

LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT  
FOR THE YEAR ENDED JUNE 30, 2011  
ISSUED FEBRUARY 8, 2012

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

**LEGISLATIVE AUDITOR**  
DARYL G. PURPERA, CPA, CFE

**FIRST ASSISTANT LEGISLATIVE AUDITOR**  
**AND STATE AUDIT SERVICES**  
PAUL E. PENDAS, CPA

**DIRECTOR OF FINANCIAL AUDIT**  
THOMAS H. COLE, CPA

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

December 14, 2011

Independent Auditor's Report

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

We have audited the accompanying basic financial statements of the Louisiana Community and Technical College System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of management of the Louisiana Community and Technical College System. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the blended component unit financial statements of the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; or the LCTCS Facilities Corporation, which represent 50.45%, 61.25%, 17.64%, and 6.18%, respectively, of the assets, liabilities, net assets, and revenues of the Louisiana Community and Technical College System. Those financial 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to previously present fairly, in all material respects, the financial position of the Louisiana Community and Technical College System as of June 30, 2011, and the changes in its

financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011, on our consideration of the Louisiana Community and Technical College System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 4 through 11 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 49 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana Community and Technical College System's basic financial statements. The accompanying supplementary information schedules of per diem paid board members and combining financial schedules, by college, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

KSH:CLP:BQD:THC:dl

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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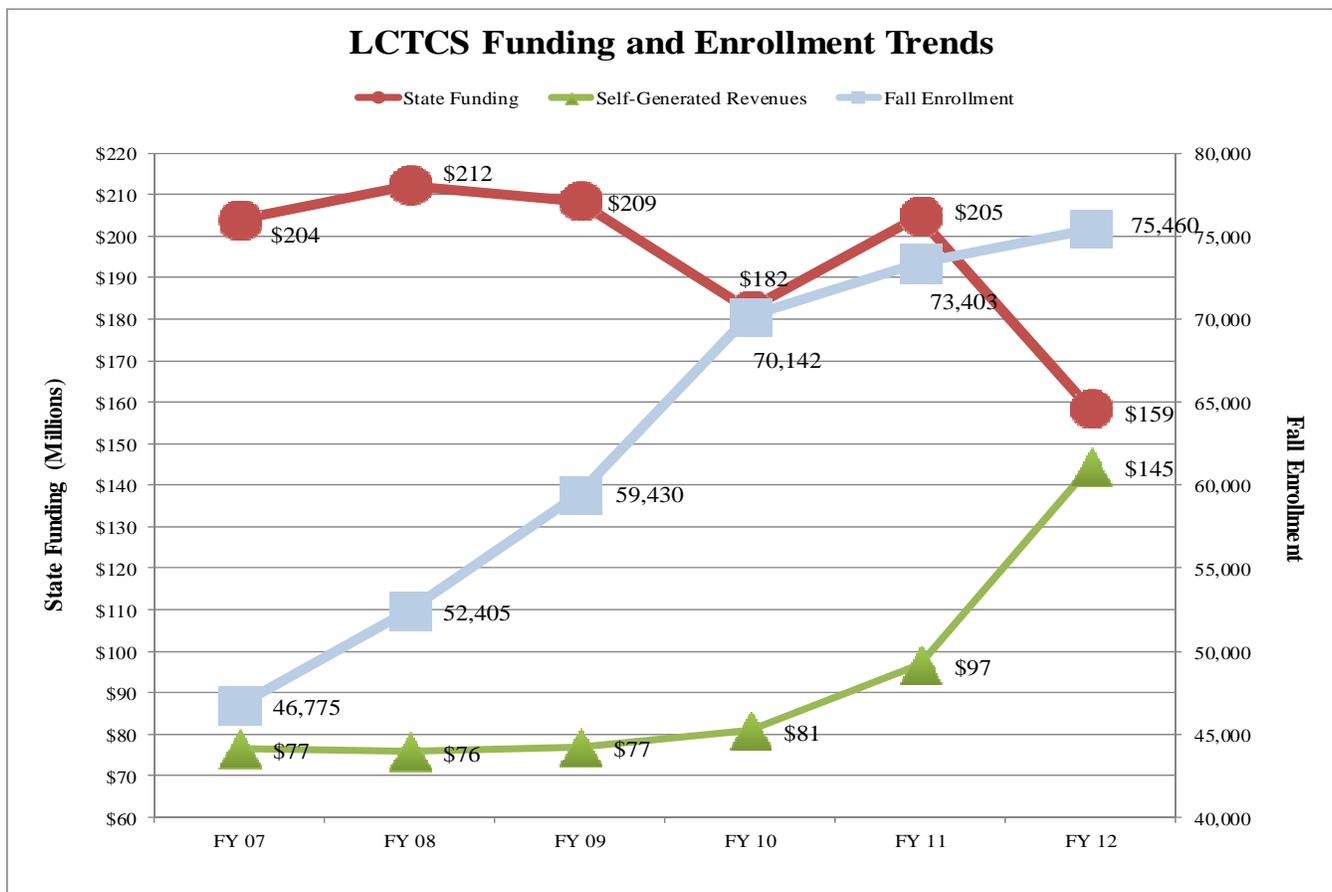
The Management's Discussion and Analysis of the Louisiana Community and Technical College System's (System) financial performance presents a narrative overview and analysis of the System's financial activities for the year ended June 30, 2011. This document focuses on the current year's activities, resulting 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:

