u>4,106,121</u>	<u>(359,413)</u>
Net Position, Beginning of the Year*	3,284,123	7,525,452	3,967,408	19,718,107	93,052
Net Position, End of the Year	<u>\$3,429,779</u>	<u>\$6,465,915</u>	<u>\$3,870,116</u>	<u>\$23,824,228</u>	<u>(\$266,361)</u>

Facilities Corporations
Condensed Statement of Cash Flows
For the Year Ended June 30, 2014

Net cash flows provided (used) by:					
Noncapital Financing	NONE	(\$128,519)	NONE	(\$233,888)	NONE
Capital and Related Financing	\$50,371	281,398	\$52,223	(25,893,236)	\$148,500
Investing Activities	193	294	1,381	28,864,340	378
Net Increase (Decrease) in Cash	<u>50,564</u>	<u>153,173</u>	<u>53,604</u>	<u>2,737,216</u>	<u>148,878</u>
Cash, Beginning of the Year**	6,637,481	1,932,960	4,735,596	46,098,928	1,149,887
Cash, End of the Year	<u>\$6,688,045</u>	<u>\$2,086,133</u>	<u>\$4,789,200</u>	<u>\$48,836,144</u>	<u>\$1,298,765</u>

*LCTCS Facilities Corporation, restated.

**BRCC Facilities Corporation, restated

22. RELATED PARTY TRANSACTIONS

During 2013, 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 13.

On September 28, 2011, the Delgado Community College Foundation refinanced the 1999 bonds, which 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 is under the supervision of the Executive Director for Public Relations and Marketing.

23. POLLUTION REMEDIATION OBLIGATIONS

For Delgado Community College, a site assessment was performed that revealed asbestos in the Library and the Auditorium of the college's property. This library building was demolished and the Auditorium is being renovated. Emergency repairs, planning, and construction were performed during fiscal year 2014 to the Sidney Collier Campus buildings in preparation for demolition of the buildings. For Nunez Community College, emergency major repairs, planning, and construction were performed during fiscal year 2014 to Building A in preparation for demolition of the building. The Louisiana Office of Facility Planning and Control is responsible for the expenses and is reporting a balance of \$350 for the liability as of June 30, 2014.

24. 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 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

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

In June 2013, Louisiana Act 360 was signed into law by the governor. The law provides for more than \$250 million in new campus facilities for community and technical colleges statewide. The projects will be funded through the issuance of bonds through financing programs provided by the Louisiana Local Government Environmental Facilities and Community Development Authority. In addition, the Act calls for a private match requirement of no less than 12% to be raised from private support from community partners to fund the construction projects. This match will bring the total project to more than \$280 million. The Act provides for construction of 13 rural campuses and 16 projects to be constructed in urban areas. 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 for Act 360 projects.

26. COMMITMENTS

Effective February 1, 2013, Campus Facilities, Inc., entered into a Cooperative Endeavor Agreement with the state of Louisiana, the Louisiana Department of Economic Development (LED), and the LCTCS Board to evidence the obligation of Campus Facilities, Inc., to develop and construct a new 66,000-square-foot Advanced Manufacturing Technology Center (Center) on the Bossier Parish Community College campus. LED has agreed to fund the \$16 million project on a reimbursement basis. Campus Facilities, Inc., has deemed this to be an agency agreement and as such is accounting for the proceeds as a liability (amounts held in custody for others). Effective May 21, 2013, Campus Facilities, Inc., entered into a Design-Build Contract for construction of the Center. The project was substantially completed as of May 31, 2014, and the Center was delivered to the LCTCS Board for the use and benefit of Bossier Parish Community College, which satisfied the above noted liability.

The LCTCS Facilities Corporation entered into a contract with a consulting firm to create and institute the program of construction projects established by Act 391. The contract stipulates that the LCTCS Facilities Corporation will pay a start-up fee to the firm in the form of 60 monthly installments of \$5,693 beginning November 1, 2009. As of December 31, 2013, \$51,237 is payable to the firm and is recorded as contracts payable on the Statement of Net Position.

The LCTCS Facilities Corporation entered into another contract with the above-mentioned consulting firm to perform administration duties over the life of the program. The fee for monthly services shall be \$28,463 payable on the first day of each month. In addition, the LCTCS Facilities Corporation will pay a variable fee for each of the bond transactions as they occur over the life of the program. The fee associated with phase one of the program is 36 equal payments of \$3,163 beginning November 1, 2009. The fee associated with phase two of the program is 36 equal payments of \$3,163 beginning September 1, 2010. The fee associated with phase three of the program is 36 equal payments of \$3,163 beginning October 1, 2011.

The LCTCS Facilities Corporation has entered into a contract with an engineering firm to serve as the program manager for the construction projects at various campuses. The compensation for services is a fixed fee of \$6,641,861 paid in 60 equal installments, first payment due November 1, 2009. In 2013, the contract was amended to include an additional fixed fee of \$217,246 paid in 21 equal installments, first payment due February 1, 2013.

The LCTCS Facilities Corporation has active construction projects at various campuses as of December 31, 2013. The LCTCS Facilities Corporation's construction commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Delgado Community College - Sidney N. Collier Campus, New Orleans	\$3,491,410	\$8,949,590
River Parishes Community College, Sorrento	11,112,180	7,157,981
Delgado Community College - Learning Resources Center, New Orleans	962,416	3,247,137
Student Information System Project	202,286	121,024
Delgado Community College - Student Services Building, New Orleans	114,946	76,654
Delgado Community College - Isaac Delgado Hall, New Orleans	761,443	10,777
		<u><u>\$19,563,163</u></u>

27. 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 2014 is \$25,000.

28. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the state. The System recognizes the cost of providing these benefits as expenditures when paid during the year. For the fiscal year ending June 30, 2014, the cost of providing these benefits for 20 voluntary terminations totaled \$484,092. The system has no involuntary terminations for fiscal year 2014.

29. 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	\$5,800,549
Campus Facilities, Inc.	0.60%	280,000	1,987,838
Delta Campus Facilities Corporation	0.60%	111,395	746,987
LCTCS Facilities Corporation	0.60%	514,823	996,926
South Louisiana Facilities Corporation	1.50%	141,414	1,278,033
Total		\$1,797,632	\$10,810,333

30. SUBSEQUENT EVENTS

In February 2014, the 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, OCD will make available to the Corporation up to \$20,000,000 to fund the construction of the SOWELA Technical Community College Campus Training Building, a 65,000-75,000-square-foot training building to house classrooms and laboratories. The funds will be used in accordance with the guidelines for the Economic Revitalization Program and the Recovery Workforce Facilities Program.

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 for Act 360 projects.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for the Other Postemployment Benefits Plan

The schedule of funding progress is required supplementary information that presents certain specific data regarding the funding progress for the Other Postemployment Benefits Plan, including the unfunded actuarial accrued liability.

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

**Schedule of Funding Progress for the
Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 2014**

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, 2011	NONE	\$243,812,800	\$243,812,800	0.0%	\$119,805,620	204%
July 1, 2012	NONE	\$246,588,400	\$246,588,400	0.0%	\$109,859,005	224%
July 1, 2013	NONE	\$245,720,900	\$245,720,900	0.0%	\$114,067,317	215%

SUPPLEMENTARY INFORMATION SCHEDULES

Schedule of Per Diem Paid Board Members (Cash Basis)

Schedule 2 presents the per diem paid board members for the year ended June 30, 2014. 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, for the year ended June 30, 2014

Schedule 3 presents a combining Schedule of Net Position, by College, for the year ended June 30, 2014.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, for the year ended June 30, 2014

Schedule 4 presents a combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, for the year ended June 30, 2014.

Combining Schedule of Cash Flows, by College, for the year ended June 30, 2014

Schedule 5 presents a combining Schedule of Cash Flows, by College, for the year ended June 30, 2014.

Combining Schedule of Net Position, by College, for the year ended June 30, 2013

Schedule 6 presents a combining Schedule of Net Position, by College, for the year ended June 30, 2013.

Combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, for the year ended June 30, 2013

Schedule 7 presents a combining Schedule of Revenues, Expenses, and Changes in Net Position, by College, for the year ended June 30, 2013.

Combining Schedule of Cash Flows, by College, for the year ended June 30, 2013

Schedule 8 presents a combining Schedule of Cash Flows, by College, for the year ended June 30, 2013.

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

**Schedule of Per Diem Paid Board Members (Cash Basis)
For the Year Ended June 30, 2014**

	<u>Amount</u>
Doplemore, Algernon	\$350
Fisher, Robert	150
Russell, Frank	<u>900</u>
Total	<u><u>\$1,400</u></u>

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

**Combining Schedule of Net Position, by College
For the Year Ended June 30, 2014**

	*	*	*	Central Louisiana Technical Community College	Delgado Community College	Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College
	* 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
ASSETS								
Current assets:								
Cash and cash equivalents	\$16,220,027	\$16,722,081	\$2,489,758	\$169,172	\$10,183,082	\$2,917,496	\$396,479	\$1,713,751
Receivables, net	722,771	4,968,421	6,756,893	1,147,092	10,415,553	559,396		982,032
Due from State Treasury	391,098							
Due from federal government	7,471,134	390,110	984,181	203,015	2,124,192	455,065		4,135
Due from LCTCS Colleges/LCTCS	1,237,043	521,646	253,923	557,849	1,315,958	185,103	72,577	180,797
Inventories								863
Prepaid expenses and advances		178,828	37,314	21,142	1,845,235	45,555		7,556
Notes receivable, net	1,416,889							
Other current assets						21,714		2,408
Total current assets	27,458,962	22,781,086	10,522,069	2,098,270	25,884,020	4,184,329	469,056	2,891,542
Noncurrent Assets								
Restricted assets:								
Cash and cash equivalents				290,657		481,787		
Investments		330,154	124,902		3,923,878			120,000
Notes receivable, net					21,473			
Other								
Investments								
Notes receivable, net	1,416,889							
Capital assets, net	13,623,802	22,127,629	2,738,974	2,471,564	47,748,081	18,063,202		2,910,373
Other noncurrent assets								
Total noncurrent assets	15,040,691	22,457,783	2,863,876	2,762,221	51,693,432	18,544,989		3,030,373
Total assets	42,499,653	45,238,869	13,385,945	4,860,491	77,577,452	22,729,318	469,056	5,921,915
LIABILITIES								
Current liabilities:								
Accounts payable and accruals	12,567,852	2,258,271	3,548,537	720,094	4,491,855	562,555	52,629	872,905
Due to federal government	816	30,293						
Due to LCTCS College/LCTCS	5,721,592	5,991	863,414	43,340	33,589	2,244	413,064	4,386
Unearned revenues	833,362	1,397,056	1,396,335	339,313	3,729,858	276,615		218,829
Amounts held in custody for others	7,130	7,896	747,212	14,294	206,734	63,512		2,296
Compensated absences payable	84,971	224,192	78,058	164,481	379,879	18,473	2,752	55,781
Notes payable			1,416,889					
Capital lease obligations					82,500			
Contracts payable								
Bonds payable, net								
Other current liabilities					60,505			
Total current liabilities	19,215,723	3,923,699	8,050,445	1,281,522	8,984,920	923,399	468,445	1,154,197
Noncurrent liabilities:								
Compensated absences payable	1,157,115	2,686,860	2,108,674	379,672	4,387,895	691,998	27,855	564,889
Notes payable			1,416,889					
Capital lease obligations					3,175,000			
OPEB Payable	3,622,287	18,534,009	15,614,207	6,497,200	35,551,100	4,840,500		3,636,184
Bonds payable, net								
Total noncurrent liabilities	4,779,402	21,220,869	19,139,770	6,876,872	43,113,995	5,532,498	27,855	4,201,073
Total liabilities	23,995,125	25,144,568	27,190,215	8,158,394	52,098,915	6,455,897	496,300	5,355,270
NET POSITION								
Net investment in capital assets	13,623,802	22,127,629	2,738,974	2,471,564	44,490,581	18,063,202		2,910,373
Restricted:								
Nonexpendable		240,000	100,000	288,936	2,682,105	571,200		120,000
Expendable	1,652,603	8,843,408	1,307,495	1,981,773	13,251,595	2,011,028		1,041,386
Unrestricted	3,228,123	(11,116,736)	(17,950,739)	(8,040,176)	(34,945,744)	(4,372,009)	(27,244)	(3,505,114)
Total Net Position	18,504,528	20,094,301	(13,804,270)	(3,297,903)	25,478,537	16,273,421	(27,244)	566,645

* Effective July 1, 2013, the campuses of Capital Area Technical College (CATC) merged with Baton Rouge Community College (BRCC), and the Technical Division was combined with the Board Office. The beginning balances for BRCC and the Board office for the fiscal year ended June 30, 2014 have been restated to reflect this change.

Schedule 3

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	System Eliminating Entries	Total Per System
\$3,208,261	\$2,434,752	\$3,617,084	\$1,463,087	\$6,261,847	\$17,644,463	\$9,444,359			\$94,885,699
1,741,294	351,951	593,104	986,895	1,449,076	725,976	972,824			32,373,278
171,280	68,768	39,139	65,079	402	935,266	973,577			391,098
806,275	222,302	342,993	112,424	306,328	723,686	291,471	\$30,000	(\$7,160,375)	13,885,343
6,892						3,492			11,247
	28,176	5,902	23,595	4,479	19,898				2,217,680
								(1,416,889)	
			48,571						72,693
<u>5,934,002</u>	<u>3,105,949</u>	<u>4,598,222</u>	<u>2,699,651</u>	<u>8,022,132</u>	<u>20,049,289</u>	<u>11,685,723</u>	<u>30,000</u>	<u>(8,577,264)</u>	<u>143,837,038</u>
17,984							63,698,287		64,488,715
537,758					200,000		34,186,641		39,423,333
									21,473
							28,817		28,817
						46,920			46,920
								(1,416,889)	
6,591,116	1,153,195	5,444,641	2,824,137	2,045,640	8,323,309	13,938,722	265,235,856		415,240,241
							3,504,261		3,504,261
<u>7,146,858</u>	<u>1,153,195</u>	<u>5,444,641</u>	<u>2,824,137</u>	<u>2,045,640</u>	<u>8,523,309</u>	<u>13,985,642</u>	<u>366,653,862</u>	<u>(1,416,889)</u>	<u>522,753,760</u>
<u>13,080,860</u>	<u>4,259,144</u>	<u>10,042,863</u>	<u>5,523,788</u>	<u>10,067,772</u>	<u>28,572,598</u>	<u>25,671,365</u>	<u>366,683,862</u>	<u>(9,994,153)</u>	<u>666,590,798</u>
1,041,245	547,656	413,729	324,423	675,450	1,296,594	1,022,928	2,919,668		33,316,391
									31,109
40,511	1,335	5,220	1,773	13,424	4,204	6,288		(7,160,375)	
234,835	199,476	197,379	396,347	628,947	748,619	515,025			11,111,996
23,407	6,450	40,578	6,004	7,214	199,384	7,004	5,525,675		6,864,790
108,662	83,158	86,650	46,987	276,326	246,601	104,346			1,961,317
								(1,416,889)	
									82,500
							51,237		51,237
							10,855,000		10,855,000
							3,077,072		3,197,452
			59,875						
<u>1,448,660</u>	<u>838,075</u>	<u>743,556</u>	<u>835,409</u>	<u>1,601,361</u>	<u>2,495,402</u>	<u>1,655,591</u>	<u>22,428,652</u>	<u>(8,577,264)</u>	<u>67,471,792</u>
917,575	507,291	700,621	330,090	320,571	1,251,127	623,759		(1,416,889)	16,655,992
									3,175,000
8,657,081	5,018,477	6,328,748	3,555,754	5,722,800	14,862,500	6,055,633			138,496,480
							306,931,533		306,931,533
<u>9,574,656</u>	<u>5,525,768</u>	<u>7,029,369</u>	<u>3,885,844</u>	<u>6,043,371</u>	<u>16,113,627</u>	<u>6,679,392</u>	<u>306,931,533</u>	<u>(1,416,889)</u>	<u>465,259,005</u>
<u>11,023,316</u>	<u>6,363,843</u>	<u>7,772,925</u>	<u>4,721,253</u>	<u>7,644,732</u>	<u>18,609,029</u>	<u>8,334,983</u>	<u>329,360,185</u>	<u>(9,994,153)</u>	<u>532,730,797</u>
6,591,116	1,153,195	5,444,641	2,824,137	2,045,640	8,323,309	13,938,722	4,936,286		151,683,171
									4,623,961
421,720					200,000				82,793,800
2,169,819		1,923,591	1,285,407	2,502,419	7,665,592	3,345,296	32,387,391		(105,240,931)
(7,125,111)	(4,682,891)	(5,098,294)	(3,307,009)	(2,125,019)	(6,225,332)	52,364			
<u>2,057,544</u>	<u>(2,104,699)</u>	<u>2,269,938</u>	<u>802,535</u>	<u>2,423,040</u>	<u>9,963,569</u>	<u>17,336,382</u>	<u>37,323,677</u>		<u>133,860,001</u>

**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, 2014**

	*	*	*	Central Louisiana Technical Community	Delgado Community	Elaine P. Nunez Community	LCTCS Online	L.E. Fletcher Technical Community
	Board Office	Baton Rouge Community College	Bossier Parish Community College	College	College	College	College	College
OPERATING REVENUES								
Student tuition and fees		\$28,682,917	\$26,755,068	\$6,117,868	\$55,452,273	\$5,241,189		\$7,017,923
Less scholarship allowances		(13,015,937)	(9,980,396)	(1,842,713)	(14,115,455)	(2,984,321)		(1,681,633)
Net student tuition and fees		15,666,980	16,774,672	4,275,155	41,336,818	2,256,868		5,336,290
Federal grants and contracts	\$30,900,038	2,840,572	7,514,923	1,230,519	4,120,833	993,620	\$116,924	606,333
State and local grants and contracts	3,768,635	1,371,512	1,492,526	368,550	1,545,986	189,146		1,978,885
Nongovernmental grants and contracts	155,676	94,589	591,760	3,527	1,527,774	44,187		124,214
Sales and services of educational departments		5,987	40,786			41,660		
Interagency revenue	6,607,136	150,155	67,232					
Auxiliary enterprise revenues		419,691	484,012	256,528	1,442,997	23,557		42,758
Less scholarship allowances			(66,897)					
Net auxiliary revenues		419,691	417,115	256,528	1,442,997	23,557		42,758
Other operating revenues	3,539	50,136		1,405	159,244	24,535		155
Total operating revenues	41,435,024	20,599,622	26,899,014	6,135,684	50,133,652	3,573,573	116,924	8,088,635
OPERATING EXPENSES								
Educational and general:								
Instruction		22,152,843	27,859,318	6,737,643	50,583,687	4,268,350	436,025	5,375,064
Public service			1,063,718					
Academic support	42,803,787	4,876,674	1,567,321	1,037,916	9,174,128	758,115	514,197	2,468,706
Student services		8,251,358	2,858,374	964,280	6,765,953	863,870		836,154
Institutional support	27,425,299	8,115,417	5,381,386	2,230,057	11,180,171	2,446,391	84,523	2,372,344
Operations and maintenance of plant	340,884	7,148,363	3,354,860	1,452,395	11,043,722	1,497,735		851,777
Depreciation	1,882,058	1,413,053	275,057	377,862	2,941,181	609,169		479,872
Scholarships and fellowships		8,766,050	14,595,001	3,675,794	32,317,006	2,333,522		3,153,382
Auxiliary enterprises		120,635	599,624	359,521	2,352,980	926		3,571
Interagency Expense	2,190,212	908,511	797,100	261,808	1,781,736	189,140	379,579	202,788
Other operating expenses			112,760			3,149		
Total operating expenses	74,642,240	61,752,904	58,464,519	17,097,276	128,140,564	12,970,367	1,414,324	15,743,658
OPERATING LOSS	(33,207,216)	(41,153,282)	(31,565,505)	(10,961,592)	(78,006,912)	(9,396,794)	(1,297,400)	(7,655,023)
NONOPERATING REVENUES (Expenses)								
State appropriations	27,156,540	15,506,345	7,597,351	5,964,289	26,855,285	3,195,369	1,295,904	2,750,722
Gifts				10,457		565		135,571
Federal nonoperating revenues		17,979,582	22,435,548	3,643,993	44,482,957	5,249,043		4,184,140
Net investment income	22,491	74,797	9,785	758	577,715	13,532	242	9,276
Interest expense					(130,871)			
Other nonoperating revenues (expense)	1,930,520	1,723,274	2,084,511	1,125,153	4,260,192	720,395	177	766,534
Net nonoperating revenues (expenses)	29,109,551	35,283,998	32,127,195	10,744,650	76,045,278	9,178,904	1,296,323	7,846,243
Income (loss) before other revenues and additions	(4,097,665)	(5,869,284)	561,690	(216,942)	(1,961,634)	(217,890)	(1,077)	191,220
Capital appropriations		492,020			3,452,179	2,088,713		
Capital grants and gifts								
Additions to permanent endowment				400				
Other deductions, net					(10,534)	(185,700)		
Increase (decrease) in net position	(4,097,665)	(5,377,264)	561,690	(216,542)	1,480,011	1,685,123	(1,077)	191,220
NET POSITION - BEGINNING OF YEAR (Restated)	22,602,193	25,471,565	(14,365,960)	(3,081,361)	23,998,526	14,588,298	(26,167)	375,425
NET POSITION - END OF YEAR	\$18,504,528	\$20,094,301	(\$13,804,270)	(\$3,297,903)	\$25,478,537	\$16,273,421	(\$27,244)	\$566,645