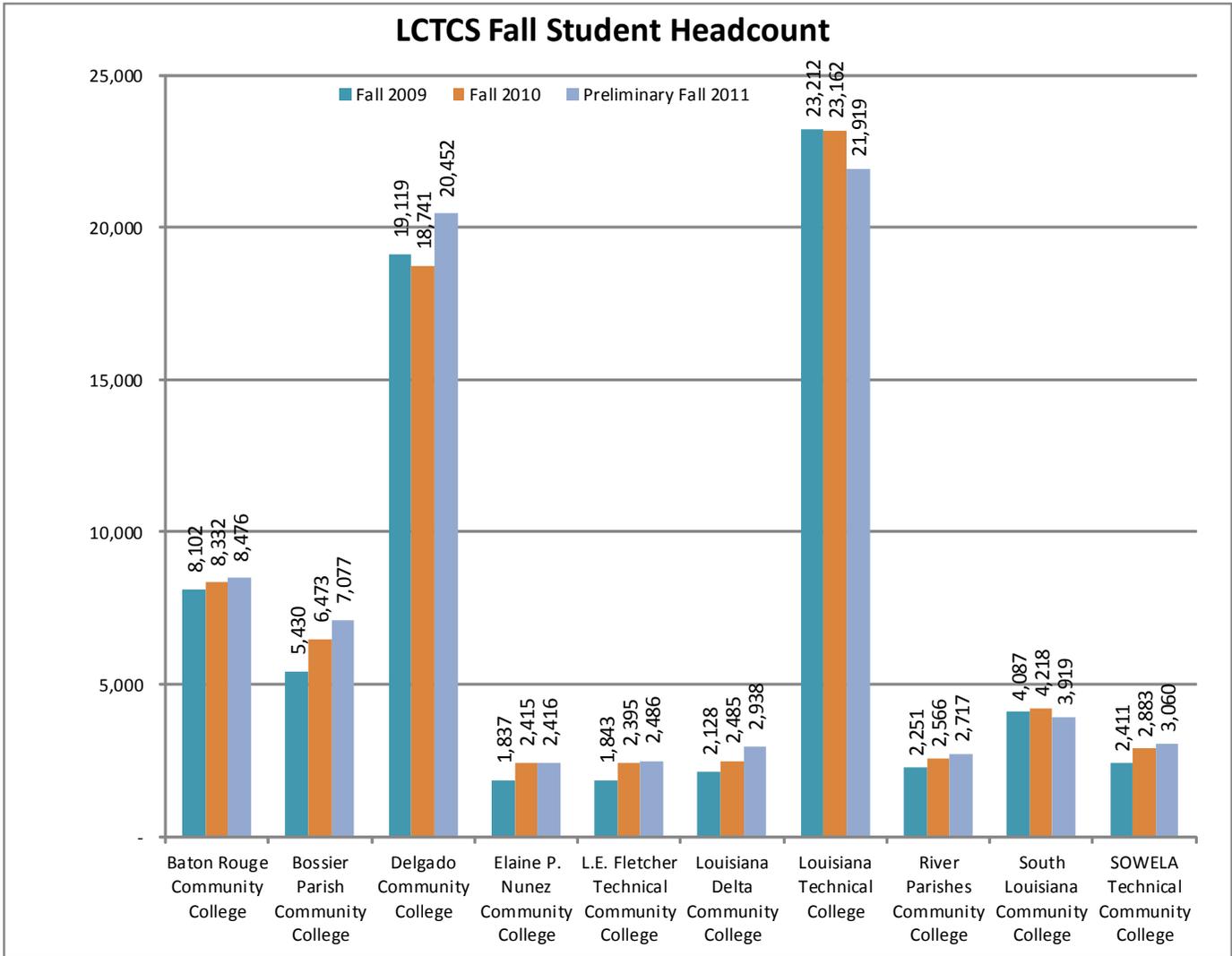
- Board Office
- Baton Rouge Community College
- Bossier Parish Community College
- Delgado Community College
- Elaine P. Nunez Community College
- LCTCS Online
- L.E. Fletcher Technical Community College
- Louisiana Delta Community College
- Louisiana Technical College
  - Capital Area Technical College
  - South Central Louisiana Technical College
  - Acadiana Technical College
  - Central Louisiana Technical College
  - Northwest Louisiana Technical College
  - Northeast Louisiana Technical College
  - Northshore Technical College
- River Parishes Community 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 assets overall changed from \$129.8 million (restated) to \$164.0 million or 26% from July 1, 2010, to June 30, 2011. The overall reasons for the change include the net effect of phase two revenue bond issuance for LCTCS Facilities Corporation on October 1, 2010, with a principal issue of \$64 million for Series 2010, the fourth year of reporting the annual OPEB expense in accordance with Governmental Accounting Standards Board (GASB) Statement No. 45 (*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*) with a total expense for fiscal year 2011 of \$26.4 million and ending liability of \$107 million, completion of the Louisiana Delta Community College campus, an increase in the American Recovery and Reinvestment Act funds of approximately \$16 million, and an increase in capital appropriation of approximately \$15 million.