* Effective July 1, 2013, the campuses of Capital Area Technical College (CATC) merged with Baton Rouge Community College (BRCC), and the Technical Division was combined with the Board Office. The beginning balances for BRCC and the Board office for the fiscal year ended June 30, 2014 have been restated to reflect this change.

Schedule 4

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	System Eliminating Entries	Total Per System
\$11,184,584	\$6,743,897	\$5,149,776	\$7,285,421	\$7,659,093	\$17,105,404	\$9,812,756			\$194,208,169
(6,952,381)	(4,525,177)	(4,238,682)	(4,195,356)	(3,001,135)	(9,336,791)	(4,587,612)			(80,457,589)
4,232,203	2,218,720	911,094	3,090,065	4,657,958	7,768,613	5,225,144			113,750,580
3,267,198	1,009,398	823,377	496,280	606,490	1,539,677	665,422		(\$12,134,262)	44,597,342
1,289,146	547,094	149,509	133,562	1,593,556	428,514	179,276		(1,867,843)	13,168,054
186,960		41,160	10,200	429,032	112,744	279,289		(147,508)	3,453,604
16,630	5,462	14,094			14,817	5,348			144,784
49,816		52,135						(6,926,474)	
14,233	3,278		8,237		114,842				2,810,133
									(66,897)
14,233	3,278		8,237		114,842				2,743,236
1,505	69,222		17,414	39	22,537	5,615			355,346
9,057,691	3,853,174	1,991,369	3,755,758	7,287,075	10,001,744	6,360,094		(21,076,087)	178,212,946
11,724,351	7,252,794	6,780,525	3,546,289	8,065,949	15,087,304	7,772,161			177,642,303
									1,063,718
3,115,503	1,390,419	247,530	1,160,425	226,681	3,211,668	1,343,244		(32,389,613)	41,506,701
2,377,574	1,300,032	1,212,509	981,255	750,419	3,039,663	1,516,702			31,718,143
5,464,531	2,664,223	2,689,856	1,729,515	3,168,286	4,179,857	3,558,642			82,690,498
2,521,154	1,173,507	1,386,471	947,134	970,186	4,232,162	1,497,113			38,417,463
629,632	263,725	686,207	220,190	411,842	1,858,756	658,796	\$9,481,550		22,188,950
2,220,009	1,699,505	2,515,551	690,044	1,184,479	4,547,222	3,023,825			80,721,390
1,459	495								3,439,211
424,643	224,867	255,020	197,408	168,424	630,947	306,875		(8,919,058)	
									115,909
28,478,856	15,969,567	15,773,669	9,472,260	14,946,266	36,787,579	19,677,358	9,481,550	(41,308,671)	479,504,286
(19,421,165)	(12,116,393)	(13,782,300)	(5,716,502)	(7,659,191)	(26,785,835)	(13,317,264)	(9,481,550)	20,232,584	(301,291,340)
8,320,402	5,139,834	7,073,086	3,064,565	4,382,401	13,202,447	5,969,614			137,474,154
1,000		500		15,751	2,454	260,975			427,273
7,901,589	4,688,204	4,960,665	2,690,281	2,531,633	11,216,923	6,107,200			138,071,758
34,573	3,054	3,781		5,998	15,126	39,373	277,247		1,087,748
							(11,277,447)		(11,408,318)
1,214,260	1,021,414	568,541	878,505	597,087	2,677,674	3,180,705	(2,958,816)	(18,240,000)	1,550,126
17,471,824	10,852,506	12,606,573	6,633,351	7,532,870	27,114,624	15,557,867	(13,959,016)	(18,240,000)	267,202,741
(1,949,341)	(1,263,887)	(1,175,727)	916,849	(126,321)	328,789	2,240,603	(23,440,566)	1,992,584	(34,088,599)
	195,000				6,500	2,082,584	26,176,101	(1,992,584)	32,299,013
6,231						2,177,772			2,379,272
									6,631
(1,943,110)	(1,068,887)	(1,175,727)	916,849	(126,321)	335,289	6,500,959	2,735,535		(196,234)
									400,083
4,000,654	(1,035,812)	3,445,665	(114,314)	2,549,361	9,628,280	10,835,423	34,588,142		133,459,918
\$2,057,544	(\$2,104,699)	\$2,269,938	\$802,535	\$2,423,040	\$9,963,569	\$17,336,382	\$37,323,677	NONE	\$133,860,001

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

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2014**

	*	*	Central Louisiana Technical Community College	Delgado Community College	Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College
	* Board Office	Baton Rouge Community College	Bossier Parish Community College	Delgado Community College	Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College
CASH FLOWS FROM OPERATING ACTIVITIES:							
Tuition and fees		\$14,110,990	\$14,862,996	\$3,432,755	\$44,132,499	\$2,325,681	\$5,137,728
Grants and contracts	\$34,465,420	5,588,189	8,472,423	1,553,652	8,815,075	1,140,450	2,594,259
Sales and services of educational departments		5,987	40,786			41,660	
Auxiliary enterprise receipts		371,689	417,115	256,529	980,157	23,557	42,758
Payments for employee compensation	(8,866,100)	(26,121,892)	(21,259,949)	(6,391,026)	(50,561,711)	(5,619,722)	(5,437,794)
Payments for benefits	(3,680,001)	(9,515,688)	(7,515,846)	(2,997,758)	(18,776,075)	(2,074,534)	(2,149,986)
Payments for utilities		(2,090,961)	(839,232)	(480,525)	(2,945,589)	(377,483)	(403,394)
Payments for supplies and services	(60,228,444)	(11,591,548)	(8,917,982)	(2,471,311)	(20,105,297)	(1,392,921)	(3,491,253)
Payments for scholarships and fellowships:		(8,766,051)	(14,449,590)	(3,672,150)	(32,317,006)	(2,345,609)	(3,162,449)
Other receipts (payments)	6,607,832	200,291	(93,108)	(290,606)	156,765	(41,490)	(207,140)
Net cash used by operating activities	(31,701,293)	(37,808,994)	(29,282,387)	(11,060,440)	(70,621,182)	(8,278,921)	(7,077,271)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
State appropriations	27,482,344	15,506,345	7,597,351	5,954,952	26,855,285	3,190,325	1,295,904
Gifts and grants for other than capital purposes	1,930,520	19,315,372	22,435,548	4,526,370	47,393,620	5,989,329	4,901,146
Private gifts for endowment purposes		-	-	400			
Taylor Opportunity Program for Students receipts		1,336,045	1,315,043	189,249	1,442,259	200,032	619,384
Taylor Opportunity Program for Students disbursement:		(1,336,045)	(1,315,043)	(189,249)	(1,350,621)	(200,032)	(619,384)
Federal Emergency Management Agency receipts		-	-	237,387			
Federal Emergency Management Agency disbursements		-	-	(225,729)			
Direct lending receipts		16,332,640	34,130,298		64,557,953	2,375,314	
Direct lending disbursements		(16,332,640)	(34,130,298)		(64,557,953)	(2,375,314)	
Other receipts (disbursements)		387,483	2,084,511	4,560	334,096	(58,320)	80,030
Net cash provided (used) by noncapital financing activities	29,412,864	35,209,200	32,117,410	10,486,282	74,686,297	9,121,334	7,727,381
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Capital appropriations received		492,020				2,088,713	
Capital grants and gifts received							
Purchases of capital assets	(828,730)	(480,049)	(354,614)	(52,423)	(2,430,650)	(2,104,156)	(257,804)
Principal paid on capital debt and leases					(162,500)		
Interest paid on capital debt and leases					(130,871)		
Deposit with trustees					(1,604,446)		
Other sources (uses)						(127,380)	
Net cash provided (used) by capital and related financing activities	(828,730)	11,971	(354,614)	(52,423)	(4,328,467)	(142,823)	(257,804)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments							
Interest received on investments	22,491	41,129	9,785	758	577,715	13,532	9,276
Purchase of investments			(436)		(367,586)		
Net cash provided (used) by investing activities	22,491	41,129	9,349	758	210,129	13,532	9,276
Net Increase (decrease) in Cash	(3,094,668)	(2,546,694)	2,489,758	(625,823)	(53,223)	713,122	401,582
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, Restated							
	19,314,695	19,268,775		1,085,652	10,236,305	2,686,161	85,728
CASH AND CASH EQUIVALENTS AT END OF YEAR	16,220,027	16,722,081	2,489,758	459,829	10,183,082	3,399,283	1,713,751

* Effective July 1, 2013, the campuses of Capital Area Technical College (CATC) merged with Baton Rouge Community College (BRCC), and the Technical Division was combined with the Board Office. The beginning balances for BRCC and the Board office for the fiscal year ended June 30, 2014 have been restated to reflect this change.

(Continued)

Schedule 5

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	System Eliminating Entries	Total Per System
\$4,114,235	\$1,919,194	\$848,394	\$2,665,845	\$4,615,389	\$7,879,615	\$4,868,751			\$110,914,072
5,085,536	1,792,559	1,012,645	407,848	2,099,746	1,977,225	578,345		(\$14,149,613)	61,478,106
16,630	5,462	14,094			14,817	5,348			144,784
14,233			8,237		114,842				2,229,117
(13,185,546)	(7,383,170)	(6,195,201)	(4,217,274)	(5,478,832)	(15,370,255)	(7,821,146)			(184,578,865)
(5,365,249)	(2,931,734)	(3,128,731)	(1,779,816)	(2,326,708)	(6,551,749)	(3,100,411)			(72,085,752)
(629,660)	(369,817)	(634,014)	(208,345)	(373,892)	(1,246,161)	(525,494)			(11,124,567)
(5,731,123)	(2,634,497)	(2,113,902)	(1,906,247)	(4,857,505)	(5,957,552)	(3,330,493)		41,308,671	(93,549,120)
(2,179,708)	(1,693,480)	(2,515,750)	(772,791)	(1,186,098)	(4,546,642)	(3,023,910)			(80,631,234)
(360,018)	(222,528)	(169,125)	16,119	(157,489)	(893,046)	(301,207)		(6,926,474)	(2,681,224)
<u>(18,220,670)</u>	<u>(11,518,011)</u>	<u>(12,881,590)</u>	<u>(5,786,424)</u>	<u>(7,665,389)</u>	<u>(24,578,906)</u>	<u>(12,650,217)</u>		<u>20,232,584</u>	<u>(269,884,683)</u>
8,306,505	5,632,100	7,061,703	3,064,565	4,375,957	13,179,931	5,964,131			138,213,603
8,631,847	5,620,512	5,353,208	3,568,786	3,031,297	16,773,898	8,951,419		(20,232,584)	138,190,288
60,000									60,400
453,297	167,748	193,666	429,236	356,641	348,087	768,886			7,819,573
(453,297)	(167,748)	(193,666)	(429,236)	(356,641)	(348,087)	(768,886)			(7,727,935)
			3,572,670						237,387
			(3,572,670)						(225,729)
				113,174	527,429	409,443	(\$362,407)		120,968,875
207,178	16,445	24,844							(120,968,875)
<u>17,205,530</u>	<u>11,269,057</u>	<u>12,439,755</u>	<u>6,633,351</u>	<u>7,520,428</u>	<u>30,481,258</u>	<u>15,324,993</u>	<u>(362,407)</u>	<u>(20,232,584)</u>	<u>3,768,643</u>
									280,336,230
							26,176,101		28,756,834
							5,525,675		5,525,675
(288,025)	(72,024)	(248,009)	(396,285)	(267,549)	(921,189)	(756,501)	(32,392,773)		(41,850,781)
							(10,140,000)		(10,302,500)
							(12,182,468)		(12,313,339)
							-		(1,604,446)
							(2,347,279)		(2,474,659)
<u>(288,025)</u>	<u>(72,024)</u>	<u>(248,009)</u>	<u>(396,285)</u>	<u>(267,549)</u>	<u>(921,189)</u>	<u>(756,501)</u>	<u>(25,360,744)</u>		<u>(34,263,216)</u>
							28,589,339		28,589,339
25,958	3,054	3,781		5,998	15,126	39,321	277,247		1,045,413
(100,000)					(200,000)				(668,022)
<u>(74,042)</u>	<u>3,054</u>	<u>3,781</u>		<u>5,998</u>	<u>(184,874)</u>	<u>39,321</u>	<u>28,866,586</u>		<u>28,966,730</u>
(1,377,207)	(317,924)	(686,063)	450,642	(406,512)	4,796,289	1,957,596	3,143,435		5,155,061
4,603,452	2,752,676	4,303,147	1,012,445	6,668,359	12,848,174	7,486,763	60,554,852		154,219,353
<u>3,226,245</u>	<u>2,434,752</u>	<u>3,617,084</u>	<u>1,463,087</u>	<u>6,261,847</u>	<u>17,644,463</u>	<u>9,444,359</u>	<u>63,698,287</u>		<u>159,374,414</u>

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2014**

	*	*	*	*	*	*	*	*
	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
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:								
Operating loss	(\$33,207,216)	(\$41,153,282)	(\$31,565,505)	(\$10,961,592)	(\$78,006,912)	(\$9,396,794)	(\$1,297,400)	(\$7,655,023)
Adjustments to reconcile operating loss to net cash used by operating activities:								
Depreciation expense	1,882,058	1,413,053	275,057	377,862	2,941,181	609,169		479,872
Changes in assets and liabilities:								
(Increase) decrease in accounts receivables, net	551,334	(816,861)	(3,132,931)	(863,072)	3,992,331	(56,993)	(72,569)	(342,106)
(Increase) decrease in inventories								973
(Increase) decrease in prepaid expenses and advances		75,394	505	4,573	646,647	(5,306)		13,643
(Increase) decrease in notes receivable	(2,833,778)							
(Increase) decrease in other assets						(19,414)		(2,408)
Increase (decrease) in accounts payable and accrued liabilities	897,274	400,839	1,379,059	191,377	(2,725,495)	26,902	382,901	28,174
Increase (decrease) in unearned revenues	444,324	494,384	(60,883)	(10,653)	(39,010)	52,711		28,864
Increase (decrease) in amounts held in custody for others	(2,843)		(117,580)	247	(2,481)	63,512		(803)
Increase (decrease) in compensated absences	176,171	126,288	214,441	(86,382)	(169,702)	33,792	1,496	(30,460)
Increase (decrease) in other postemployment benefits payable	391,384	1,651,191	1,331,804	287,200	2,708,700	413,500		402,003
Increase (decrease) in other liabilities	(1)	-	2,393,646	-	33,559			
Net cash used by operating activities:	<u>(31,701,293)</u>	<u>(37,808,994)</u>	<u>(29,282,387)</u>	<u>(11,060,440)</u>	<u>(70,621,182)</u>	<u>(8,278,921)</u>	<u>(985,572)</u>	<u>(7,077,271)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:								
Cash and cash equivalents classified as current assets	16,220,027	16,722,081	2,489,758	169,172	10,183,082	2,917,496	396,479	1,713,751
Cash and cash equivalents classified as noncurrent assets				290,657		481,787		
Cash and cash equivalents at the end of the year	<u>\$16,220,027</u>	<u>\$16,722,081</u>	<u>\$2,489,758</u>	<u>\$459,829</u>	<u>\$10,183,082</u>	<u>\$3,399,283</u>	<u>\$396,479</u>	<u>\$1,713,751</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES								
Capital Appropriations for purchase of equipment, buildings, or land					\$3,452,179			
Noncash capital grant/gift of capital assets								
(Loss) on disposal of capital assets					(10,534)			
Unrealized gain on investments								
(Decrease) in noncapital accounts and contracts payable								
(Decrease) in accrued interest payable								
Capitalized interest including capitalized amortization								
Amortization of bond premium								
Accretion of bond discount								
Amortization of bond issuance costs								
(Decrease) in capital accounts and retainage payable								

* Effective July 1, 2013, the campuses of Capital Area Technical College (CATC) merged with Baton Rouge Community College (BRCC), and the Technical Division was combined with the Board Office. The beginning balances for BRCC and the Board office for the fiscal year ended June 30, 2014 have been restated to reflect this change.

(Concluded)

Schedule 5

* 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	System Eliminating Entries	Total Per System
(\$19,421,165)	(\$12,116,393)	(\$13,782,300)	(\$5,716,502)	(\$7,659,191)	(\$26,785,835)	(\$13,317,264)	(\$9,481,550)	\$20,232,584	(\$301,291,340)
629,632	263,725	686,207	220,190	411,842	1,858,756	658,796	9,481,550		22,188,950
194,348	61,784	(76,772)	(575,152)	(553,151)	282,148	(830,620)			(2,238,282)
1,684	(9,566)		(11,272)		(19,098)				2,657
			66,783					2,833,778	695,520
(216,698)	(52,299)	24,267	(76,982)	(177,438)	(164,559)	457,257			44,961
39,638	(33,536)	20,143	(86,812)	(10,739)	(270,617)	(79,990)			374,579
(3,906)	(71,397)	20,844	(1,296)	(10,539)	(250,681)	807			487,824
(78,949)	(28,031)	21,900	(33,371)	(3,373)	(5,938)	(26,490)			(376,116)
634,746	467,702	204,121	375,400	337,200	776,918	487,287			111,392
			52,590	-	-			(2,833,778)	10,469,156
(18,220,670)	(11,518,011)	(12,881,590)	(5,786,424)	(7,665,389)	(24,578,906)	(12,650,217)		20,232,584	(353,984)
									(269,884,683)
3,208,261	2,434,752	3,617,084	1,463,087	6,261,847	17,644,463	9,444,359			94,885,699
17,984							63,698,287		64,488,715
<u>\$3,226,245</u>	<u>\$2,434,752</u>	<u>\$3,617,084</u>	<u>\$1,463,087</u>	<u>\$6,261,847</u>	<u>\$17,644,463</u>	<u>\$9,444,359</u>	<u>\$63,698,287</u>	<u>NONE</u>	<u>\$159,374,414</u>
	\$195,000					\$2,082,584			\$5,534,763
					\$6,500	2,177,772			2,379,272
\$14,846		(\$8,978)	(\$38,304)		(2,400)				(60,216)
						\$52			14,898
							(\$122,921)		(122,921)
							(73,594)		(73,594)
							888,302		888,302
							569,334		569,334
							643,120		643,120
							470,364		470,364
							(217,386)		(217,386)