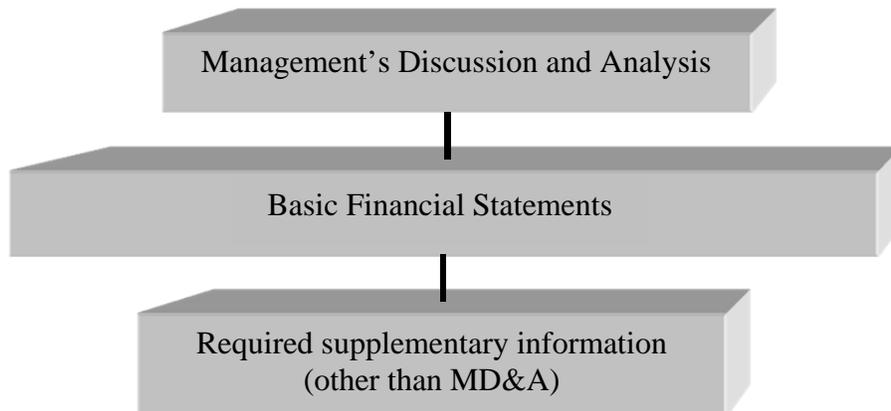
Enrollment changed from 73,403 to 75,460 from fall 2010 to fall 2011, a change of 2.8%. The reasons for this change are attributed to steady increase in students returning since the devastating impact of Hurricane Katrina, student demand for program offerings, national economic downturn, and recruitment and retention efforts.





## 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 Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (pages 12-13) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets 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 Assets (pages 14-15) 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 assets 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 16-17) 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 Assets. All assets and liabilities associated with the operation of the System are included in the Statement of Net Assets.

**FINANCIAL ANALYSIS**

**Table A-1**  
**Louisiana Community and Technical College System**  
**Comparative Statement of Net Assets**  
**(in thousands of dollars)**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

	2011	2010 (Restated)	Variance	Percentage Change
<b>Assets:</b>				
Current and other assets	\$354,999	\$253,451	\$101,548	40%
Capital assets	306,924	290,138	16,786	6%
Total assets	<u>661,923</u>	<u>543,589</u>	<u>118,334</u>	22%
<b>Liabilities:</b>				
Current liabilities	74,747	73,185	1,562	2%
Long-term liabilities	423,208	340,617	82,591	24%
Total liabilities	<u>497,955</u>	<u>413,802</u>	<u>84,153</u>	20%
<b>Net assets:</b>				
Invested in capital assets, net of related debt	140,691	127,946	12,745	10%
Restricted	78,259	63,524	14,735	23%
Unrestricted	(54,982)	(61,683)	6,701	11%
Total net assets	<u>\$163,968</u>	<u>\$129,787</u>	<u>\$34,181</u>	26%

This schedule is prepared from the System's Statement of Net Assets as shown on pages 12-13, which is presented on an accrual basis of accounting. Significant Statement of Net Assets changes in 2011 include the following:

The System's net assets overall changed from \$129.8 million (restated) to \$164.0 million or 26% from July 1, 2010, to June 30, 2011. The overall reasons for change include the net effect of phase two revenue bond issuance for LCTCS Facilities Corporation on October 1, 2010, with a principal issue of \$64 million for Series 2010, the fourth year of reporting the annual OPEB expense in accordance with GASB Statement No. 45 (*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*) with a total expense for fiscal year 2011 of \$26.4 million and ending liability of \$107 million, completion of construction of the Louisiana Delta Community College campus, an increase in the American Recovery and Reinvestment Act funds of approximately \$16 million, and an increase in capital appropriation of approximately \$15 million.

Net assets invested in capital assets, net of related debt, 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 assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are 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 Assets**  
**(in thousands of dollars)**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

	2011	2010 (Restated)	Variance	Percentage Change
<b>Operating revenues</b>				
Student tuition and fees, net	\$82,170	\$60,105	\$22,065	36.7%
Grants and contracts	66,714	59,540	7,174	12.0%
Sales and services of education departments	1,406	1,395	11	0.8%
Auxiliary, net	2,398	4,686	(2,288)	-48.8%
Other	3,147	3,573	(426)	-11.9%
<b>Total operating revenues</b>	<b>155,835</b>	<b>129,299</b>	<b>26,536</b>	<b>20.5%</b>
<b>Nonoperating revenues:</b>				
State appropriations	158,816	153,592	5,224	3.4%
Gifts	1,053	688	365	53.1%
Investment income	1,018	779	239	30.7%
Federal nonoperating revenues	144,850	117,764	27,086	23.0%
American Recovery and Reinvestment Act revenues	42,485	26,561	15,924	60.0%
Other nonoperating revenues	771	(771)	-100.0%	
<b>Total nonoperating revenues</b>	<b>348,222</b>	<b>300,155</b>	<b>48,067</b>	<b>16.0%</b>
<b>Total revenues</b>	<b>504,057</b>	<b>429,454</b>	<b>74,603</b>	<b>17.4%</b>
<b>Operating expenses</b>				
Education and general:				
Instruction	184,158	177,854	6,304	3.5%
Public service	1,111	1,041	70	6.7%
Academic support	47,802	37,840	9,962	26.3%
Student services	31,372	29,805	1,567	5.3%
Institutional support	71,797	67,210	4,587	6.8%
Operations and maintenance of plant	35,457	33,145	2,312	7.0%
Depreciation	15,659	14,455	1,204	8.3%
Scholarships and fellowships	107,494	85,338	22,156	26.0%
Auxiliary enterprises	2,710	5,720	(3,010)	-52.6%
Other operating expenses	900	573	327	57.1%
<b>Total operating expenses</b>	<b>498,460</b>	<b>452,981</b>	<b>45,479</b>	<b>10.0%</b>
<b>Nonoperating expenses</b>				
Interest expense	10,889	7,369	3,520	47.8%
Other	679	15	664	4426.7%
<b>Total nonoperating expenses</b>	<b>11,568</b>	<b>7,384</b>	<b>4,184</b>	<b>56.7%</b>
<b>Total expenses</b>	<b>510,028</b>	<b>460,365</b>	<b>49,663</b>	<b>10.8%</b>
<b>Loss before other revenues</b>	<b>(5,971)</b>	<b>(30,911)</b>	<b>24,940</b>	<b>-80.7%</b>
Capital appropriations	36,983	22,079	14,904	67.5%
Capital grants and gifts	3,160	1,723	1,437	83.4%
Additions to permanent endowment	9	195	(186)	-95.4%
<b>Other revenues</b>	<b>40,152</b>	<b>23,997</b>	<b>16,155</b>	<b>67.3%</b>

**Table A-2**  
**Louisiana Community and Technical College System**  
**Comparative Statement of Revenues,**  
**Expenses, and Changes in Net Assets**  
**(in thousands of dollars)**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

	2011	2010 (Restated)	Variance	Percentage Change
Change in net assets	\$34,181	(\$6,914)	\$41,095	594.4%
Net assets at beginning of year, restated	129,787	136,701	(6,914)	-5.1%
Net assets at end of year	<u>\$163,968</u>	<u>\$129,787</u>	<u>\$34,181</u>	26.3%

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2011, the System had invested approximately \$306.9 million in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$16.8 million or 6% from the previous fiscal year. The major addition was for the completion of the Louisiana Delta Community College. 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, 2011 and 2010**

	2011	2010 (Restated)	Variance	Percentage Change
Land and improvements	\$33,042	\$25,772	\$7,270	28%
Buildings	213,014	181,061	31,953	18%
Equipment	32,258	26,738	5,520	21%
Software - development-in-progress	6,089		6,089	100%
Construction-in-progress	22,521	56,567	(34,046)	-60%
Total	<u>\$306,924</u>	<u>\$290,138</u>	<u>\$16,786</u>	6%

**Debt**

The System had \$301.4 million in bonds and notes outstanding at the year-end compared to \$236.2 million last year, an increase of 27.6%. 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 this 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)
- Implementation of a system wide ERP
- Anticipated enrollment 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 Assets  
June 30, 2011**

**ASSETS**

Current assets:

Cash and cash equivalents (note 2)	\$127,249,472
Receivables, net (note 4)	31,843,514
Due from state treasury	12,525,475
Due from federal government	13,819,142
Inventories	409,495
Deferred charges and prepaid expenses	758,793
Other current assets	1,298
Total current assets	<u>186,607,189</u>

Noncurrent assets:

Restricted assets:

Cash and cash equivalents (note 2)	130,135,209
Investments (note 3)	34,347,235
Notes receivable, net (note 5)	22,083
Capital assets, net (note 6)	306,924,293
Other noncurrent assets	3,887,012
Total noncurrent assets	<u>475,315,832</u>
<b>Total assets</b>	<u>661,923,021</u>

**LIABILITIES**

Current liabilities:

Accounts payable and accruals (note 10)	31,268,022
Due to federal government	356,666
Deferred revenues (note 11)	28,477,972
Compensated absences payable (notes 12 and 14)	1,243,954
Capital lease obligations (notes 13 and 14)	52,500
Contracts payable (note 14)	68,316
Amounts held in custody for others	4,643,756
Bonds payable, net (note 14)	5,720,000
Other current liabilities	2,915,902
Total current liabilities	<u>74,747,088</u>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA  
Statement of Net Assets, June 30, 2011**

**LIABILITIES (CONT.)**

## Noncurrent liabilities:

Compensated absences payable (notes 12 and 14)	\$16,910,476
Capital lease obligations (notes 13 and 14)	3,400,000
Contracts payable (note 14)	187,869
Other postemployment benefits payable (notes 9 and 14)	107,048,139
Bonds payable, net (note 14)	<u>295,661,319</u>
Total noncurrent liabilities	<u>423,207,803</u>
<b>Total liabilities</b>	<b><u>497,954,891</u></b>