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

**Combining Schedule of Net Position, by College
For the Year Ended June 30, 2013**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Capital Area Technical College	Central Louisiana Technical Community College	Delgado Community College
ASSETS						
Current assets:						
Cash and cash equivalents	\$18,480,944	\$18,112,080		\$1,156,201	\$1,148,765	\$10,236,305
Receivables, net	887,540	3,563,239	\$4,535,818	289,629	354,602	13,216,815
Due from State Treasury	716,902					
Due from federal government	6,667,360	1,193,295	184,917	8,424	182,246	3,664,458
Due from LCTCS colleges/LCTCS	2,427,031	222,704	141,331	54,698	284,339	403,820
Inventories						
Deferred charges and prepaid expenses		254,222	37,819		25,715	662,830
Other current assets						
Total current assets	29,179,777	23,345,540	4,899,885	1,508,952	1,995,667	28,184,228
Noncurrent Assets						
Restricted assets:						
Cash and cash equivalents					290,829	
Investments		296,485	124,466			3,556,292
Receivable, net						
Notes receivable, net						21,473
Capital assets, net	14,677,130	20,872,564	2,659,417	2,141,326	2,785,412	44,692,377
Other noncurrent assets						
Total noncurrent assets	14,677,130	21,169,049	2,783,883	2,141,326	3,076,241	48,270,142
Total assets	43,856,907	44,514,589	7,683,768	3,650,278	5,071,908	76,454,370
LIABILITIES						
Current liabilities:						
Accounts payable and accruals	14,083,189	1,700,317	2,508,219	401,329	485,483	5,784,516
Due to federal government	295				18,767	
Due to LCTCS college/LCTCS	3,221,756	94,023	524,673		73,790	1,466,423
Unearned revenues	389,038	761,332	1,457,218	113,447	349,966	3,768,868
Amounts held in custody for others	9,973		864,792	7,896	14,047	204,620
Compensated absences payable	76,909	128,200	78,509	83,954	123,294	375,637
Capital lease obligations						80,000
Contracts payable						
Bonds payable, net						
Other current liabilities	1		440,132			26,947
Total current liabilities	17,781,161	2,683,872	5,873,543	606,626	1,065,347	11,707,011
Noncurrent liabilities:						
Compensated absences payable	902,751	1,829,621	1,893,782	742,989	507,241	4,561,839
Capital lease obligations						3,340,000
Contracts payable						
OPEB payable	2,912,336	10,894,300	14,282,403	5,988,518	6,209,985	32,842,400
Bonds payable, net						
Total noncurrent liabilities	3,815,087	12,723,921	16,176,185	6,731,507	6,717,226	40,744,239
Total liabilities	21,596,248	15,407,793	22,049,728	7,338,133	7,782,573	52,451,250
NET POSITION						
Net investment in capital assets	14,677,130	20,872,564	2,659,417	2,141,326	2,785,412	41,272,377
Restricted for:						
Nonexpendable		240,000	100,000		288,536	2,682,105
Expendable	6,860,995	11,091,478	392,438	707,488	2,564,226	14,650,947
Unrestricted	722,534	(3,097,246)	(17,517,815)	(6,536,669)	(8,348,839)	(34,602,309)
Total Net Position	\$22,260,659	\$29,106,796	(\$14,365,960)	(\$3,687,855)	(\$2,710,665)	\$24,003,120

* Effective July 1, 2012, the campuses of Acadiana Technical College (ATC) merged with South Louisiana Community College (SLCC), and the campuses of Northeast Louisiana Technical College (NELTC) merged with Louisiana Delta Community College (LDCC). The beginning balances for SLCC and LDCC for the fiscal year ended June 30, 2013, have been restated to reflect this change.

(Continued)

Schedule 6

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*
\$2,219,732	\$85,728	\$1,312,169	\$4,548,452	\$2,752,676	\$4,303,147	\$1,012,445	\$6,668,359	\$12,648,174
551,114	8	653,082	1,742,281	279,100	516,379	461,930	995,948	1,271,462
502,814		5,680	296,904	158,353	57,999	71,896	86,386	4,453,255
102,925		56,510	582,291	686,957	152,071	55,420	113,877	321,719
40,248		1,836	8,576					
20,238		21,199		18,610	5,902	12,323	4,479	800
3,437,071	85,736	2,050,476	7,178,504	3,895,696	5,035,498	1,729,368	7,869,049	18,695,410
466,429			55,000					200,000
		120,000	422,912					
			60,000					
16,568,216		3,132,441	6,932,723	1,140,266	5,795,288	2,648,042	2,189,933	9,256,776
17,034,645	NONE	3,252,441	7,470,635	1,140,266	5,795,288	2,648,042	2,189,933	9,456,776
20,471,716	85,736	5,302,917	14,649,139	5,035,962	10,830,786	4,377,410	10,058,982	28,152,186
514,262	7,809	840,534	1,295,430	482,702	384,503	354,365	866,312	1,423,265
1,386			3,024	91,707				
40,187	74,983	8,583		99	10,179	48,813		42,092
223,904		189,965	195,197	233,012	177,236	483,159	639,686	1,019,236
		3,099	27,313	77,847	202,086	7,300	17,753	450,065
17,594	3,196	39,688	71,136	71,558	86,930	20,574	267,055	240,910
						7,285		
797,333	85,988	1,081,869	1,592,100	956,925	860,934	921,496	1,790,806	3,175,568
659,085	25,915	611,442	1,034,050	558,934	678,441	389,874	333,215	1,262,756
4,427,000		3,234,181	8,022,335	4,550,775	6,124,627	3,180,354	5,385,600	14,085,582
5,086,085	25,915	3,845,623	9,056,385	5,109,709	6,803,068	3,570,228	5,718,815	15,348,338
5,883,418	111,903	4,927,492	10,648,485	6,066,634	7,664,002	4,491,724	7,509,621	18,523,906
16,568,216		3,132,441	6,932,723	1,140,266	5,795,288	2,648,042	2,189,933	9,256,776
571,200		120,000	415,489					200,000
1,412,511		936,890	3,205,469	2,035,544	2,300,019	861,713	2,578,406	7,674,786
(3,963,629)	(26,167)	(3,813,906)	(6,553,027)	(4,206,482)	(4,928,523)	(3,624,069)	(2,218,978)	(7,503,282)
\$14,588,298	(\$26,167)	\$375,425	\$4,000,654	(\$1,030,672)	\$3,166,784	(\$114,314)	\$2,549,361	\$9,628,280

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

**Combining Schedule of Net Position, by College
For the Year Ended June 30, 2013**

	SOWELA Technical Community College	Technical Division	Facilities Corporations	System Eliminating Entries	Total Per System
ASSETS					
Current assets:					
Cash and cash equivalents	\$7,486,763	\$833,751			\$93,005,691
Receivables, net	669,489	351			29,988,787
Due from state treasury					716,902
Due from federal government	465,820				17,999,807
Due from LCTCS colleges/LCTCS	78,442			(\$5,684,135)	
Inventories	3,492				13,904
Deferred charges and prepaid expenses					1,084,147
Other current assets					135,592
Total current assets	<u>8,704,006</u>	<u>834,102</u>	<u>NONE</u>	<u>(5,684,135)</u>	<u>142,944,830</u>
Noncurrent Assets					
Restricted assets:					
Cash and cash equivalents			\$60,583,669		61,595,927
Investments	46,868		62,775,980		67,343,003
Receivable, net					60,000
Notes receivable, net					21,473
Capital assets, net	9,580,661		248,086,186		393,158,758
Other noncurrent assets			3,974,628		3,974,628
Total noncurrent assets	<u>9,627,529</u>	<u>NONE</u>	<u>375,420,463</u>	<u>NONE</u>	<u>526,153,789</u>
Total assets	<u>18,331,535</u>	<u>834,102</u>	<u>375,420,463</u>	<u>(5,684,135)</u>	<u>669,098,619</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accruals	561,594	19,577	2,872,379		34,585,785
Due to federal government					115,179
Due to LCTCS college/LCTCS	10,365	68,169		(5,684,135)	
Unearned revenues	595,015				10,596,279
Amounts held in custody for others	6,197				1,892,988
Compensated absences payable	94,455	9,576			1,789,175
Capital lease obligations					80,000
Contracts payable			68,316		68,316
Bonds payable, net			10,140,000		10,140,000
Other current liabilities			3,555,174		4,029,539
Total current liabilities	<u>1,267,626</u>	<u>97,322</u>	<u>16,635,869</u>	<u>(5,684,135)</u>	<u>63,297,261</u>
Noncurrent liabilities:					
Compensated absences payable	660,140	76,679			16,728,754
Capital lease obligations					3,340,000
Contracts payable			51,237		51,237
OPEB payable	5,568,346	318,567			128,027,309
Bonds payable, net			317,712,746		317,712,746
Total noncurrent liabilities	<u>6,228,486</u>	<u>395,246</u>	<u>317,763,983</u>	<u>NONE</u>	<u>465,860,046</u>
Total liabilities	<u>7,496,112</u>	<u>492,568</u>	<u>334,399,852</u>	<u>(5,684,135)</u>	<u>529,157,307</u>
NET POSITION					
Net investment in capital assets	9,580,661		4,279,134		145,931,706
Restricted for:					
Nonexpendable					4,617,330
Expendable	2,134,744	49	36,741,477		96,149,180
Unrestricted	(879,982)	341,485			(106,756,904)
Total Net Position	<u>\$10,835,423</u>	<u>\$341,534</u>	<u>\$41,020,611</u>	<u>NONE</u>	<u>\$139,941,312</u>