**NET ASSETS**

Invested in capital assets, net of related debt	140,691,443
Restricted:	
Nonexpendable (note 15)	4,529,180
Expendable (note 15)	73,730,045
Unrestricted	<u>(54,982,538)</u>
<b>Total net assets</b>	<b><u>\$163,968,130</u></b>

(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 Assets  
For the Fiscal Year Ended June 30, 2011**

**OPERATING REVENUES**

Student tuition and fees	\$140,247,175
Less scholarship allowances	<u>(58,077,384)</u>
Net student tuition and fees	82,169,791
Federal grants and contracts	45,572,566
State and local grants and contracts	19,295,321
Nongovernmental grants and contracts	1,846,632
Sales and services of educational departments	1,406,109
Auxiliary enterprise revenues	3,092,989
Less scholarship allowances	<u>(695,109)</u>
Net auxiliary revenues	2,397,880
Other operating revenues	<u>3,146,727</u>
<b>Total operating revenues</b>	<u>155,835,026</u>

**OPERATING EXPENSES**

Educational and general:	
Instruction	184,158,107
Public service	1,111,253
Academic support	47,802,221
Student services	31,372,058
Institutional support	71,797,122
Operations and maintenance of plant	35,456,641
Depreciation	15,659,303
Scholarships and fellowships	107,493,583
Auxiliary enterprises	2,709,635
Other operating expenses	<u>899,833</u>
<b>Total operating expenses</b>	<u>498,459,756</u>

**OPERATING LOSS** (342,624,730)

(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 Assets, 2011**

<b>NONOPERATING REVENUES (Expenses)</b>	
State appropriations	\$158,815,720
American Recovery and Reinvestment Act revenues	42,485,162
Gifts	1,052,818
Federal nonoperating revenues	144,850,002
Investment income	1,017,940
Interest expense	(10,889,358)
Other nonoperating expenses, net	(678,518)
<b>Net nonoperating revenues</b>	<u>336,653,766</u>
<b>LOSS BEFORE OTHER REVENUES AND ADDITIONS</b>	(5,970,964)
Capital appropriations	36,983,268
Capital grants and gifts	3,159,589
Additions to permanent endowments	9,297
<b>INCREASE IN NET ASSETS</b>	34,181,190
<b>NET ASSETS - BEGINNING OF YEAR (Restated) (note 16)</b>	<u>129,786,940</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$163,968,130</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

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

**Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Tuition and fees	\$74,152,057
Grants and contracts	67,029,569
Sales and services of educational departments	1,524,227
Auxiliary enterprise receipts	2,404,192
Payments for employee compensation	(197,167,090)
Payments for benefits	(50,629,729)
Payments for utilities	(10,444,111)
Payments for supplies and services	(131,280,627)
Payments for scholarships and fellowships	(72,243,877)
Other receipts	2,627,220
<b>Net cash used by operating activities</b>	<u>(314,028,169)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

State appropriations	150,790,490
American Recovery and Reinvestment Act receipts	42,485,162
Gifts and grants for other than capital purposes	145,112,273
Taylor Opportunity Program for Students receipts	3,369,713
Taylor Opportunity Program for Students disbursements	(3,439,969)
Federal Emergency Management Agency receipts	1,549,660
Federal Emergency Management Agency disbursements	(1,209,371)
Direct lending receipts	29,517,894
Direct lending disbursements	(29,670,919)
Federal Family Education Loan Program receipts	1,656
Federal Family Education Loan Program disbursements	(3,697)
Other receipts	3,541,816
<b>Net cash provided by noncapital financing activities</b>	<u>342,044,708</u>

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

Proceeds from capital debt	71,127,122
Capital appropriations received	34,416,809
Capital grants and gifts received	459,899
Purchases of capital assets	(29,760,762)
Principal paid on capital debt and leases	(5,904,500)
Interest paid on capital debt and leases	(11,544,776)
Deposit with trustees	(120,000)
Other uses	(3,095,323)
<b>Net cash provided by capital and related financing activities</b>	<u>55,578,469</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sales and maturities of investments	417,570
Interest received on investments	940,785
Purchase of investments	(30,449,282)
<b>Net cash used by investing activities</b>	<u>(29,090,927)</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, 2011**

NET INCREASE IN CASH AND CASH EQUIVALENTS	\$54,504,081
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Restated)	<u>202,880,600</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$257,384,681</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating loss	(\$342,624,730)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	15,659,303
Changes in assets and liabilities:	
(Increase) in receivables, net	(25,850,171)
Decrease in inventories	84,304
Decrease in prepaid expenses	683,983
(Increase) in other assets	(334,837)
Increase in accounts payable	17,995,597
Increase in deferred revenue	2,030,330
Increase in amounts held in custody for others	307,176
(Decrease) in compensated absences	(506,977)
Increase in other postemployment benefits payable	18,394,482
Increase in other liabilities	<u>133,371</u>
<b>Net cash used by operating activities</b>	<u><u>(\$314,028,169)</u></u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:</b>	
Cash and cash equivalents classified as current assets	\$127,249,472
Cash and cash equivalents classified as noncurrent assets	<u>130,135,209</u>
	<u><u>\$257,384,681</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>	
Capital appropriations for purchase of equipment, building, or land	\$2,545,656
Capital appropriations for remediation of buildings	20,803
Accretion of discount and amortization of premium on bonds	589,840
Loss on disposal of capital assets	(88,197)
Unrealized gain on investments	45,126
Bond issuance costs	299,820
Noncash capital grant/gift of capital assets	936,063
Capitalized interest including capitalized amortization	1,113,683
Loss on noncapital accounts and contracts payable	(184,026)
Gain on accrued interest payable	885,824
Loss on capital accounts and retainage payable	(2,971,747)

(Concluded)

The accompanying notes are an integral part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS

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## INTRODUCTION

The Louisiana Community and Technical College System (System) is a publicly supported institution of higher education. The System is a component unit of the State of Louisiana, within the executive branch of government. The System is under the management and supervision of the Board of Supervisors of the System; however, the annual budget of the System, and changes in the degree programs, and departments of instruction of the individual institutions require the approval of the Louisiana Board of Regents of Higher Education. The board of supervisors is 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 nine community colleges: Baton Rouge Community College, Bossier Parish Community College, Delgado Community College, L.E. Fletcher Technical Community College, Elaine P. Nunez Community College, Louisiana Delta Community College, River Parishes Community College, SOWELA Technical Community College, and South Louisiana Community College and the Louisiana Technical College, which includes Acadiana Technical College, Capital Area Technical College, Central Louisiana Technical College, Northeast Louisiana Technical College, Northshore Technical College, Northwest Louisiana Technical College, and South Central Louisiana Technical College.

Fiscal year 2011 marked the first 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, Capital Area Technical College, Delgado Community College, L.E. Fletcher Technical Community College, Louisiana Delta Community College, Northshore Technical College, Elaine P. Nunez Community College, River Parishes Community College, South Central Louisiana Technical College, South Louisiana Community College, and SOWELA Technical Community College.

Student enrollment for the System for the 2011 fall semester totaled 75,460 full-time equivalent students.

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. The System also strives to provide the skills needed to ensure that our state has a skilled workforce that will ensure both job and economic growth.

## **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 the GASB. The System has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board (FASB) statements. 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 LCTCS Facilities Corporation), which are presented under FASB Statement No. 117.

### **B. REPORTING ENTITY**

Using the criteria in GASB Codification Section 2100, 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 discretely presented component unit 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; (3) the state issues bonds to finance certain construction; and (4) the colleges within the System primarily serve state residents. 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, which includes the activity contained in the accompanying basic financial statements. Those basic financial statements are audited by the Louisiana Legislative Auditor.

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

are such that exclusion would cause the financial statements of the System to be misleading or incomplete.

- The South Louisiana Facilities Corporation is a nonprofit corporation formed in December 2001 to provide funds and oversee construction 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, 23<sup>rd</sup> Floor, Baton Rouge, Louisiana 70825.
- Campus Facilities, Inc., is a nonprofit organization formed in May 2001 to provide funds for and oversee construction of the campus for Bossier Parish Community College (BPCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. Campus Facilities, Inc., has a December 31 year-end and audited financial statements for Campus Facilities, Inc., may be obtained at 4442 Viking Drive, Suite 100, Bossier City, Louisiana 71111.
- BRCC Facilities Corporation is a nonprofit corporation formed in February 2002 to provide funds and oversee construction of the campus for Baton Rouge Community College (BRCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. BRCC Facilities Corporation has a June 30 year-end and audited financial statements for the corporation may be obtained at 201 Community College Drive, Baton Rouge, Louisiana 70806.
- Delta Campus Facilities Corporation is a nonprofit corporation formed in March 2005 to provide funds and oversee construction of the campus for Louisiana Delta Community College (LDCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. Delta Campus Facilities Corporation has a December 31 year-end and audited financial statements for the corporation may be obtained at 1811 Tower Drive, Suite D, Monroe, Louisiana 71201.
- LCTCS Facilities Corporation is a nonprofit corporation formed in August 2007 and began operations October 1, 2009, to provide funds and oversee the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of 14 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. 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. 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 16 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 Assets, except for the investments of the facility 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. DEFERRED REVENUES**

Deferred 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. Deferred 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 classes. Employees who are considered having nonexempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned.

Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and non-classified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of 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, contracts payable and other postemployment benefits liabilities that will not be paid within the next fiscal year.