(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, 2013**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Capital Area Technical College	Central Louisiana Technical Community College	Delgado Community College
OPERATING REVENUES						
Student tuition and fees		\$24,633,749	\$22,763,484	\$5,174,259	\$6,178,060	\$54,138,715
Less scholarship allowances		(8,661,752)	(8,481,277)	(4,366,077)	(4,780,508)	(13,174,123)
Net student tuition and fees		15,971,997	14,282,207	808,182	1,397,552	40,964,592
Federal grants and contracts	\$31,125,374	1,189,780	1,923,688	756,715	1,327,057	4,074,250
State and local grants and contracts	2,985,594	896,036	487,751	256,316	563,262	1,758,922
Nongovernmental grants and contracts	223,547	8,677	214,788		28,206	1,344,731
Sales and services of educational departments			44,311	101,989		
Interagency revenue	6,808,796	118,469	46,231	9,865		
Auxiliary enterprise revenues		291,864	526,606	423,434	274,565	1,021,147
Less scholarship allowances			(21,719)			
Net auxiliary revenues		291,864	504,887	423,434	274,565	1,021,147
Other operating revenues	24	40,577	24,379	1,599	4,639	168,928
Total operating revenues	41,143,335	18,517,400	17,528,242	2,358,100	3,595,281	49,332,570
OPERATING EXPENSES						
Educational and general:						
Instruction		14,205,931	21,154,038	6,256,077	7,735,640	51,969,746
Public service			714,045			
Academic support	42,416,904	3,638,235	1,623,595	650,042	513,146	9,210,568
Student services		6,376,478	3,662,515	829,185	1,160,575	6,339,829
Institutional support	15,511,512	7,984,016	5,756,090	2,326,481	2,394,377	15,196,633
Operations and maintenance of plant	330,075	4,354,341	2,259,215	1,300,789	1,348,691	10,715,277
Depreciation	1,811,955	1,113,848	270,608	317,107	403,461	2,655,987
Scholarships and fellowships		7,647,218	13,477,163	1,687,215	2,047,096	33,485,799
Auxiliary enterprises		39,290	2,268,710	172,696	466,910	2,376,463
Interagency expense	118,469	763,866	755,081	250,079	251,420	2,004,800
Other operating expenses						
Total operating expenses	60,188,915	46,123,223	51,941,060	13,789,671	16,321,316	133,955,102
OPERATING LOSS	(19,045,580)	(27,605,823)	(34,412,818)	(11,431,571)	(12,726,035)	(84,622,532)
NONOPERATING REVENUES (Expenses)						
State appropriations	16,081,967	10,040,398	8,251,039	6,387,606	6,296,538	29,196,515
Gifts					3,000	
Federal nonoperating revenues		14,958,064	20,095,101	3,266,393	3,938,803	45,240,431
Net investment income	41,589	78,923	6,178	1,671	1,129	397,173
Interest expense						(127,373)
Other nonoperating revenues (expenses)	1,900,319	994,047	1,058,108	259,835	806,356	2,251,155
Net nonoperating revenues (expenses)	18,023,875	26,071,432	29,410,426	9,915,505	11,045,826	76,957,901
Income (loss) before other revenues and additions	(1,021,705)	(1,534,391)	(5,002,392)	(1,516,066)	(1,680,209)	(7,664,631)
Capital appropriations		214,722				2,737,113
Capital grants and gifts			622,337			
Additions to permanent endowments					3,806	
Other deductions, net						
Increase (decrease) in net position	(1,021,705)	(1,319,669)	(4,380,055)	(1,516,066)	(1,676,403)	(4,927,518)
NET POSITION - BEGINNING OF YEAR (Restated)	23,282,364	30,426,465	(9,985,905)	(2,171,789)	(1,034,262)	28,930,638
NET POSITION - END OF YEAR	\$22,260,659	\$29,106,796	(\$14,365,960)	(\$3,687,855)	(\$2,710,665)	\$24,003,120

* Effective July 1, 2012, the campuses of Acadiana Technical College (ATC) merged with South Louisiana Community College (SLCC), and the campuses of Northeast Louisiana Technical College (NELTC) merged with Louisiana Delta Community College (LDCC). The beginning balances for SLCC and LDCC for the fiscal year ended June 30, 2013, have been restated to reflect this change.

(Continued)

Schedule 7

Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College*	Northshore Technical Community College	Northwest Louisiana Technical College	River Parishes Community College	South Central Louisiana Technical College	South Louisiana Community College*
\$4,519,203 (2,760,099)		\$5,176,006 (1,964,719)	\$10,719,562 (6,084,488)	\$6,006,843 (3,079,044)	\$3,974,298 (3,681,476)	\$6,315,559 (2,500,323)	\$4,540,335 (1,727,299)	\$15,102,949 (7,613,952)
1,759,104		3,211,287	4,635,074	2,927,799	292,822	3,815,236	2,813,036	7,488,997
723,651		523,308	3,188,927	1,430,086	943,479	499,556	309,044	2,925,154
310,929		865,974	1,897,149	771,270	132,911	132,493	1,137,212	1,193,462
		85,658	163,100	3,679			359,213	10,483
37,070		372,812	4,688	2,696	15,620			15,296
				6,000				
28,740		36,642	9,781			7,234		140,977
28,740		36,642	9,781			7,234		140,977
10,083			61,825	38,655	18,550	60,471	1,144	14,307
2,869,577	NONE	5,095,681	9,960,544	5,180,185	1,403,382	4,514,990	4,619,649	11,788,676
4,279,761	\$560,662	6,940,341	12,431,343	7,275,330	7,014,915	4,243,524	6,113,340	16,739,861
784,658	304,663	1,735,966	2,586,651	1,308,339	239,316	988,326	313,615	2,937,758
1,020,768		779,441	2,559,702	1,293,250	1,216,565	902,342	653,727	3,086,154
2,427,474	4,571	2,674,572	6,318,381	2,909,906	2,180,121	2,053,243	2,873,771	4,851,454
1,533,460		668,160	2,363,905	1,142,516	1,216,472	919,234	804,988	4,294,526
627,009		442,396	626,749	450,182	735,852	136,414	379,814	1,877,081
2,344,520		2,349,176	3,407,955	3,085,515	2,475,833	2,802,079	1,221,149	6,751,677
1,179		2,251	95,478		65,701		40,747	99,173
191,431	76,874	209,724	444,556	236,337	240,837	229,478	192,458	661,440
32,322								
13,242,582	946,770	15,802,027	30,834,720	17,701,375	15,385,612	12,274,640	12,593,609	41,299,124
(10,373,005)	(946,770)	(10,706,346)	(20,874,176)	(12,521,190)	(13,982,230)	(7,759,650)	(7,973,960)	(29,510,448)
3,318,793	977,734	2,968,884	8,446,099	5,578,903	6,978,626	3,286,949	4,868,548	14,403,973
24,400		467,872	5,500	2,400	4,276	57,600	1,350	7,378
5,030,372		3,638,102	8,740,223	5,155,282	4,890,760	3,707,644	2,470,865	11,519,055
5,705	151	19,658	33,172	3,695	8,576		6,386	17,535
15,291	369	120,000	467,173	582,341	369,131	582,389	826,945	209,483
8,394,561	978,254	7,214,516	17,692,167	11,322,621	12,251,369	7,634,582	8,174,094	26,157,424
(1,978,444)	31,484	(3,491,830)	(3,182,009)	(1,198,569)	(1,730,861)	(125,068)	200,134	(3,353,024)
223,789		125,000		5,000		2,000,000		3,954
			100,000					
(11,415)								
(1,766,070)	31,484	(3,366,830)	(3,082,009)	(1,193,569)	(1,730,861)	1,874,932	200,134	(3,349,070)
16,354,368	(57,651)	3,742,255	7,082,663	162,897	4,897,645	(1,989,246)	2,349,227	12,977,350
\$14,588,298	(\$26,167)	\$375,425	\$4,000,654	(\$1,030,672)	\$3,166,784	(\$114,314)	\$2,549,361	\$9,628,280

**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, 2013**

	SOWELA Technical Community College	Technical Division	Facilities Corporations	System Eliminating Entries	Total Per System
OPERATING REVENUES					
Student tuition and fees	\$7,474,021				\$176,717,043
Less scholarship allowances	(3,965,500)				(72,840,637)
Net student tuition and fees	3,508,521				103,876,406
Federal grants and contracts	580,408			(\$11,196,518)	40,323,959
State and local grants and contracts	248,474	\$1		(1,700,293)	11,937,463
Nongovernmental grants and contracts	142,119			(190,955)	2,393,246
Sales and services of educational departments	5,461				599,943
Interagency revenue				(6,989,361)	
Auxiliary enterprise revenues	43,270				2,804,260
Less scholarship allowances					(21,719)
Net auxiliary revenues	43,270				2,782,541
Other operating revenues	5,022				450,203
Total operating revenues	<u>4,533,275</u>	<u>1</u>	<u>NONE</u>	<u>(20,077,127)</u>	<u>162,363,761</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	7,574,871				174,495,380
Public service					714,045
Academic support	1,361,741	44,741		(21,099,766)	49,558,498
Student services	1,454,735	2,363			31,337,629
Institutional support	3,139,574	1,049,731			79,651,907
Operations and maintenance of plant	1,327,052				34,578,701
Depreciation	667,522		\$7,157,531		19,673,516
Scholarships and fellowships	2,992,591				85,774,986
Auxiliary enterprises	41,849				5,670,447
Interagency expense	294,342	68,169		(6,989,361)	
Other operating expenses					32,322
Total operating expenses	<u>18,854,277</u>	<u>1,165,004</u>	<u>7,157,531</u>	<u>(28,089,127)</u>	<u>481,487,431</u>
OPERATING LOSS	<u>(14,321,002)</u>	<u>(1,165,003)</u>	<u>(7,157,531)</u>	<u>8,012,000</u>	<u>(319,123,670)</u>
NONOPERATING REVENUES (Expenses)					
State appropriations	6,105,642	1,094,138			134,282,352
Gifts	431,800				1,005,576
Federal nonoperating revenues	5,804,081				138,455,176
Net investment income	31,954		450,359		1,103,854
Interest expense			(11,769,205)		(11,896,578)
Other nonoperating revenues (revenues)	1,725,590		(3,327,172)	(8,012,000)	829,360
Net nonoperating revenues (expenses)	<u>14,099,067</u>	<u>1,094,138</u>	<u>(14,646,018)</u>	<u>(8,012,000)</u>	<u>263,779,740</u>
Income (loss) before other revenues and additions	<u>(221,935)</u>	<u>(70,865)</u>	<u>(21,803,549)</u>		<u>(55,343,930)</u>
Capital appropriations			29,260,706		34,561,330
Capital grants and gifts	1,854,218		1,118,682		3,604,191
Additions to permanent endowments					103,806
Other deductions, net					(11,415)
Increase (decrease) in net position	<u>1,632,283</u>	<u>(70,865)</u>	<u>8,575,839</u>		<u>(17,086,018)</u>
NET POSITION - BEGINNING OF YEAR (Restated)	<u>9,203,140</u>	<u>412,399</u>	<u>32,444,772</u>		<u>157,027,330</u>
NET POSITION - END OF YEAR	<u>\$10,835,423</u>	<u>\$341,534</u>	<u>\$41,020,611</u>	<u>NONE</u>	<u>\$139,941,312</u>