**K. NET ASSETS**

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net assets are classified in the following components:

1. *Invested in capital assets, net of related debt* 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.
2. *Restricted - nonexpendable* consist 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.
3. *Restricted - expendable* consist of resources that the System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
4. *Unrestricted* consist of resources derived from student tuition and fees, state appropriations, and 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), American Recovery and Reinvestment Act funds, 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 Assets. 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. USE OF ESTIMATES**

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

### **2. CASH AND CASH EQUIVALENTS**

At June 30, 2011, the System has cash and cash equivalents (book balances) of \$257,384,681 as follows:

Demand deposits	\$128,099,146
Certificates of deposit	488,136
Cash equivalents - money market funds	128,763,515
Petty cash	<u>33,884</u>
Total	<u>\$257,384,681</u>

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

Current assets	\$127,249,472
Noncurrent assets	<u>130,135,209</u>
Total	<u><u>\$257,384,681</u></u>

Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned to it. The System does not have a formally adopted policy that addresses custodial credit risk of deposits. Under state law, the System's deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. As of June 30, 2011, demand deposits totaling \$111,920 were reported in the financial statements for the BRCC Facilities Corporation; Campus Facilities, Inc.; and Delta Campus Facilities Corporation, which were prepared in accordance with the pronouncements of FASB Statement No. 117, *Financial Statements for Not-for-Profit Organizations*. 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, 2011, the System has restricted investments totaling \$34,347,235 as follows:

	Fair Value June 30, 2011	Investment Maturities (Years)	Credit Quality Rating
Mutual funds:			
Pooled equity funds - DCC	\$1,178,374	Not Applicable	Not Applicable
Pooled equity funds - LDCC	123,773	Not Applicable	Not Applicable
Fixed income securities - DCC	1,797,222	5.2	Not Rated
Fixed income securities - LDCC	231,129	3-5	Not Rated
International equity funds	267,612	Not Applicable	Not Applicable
Subtotal - mutual funds	<u>3,598,110</u>		
Investments held by private foundation - external investment pool	391,594	Not Applicable	Not Rated
Nonnegotiable certificates of deposit - BPCC	122,903	1.0	Not Applicable
Nonnegotiable certificates of deposit - STCC	46,767	1.1	Not Applicable
Other	53,691	Not Applicable	Not Applicable
Facilities Corporations:			
Municipal bonds - LCTCS FC	16,311,488		
Discount notes - LCTCS FC	13,822,682		
Subtotal - Facilities Corporations	<u>30,134,170</u>		
Total	<u>\$34,347,235</u>		

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

The mutual funds of \$3,598,110 and investments held by the private foundation of \$391,594 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 AA. Interest rate risks are limited by managing their performance using fixed-income indices as benchmarks to gauge and limit such risk. Investments in foreign stocks and foreign fixed income are limited to 15% and 5% of the equity and fixed-income funds, respectively.

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 \$30,134,170, and money market funds totaling \$128,763,515 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 Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. 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 non-negotiable 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 Assets, net of an allowance for doubtful accounts, at June 30, 2011. These receivables are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student tuition and fees	\$25,238,573	(\$3,042,961)	\$22,195,612
Auxiliary enterprise	231,463		231,463
State and private grants and contracts	6,113,111		6,113,111
Other	3,303,328		3,303,328
Total	<u>\$34,886,475</u>	<u>(\$3,042,961)</u>	<u>\$31,843,514</u>

#### 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	\$57,075	(\$50,500)	\$6,575
Miscellaneous private student loan programs	<u>15,508</u>		<u>15,508</u>
Total	<u>\$72,583</u>	<u>(\$50,500)</u>	<u>\$22,083</u>

## 6. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2011, follows:

	Balance June 30, 2010	Prior Period Adjustment	Adjusted Balance June 30, 2010	Additions	Reclassification of CIP	Retirements	Balance June 30, 2011
Capital assets not being depreciated:							
Land	\$24,372,876	(\$124,608)	\$24,248,268	\$352,404			\$24,600,672
Non-depreciable land improvements		124,608	124,608	143,259			267,867
Software-development-in-progress				6,088,515			6,088,515
Construction-in-progress	<u>56,492,709</u>	<u>74,383</u>	<u>56,567,092</u>	<u>16,727,277</u>	<u>(\$50,773,572)</u>		<u>22,520,797</u>
Total capital assets not being depreciated	<u>80,865,585</u>	<u>74,383</u>	<u>80,939,968</u>	<u>23,311,455</u>	<u>(\$50,773,572)</u>	NONE	<u>53,477,851</u>
Capital assets being depreciated:							
Land improvements	3,329,525		3,329,525	186,853	6,828,622		10,345,000
Buildings	288,726,950	(439,657)	288,287,293	1,397,169	38,268,342		327,952,804
Furniture, fixtures, and equipment	<u>79,664,678</u>	<u>634,051</u>	<u>80,298,729</u>	<u>7,638,412</u>	<u>5,676,608</u>	(\$1,950,797)	<u>91,662,952</u>
Total capital assets being depreciated	<u>371,721,153</u>	<u>194,394</u>	<u>371,915,547</u>	<u>9,222,434</u>	<u>50,773,572</u>	(1,950,797)	<u>429,960,756</u>
Less accumulated depreciation for:							
Land improvements	(1,922,251)	(8,416)	(1,930,667)	(240,384)			(2,171,051)
Buildings	(107,109,017)	(116,880)	(107,225,897)	(7,712,029)			(114,937,926)
Furniture, fixtures, and equipment	<u>(53,431,598)</u>	<u>(129,449)</u>	<u>(53,561,047)</u>	<u>(7,706,890)</u>		1,862,600	<u>(59,405,337)</u>
Total accumulated depreciation	<u>(162,462,866)</u>	<u>(254,745)</u>	<u>(162,717,611)</u>	<u>(15,659,303)</u>	NONE	1,862,600	<u>(176,514,314)</u>
Total capital assets, being depreciated, net	<u>209,258,287</u>	<u>(60,351)</u>	<u>209,197,936</u>	<u>(6,436,869)</u>	<u>50,773,572</u>	(88,197)	<u>253,446,442</u>
Total capital assets, net	<u>\$290,123,872</u>	<u>\$14,032</u>	<u>\$290,137,904</u>	<u>\$16,874,586</u>	NONE	(\$88,197)	<u>\$306,924,293</u>