(Concluded)

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

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2013**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Capital Area Technical College	Central Louisiana Technical Community College	Delgado Community College
CASH FLOWS FROM OPERATING ACTIVITIES:						
Tuition and fees		\$14,762,324	\$6,142,345	\$886,297	\$3,734,176	\$37,776,240
Grants and contracts	\$37,712,813	938,042	1,705,332	1,278,670	2,572,736	7,441,292
Sales and services of educational departments			44,311	101,989		
Auxiliary enterprise receipts		262,526	512,177	423,434	274,981	1,021,147
Payments for employee compensation	(4,750,841)	(20,337,966)	(20,352,026)	(5,790,535)	(6,822,781)	(55,952,349)
Payments for benefits	(2,433,139)	(7,304,224)	(6,323,526)	(2,438,522)	(2,964,563)	(20,462,723)
Payments for utilities		(1,432,682)	(690,895)	(373,142)	(476,040)	(2,982,839)
Payments for supplies and services	(53,764,691)	(9,315,976)	(10,890,927)	(2,578,984)	(2,747,673)	(14,795,005)
Payments for scholarships and fellowships		(7,560,785)	(2,290,249)	(1,653,359)	(4,370,841)	(33,485,799)
Other receipts (payments)	6,815,020	146,073	956,946	(255,137)	(763,028)	163,079
Net cash used by operating activities	(16,420,838)	(29,842,668)	(31,186,512)	(10,399,289)	(11,563,033)	(81,276,957)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	16,081,967	10,040,398	8,257,245	6,390,451	6,299,293	29,208,486
Gifts and grants for other than capital purposes	1,900,319	15,173,064	21,202,726	3,496,393	4,791,803	48,204,567
Private gifts for endowment purposes					3,806	
Taylor Opportunity Program for Students receipts		811,821	688,103	30,750	180,099	1,111,260
Taylor Opportunity Program for Students disbursement		(811,821)	(876,472)	(30,750)	(180,099)	(1,242,921)
Federal Emergency Management Agency receipts					110	572,543
Federal Emergency Management Agency disbursements					(110)	(776,260)
Direct lending receipts		24,950,222	31,257,247			64,587,225
Direct lending disbursements		(24,950,222)	(31,257,247)			(66,373,460)
Other receipts		700,434	(14,880)	29,835	18,268	2,462,040
Net cash provided (used) by noncapital financing activities	17,982,286	25,913,896	29,256,722	9,916,679	11,113,170	77,753,480
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt						
Capital appropriations received		214,722				
Capital grants and gifts received			788,997			
Purchases of capital assets	(4,646,341)	(343,241)	(262,139)	(25,804)	(93,778)	(799,560)
Principal paid on capital debt and leases						(157,500)
Interest paid on capital debt and leases						(127,373)
Deposit with trustees						
Other sources (uses)			440,132			
Net cash provided by capital and related financing activities	(4,646,341)	(128,519)	966,990	(25,804)	(93,778)	(1,084,433)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments						
Interest received on investments	41,589	53,577	6,178	1,671	1,129	397,173
Purchase of investments						(199,138)
Net cash provided (used) by investing activities	41,589	53,577	6,178	1,671	1,129	198,035
Net Increase (decrease) in Cash	(3,043,304)	(4,003,714)	(956,622)	(506,743)	(542,512)	(4,409,875)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, Restated	21,524,248	22,115,794	956,622	1,662,944	1,982,106	14,646,180
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$18,480,944	\$18,112,080	NONE	\$1,156,201	\$1,439,594	\$10,236,305

* Effective July 1, 2012, the campuses of Acadiana Technical College (ATC) merged with South Louisiana Community College (SLCC), and the campuses of Northeast Louisiana Technical College (NELTC) merged with Louisiana Delta Community College (LDCC). The beginning balances for SLCC and LDCC for the fiscal year ended June 30, 2013, have been restated to reflect this change.

(Continued)

Schedule 8

Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College*	Northshore Technical Community College	Northwest Louisiana Technical College	River Parishes Community College	South Central Louisiana Technical College	South Louisiana Community College*
\$1,563,267		\$3,199,605	\$3,940,502	\$2,131,295	\$157,552	\$3,622,056	\$2,876,457	\$7,362,986
1,097,774		1,473,975	4,856,854	2,708,351	1,639,126	769,847	1,538,617	4,392,588
37,070		372,812	4,688	2,696	15,620			15,296
25,250		36,642	44,174			7,234		140,977
(5,910,385)	(\$675,112)	(5,699,169)	(13,125,885)	(7,333,630)	(6,089,510)	(4,981,807)	(4,941,249)	(15,736,293)
(2,115,987)	(186,134)	(2,124,422)	(5,250,790)	(2,772,822)	(3,060,960)	(1,289,077)	(2,042,836)	(6,347,260)
(381,990)		(378,903)	(580,818)	(332,440)	(502,439)	(207,615)	(305,976)	(1,140,371)
(1,478,033)	(26,932)	(4,794,771)	(6,312,324)	(2,185,840)	(1,917,029)	(2,147,181)	(3,100,515)	(7,685,031)
(2,370,279)		(1,964,719)	(3,282,768)	(3,075,240)	(2,547,612)	(2,940,255)	(1,221,149)	(6,263,247)
43,752	(40,226)	734	(360,002)	(143,791)	(47,235)	60,471	(206,889)	(779,524)
(9,489,561)	(928,404)	(9,878,216)	(20,066,369)	(11,001,421)	(12,352,487)	(7,106,327)	(7,403,540)	(26,039,879)
3,320,281	977,734	2,968,884	8,450,199	5,081,185	6,981,872	3,286,949	4,870,709	14,410,066
5,011,490		4,225,974	8,992,723	5,690,447	5,270,636	4,232,279	3,212,299	7,248,082
133,205		231,380	340,855	153,565	53,503	346,079	155,997	153,565
(133,205)		(231,380)	(340,855)	(153,565)	(53,503)	(346,079)	(155,997)	(153,565)
1,900,200						5,386,399		
(1,900,200)						(5,386,399)		
	369		220,173		9,750		86,861	209,483
8,331,771	978,103	7,194,858	17,703,095	10,771,632	12,262,258	7,519,228	8,169,869	21,867,631
223,789		125,000						
(310,465)		(738,878)	(257,169)	(224,609)	(119,349)		(223,605)	(2,584,483)
10,511								
(76,165)	NONE	(613,878)	(257,169)	(224,609)	(119,349)	NONE	(223,605)	(2,584,483)
5,705	151	19,658	21,182	3,695	8,576		6,386	17,535
5,705	151	19,658	21,182	3,695	8,576	NONE	6,386	17,535
(1,228,250)	49,850	(3,277,578)	(2,599,261)	(450,703)	(201,002)	412,901	549,110	(6,739,196)
3,914,411	35,878	4,589,747	7,202,713	3,203,379	4,504,149	599,544	6,119,249	19,587,370
\$2,686,161	\$85,728	\$1,312,169	\$4,603,452	\$2,752,676	\$4,303,147	\$1,012,445	\$6,668,359	\$12,848,174

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

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2013**

	SOWELA Technical Community College	Technical Division	Facilities Corporations	System Eliminating Entries	Total Per System
CASH FLOWS FROM OPERATING ACTIVITIES:-					
Tuition and fees	\$3,503,610				\$91,658,712
Grants and contracts	414,093	\$1		(\$13,087,766)	57,452,345
Sales and services of educational departments	5,461				599,943
Auxiliary enterprise receipts	43,270				2,791,812
Payments for employee compensation	(7,788,736)	(522,677)			(186,810,951)
Payments for benefits	(2,942,262)	(259,459)			(70,318,706)
Payments for utilities	(371,784)				(10,157,934)
Payments for supplies and services	(3,277,411)	(276,858)		28,089,127	(99,206,054)
Payments for scholarships and fellowships	(3,066,980)				(76,093,282)
Other receipts (payments)	(157,868)	(364,396)		(6,989,361)	(1,921,382)
Net cash used by operating activities	(13,638,607)	(1,423,389)	NONE	8,012,000	(292,005,497)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:-					
State appropriations	6,103,706	1,094,138			133,823,563
Gifts and grants for other than capital purposes	7,352,381			(8,012,000)	137,993,183
Private gifts for endowment purposes					43,806
Taylor Opportunity Program for Students receipts	500,738				4,890,920
Taylor Opportunity Program for Students disbursement	(500,738)				(5,210,950)
Federal Emergency Management Agency receipts	822				573,475
Federal Emergency Management Agency disbursements	(822)				(777,192)
Direct lending receipts					128,081,293
Direct lending disbursements					(129,867,528)
Other receipts	1,137,689		(\$267,729)		4,592,293
Net cash provided (used) by noncapital financing activities	14,593,776	1,094,138	(267,729)	(8,012,000)	274,142,863
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:-					
Proceeds from capital debt			55,822,084		55,822,084
Capital appropriations received			29,260,706		29,824,217
Capital grants and gifts received	96,500		1,118,682		2,004,179
Purchases of capital assets	(350,764)		(44,040,684)		(55,020,869)
Principal paid on capital debt and leases			(11,580,000)		(11,737,500)
Interest paid on capital debt and leases			(12,520,851)		(12,648,224)
Deposit with trustees			(58,232,354)		(58,232,354)
Other sources (uses)			(2,338,479)		(1,887,836)
Net cash provided by capital and related financing activities	(254,264)	NONE	(42,510,896)	NONE	(51,876,303)
CASH FLOWS FROM INVESTING ACTIVITIES:-					
Proceeds from sales and maturities of investments			7,739,206		7,739,206
Interest received on investments	31,954		450,359		1,066,518
Purchase of investments					(199,138)
Net cash provided (used) by investing activities	31,954	NONE	8,189,565	NONE	8,606,586
Net Increase (decrease) in Cash	732,859	(329,251)	(34,589,060)		(61,132,351)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, Restated	6,753,904	1,163,002	95,172,729		215,733,969
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$7,486,763	\$833,751	\$60,583,669	NONE	\$154,601,618

(Continued)

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

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2013**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Capital Area Technical College	Central Louisiana Technical Community College	Delgado Community College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating loss	(\$19,045,580)	(\$27,605,823)	(\$34,412,818)	(\$11,431,571)	(\$12,726,035)	(\$84,622,532)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation expense	1,811,955	1,113,848	270,608	317,107	403,461	2,655,987
Changes in assets and liabilities:						
(Increase) decrease in receivables, net	2,617,207	(2,504,091)	(45,326)	358,803	471,811	(2,481,937)
(Increase) decrease in inventories				3,358	129,574	
(Increase) decrease in deferred charges and prepaid expenses		(181,902)	(2,013)	8,170	6,539	(485,664)
(Increase) decrease in other assets						
Increase (decrease) in accounts payable	(2,708,841)	(294,854)	843,936	45,455	(442,375)	1,156,648
Increase (decrease) in unearned revenues	389,038	108,629	(328,731)	17,880	216,141	(443,027)
Increase (decrease) in amounts held in custody for others	6,200	(12,973)	864,792	(16,522)	212	(5,853)
Increase (decrease) in compensated absences	174,808	256,672	332,980	(16,023)	(16,161)	(158,340)
Increase (decrease) in other postemployment benefits payable	334,375	(722,174)	1,290,060	314,054	393,800	3,120,920
Increase (decrease) in other liabilities						(13,159)
Net cash used by operating activities	(16,420,838)	(29,842,668)	(31,186,512)	(10,399,289)	(11,563,033)	(81,276,957)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:						
Cash and cash equivalents classified as current assets	18,480,944	18,112,080		1,156,201	1,148,765	10,236,305
Cash and cash equivalents classified as noncurrent assets					290,829	
Cash and cash equivalents at the end of the year	\$18,480,944	\$18,112,080	NONE	\$1,156,201	\$1,439,594	\$10,236,305
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Capital appropriations for purchase of equipment, buildings, or land						\$2,737,113
Noncash capital grant/gift of capital assets						
Noncash grants and gifts						
(Loss) on disposal of capital assets		(\$2,400)	(\$19,705)		(\$61,912)	(263,872)
Unrealized gain on investments						
(Decrease) in noncapital accounts and contracts payable						
(Decrease) in accrued interest payable						
Capitalized interest including capitalized amortization						
Amortization of bond premium						
Accretion of bond discount						
Amortization of bond issuance costs						
Loss on bond refunding						
(Decrease) in capital accounts and retainage payable						

* Effective July 1, 2012, the campuses of Acadiana Technical College (ATC) merged with South Louisiana Community College (SLCC), and the campuses of Northeast Louisiana Technical College (NELTC) merged with Louisiana Delta Community College (LDCC). The beginning balances for SLCC and LDCC for the fiscal year ended June 30, 2013, have been restated to reflect this change.

Schedule 8

Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College*	Northshore Technical Community College	Northwest Louisiana Technical College	River Parishes Community College	South Central Louisiana Technical College	South Louisiana Community College*
(\$10,373,005)	(\$946,770)	(\$10,706,346)	(\$20,874,176)	(\$12,521,190)	(\$13,982,230)	(\$7,759,650)	(\$7,973,960)	(\$29,510,448)
627,009		442,396	626,749	450,182	735,852	136,414	379,814	1,877,081
3,950	117	803,072	(882,030)	477,950	325,766	(272,475)	(332,443)	(250,583)
(33,659)		(380)	45,331					82,943
(250)		5,636	7,679	(4,535)	(3,637)	37,456		(800)
(3,242)	32,617	(281,471)	502,575	(9,100)	170,255	(115,354)		3,076
(106,414)		(518,922)	(166,800)	97,337	96,295	226,569	(122,510)	378,365
		734	7,451	46,762	171,181	11,250	(5,922)	175,683
(33,150)	(14,368)	40,194	(44,609)	41,757	(119,557)	7,639	61,054	(178,955)
429,200		336,871	711,461	419,416	253,588	377,100	396,600	1,010,682
<u>(9,489,561)</u>	<u>(928,404)</u>	<u>(9,878,216)</u>	<u>(20,066,369)</u>	<u>(11,001,421)</u>	<u>(12,352,487)</u>	<u>(7,106,327)</u>	<u>(7,403,540)</u>	<u>(26,039,879)</u>
2,219,732	85,728	1,312,169	4,548,452	2,752,676	4,303,147	1,012,445	6,668,359	12,648,174
466,429			55,000					200,000
<u>\$2,686,161</u>	<u>\$85,728</u>	<u>\$1,312,169</u>	<u>\$4,603,452</u>	<u>\$2,752,676</u>	<u>\$4,303,147</u>	<u>\$1,012,445</u>	<u>\$6,668,359</u>	<u>\$12,848,174</u>

\$5,000

\$2,000,000

\$3,954

(146,048)

(\$16,219)

\$11,990

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

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2013**

	SOWELA Technical Community College	Technical Division	Facilities Corporations	System Eliminating Entries	Total Per System
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating loss	(\$14,321,002)	(\$1,165,003)	(\$7,157,531)	\$8,012,000	(\$319,123,670)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation expense	667,522		7,157,531		19,673,516
Changes in assets and liabilities:					
(Increase) decrease in receivables, net	(628,875)	(351)			(2,339,435)
(Increase) decrease in inventories	12,328				273,154
(Increase) decrease in deferred charges and prepaid expenses	21,722				(625,008)
(Increase) decrease in other assets					(112,528)
Increase (decrease) in accounts payable	65,841	(296,020)			(736,152)
Increase (decrease) in unearned revenues	62,513				235,567
Increase (decrease) in amounts held in custody for others	(41,766)				1,201,229
Increase (decrease) in compensated absences	29,235	51,248			414,424
Increase (decrease) in other postemployment benefits payable	493,875	(13,263)			9,146,565
Increase (decrease) in other liabilities					(13,159)
Net cash used by operating activities	(13,638,607)	(1,423,389)	NONE	8,012,000	(292,005,497)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:					
Cash and cash equivalents classified as current assets	7,486,763	833,751			93,005,691
Cash and cash equivalents classified as noncurrent assets			60,583,669		61,595,927
Cash and cash equivalents at the end of the year	\$7,486,763	\$833,751	\$60,583,669		\$154,601,618
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Capital appropriations for purchase of equipment, buildings, or land					\$2,737,113
Noncash capital grant/gift of capital assets	\$1,757,668				3,762,668
Noncash grants and gifts					3,954
(Loss) on disposal of capital assets	(4,854)				(515,010)
Unrealized gain on investments					11,990
(Decrease) in noncapital accounts and contracts payable			(\$15,847)		(15,847)
(Decrease) in accrued interest payable			(332,685)		(332,685)
Capitalized interest including capitalized amortization			1,646,534		1,646,534
Amortization of bond premium			338,766		338,766
Accretion of bond discount			472,018		472,018
Amortization of bond issuance costs			475,069		475,069
Loss on bond refunding			644,937		644,937
(Decrease) in capital accounts and retainage payable			(2,645,676)		(2,645,676)

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 10, 2014

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, 2014, 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 10, 2014. Our report includes a reference to other auditors who audited the financial statements of the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; and the LCTCS Facilities Corporation, as described in our report on the System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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, 2014. 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, 2014, 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 2014 Management Letter	October 22, 2014	Lack of Controls over Payroll
Bossier Parish Community College	Fiscal Year 2014 Management Letter	Pending	Pending
Central Louisiana Technical Community College	Fiscal Year 2014 Full Scope	Pending	Pending
Delgado Community College	Fiscal Year 2014 Management Letter	December 3, 2014	Noncompliance with Student Financial Assistance Regulations Inadequate System for Tracking Parking Citations
Elaine P. Nunez Community College	None	N/A	N/A
L. E. Fletcher Technical Community College	Fiscal Year 2013 - 2014 Management Letter	September 24, 2014	Noncompliance with Student Financial Assistance Cluster Program Regulations Loss of Fee Revenues Noncompliance with Unclaimed Property Regulations
Louisiana Delta Community College	Fiscal Year 2014 Management Letter	November 12, 2014	None
Northshore Technical Community College	Fiscal Year 2014 Full Scope	October 22, 2014	None
Northwest Louisiana Technical College	None	N/A	N/A
River Parishes Community College	None	N/A	N/A
South Central Louisiana Technical College	None	N/A	N/A
South Louisiana Community College	Fiscal Year 2014 Management Letter	Pending	Pending
SOWELA Technical Community College	None	N/A	N/A

Those reports contain compliance and internal control findings, where applicable, relating to those campuses. 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,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KLD:APD:CLP:BQD:THC:aa

LCTCS 2014