The June 30, 2010, balance of capital assets has been adjusted by \$14,032 to reflect prior period adjustments resulting from the correction of prior year errors. Three buildings with a total carrying value of \$187,197 remain idle at June 30, 2011, because of damages from Hurricane Katrina.

## 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 reports may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or 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 2011, the state contributed 20.2% of covered salaries to TRSL and 22.0% of covered salaries to LASERS. The employer contribution is funded by the State of Louisiana. The System's employer contributions to TRSL for the years ended June 30, 2011, 2010, and 2009 were \$20,998,832; \$16,336,520; and \$16,804,094, respectively, and to LASERS for the years ended June 30, 2011, 2010, and 2009 were \$5,344,562; \$4,075,636; and \$4,955,957, 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 the 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 the TRSL if the participant were a member of that retirement plan. Employer

contributions by the System are 20.2% 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, the 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 the actuarial committee. The 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 the 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 \$5,881,589 and \$2,315,952, respectively, for the year ended June 30, 2011.

## **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 Web site at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap).

*Funding Policy.* 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 four standard plans for active employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) Plan, the Medical Home HMO Plan, and beginning in the 2010-11 plan year a Consumer Driven Health Plan with a Health Savings Account option (CPHP-HSA). The PPO, HMO, and Medical Home HMO plans are also offered to retired employees. Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare Advantage plans--three HMO plans during calendar years 2010 and 2011, two private fee-for-service (PFFS) plans during calendar year 2010, and two PPO plans during calendar year 2011. The three HMO plans are Humana Regional HMO Plan, Peoples Health Regional HMO-POS Plan, and Vantage HMO-POS Plan. The two PFFS plans are Humana PFFS Plan and Secure Horizons Medicare Direct PFFS Plan. The two PPO plans are Humana PPO Plan and United Healthcare PPO Plan.

Employees hired before January 1, 2002, pay approximately 25% of the cost of 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%

Shown below are the total monthly premium rates in effect for the plan year 2010-2011.

	<u>PPO</u>	<u>HMO</u>	<u>CDHP- HSA</u>	<u>Medical Home HMO</u>
<u>Active</u>				
Single	\$559	\$528	\$434	\$532
With Spouse	1,187	1,121	921	1,130
With Children	681	644	529	649
Family	1,251	1,182	971	1,192
<u>Retired No Medicare and Re-employed Retiree</u>				
Single	1,039	985	NA	990
With Spouse	1,835	1,739	NA	1,748
With Children	1,158	1,097	NA	1,102
Family	1,826	1,731	NA	1,739
<u>*Retired with 1 Medicare</u>				
Single	338	326	NA	322
With Spouse	1,249	1,191	NA	1,189
With Children	585	561	NA	557
Family	1,664	1,585	NA	1,584
<u>*Retired with 2 Medicare</u>				
With Spouse	607	584	NA	578
Family	752	723	NA	716

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

<u>Medicare Supplemental Rates</u>	Calendar Year 2011		Calendar Year 2010	
	Retired with		Retired with	
	1 Medicare	2 Medicare	1 Medicare	2 Medicare
Humana (HMO Plan)	\$145	\$290	\$149	\$298
People's Health (HMO Plan)	115	230	142	284
Vantage (HMO Plan)	258	516	198	396
Humana (PFFS Plan)	n/a	n/a	165	330
Humana (PPO Plan)	149	298	n/a	n/a
Secure Horizons (PFFS Plan)	n/a	n/a	199	397
United Health Care (PPO Plan)	199	397	n/a	n/a

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 fifty cents for retirees and twelve cents for spouses. The monthly premium is reduced to less than \$1 per thousand for retired employees age 70 and over. 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 of the employer (ARC) and is an amount actuarially determined in accordance with GASB 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 2011 is \$26,258,638.

The following schedule presents the components of the System's annual OPEB cost for fiscal year 2011, the amount actually contributed to the plan, and changes in the System's net OPEB obligation to the OPEB plan:

ARC	\$26,258,638
Interest on net OPEB obligation	3,546,100
ARC adjustment	<u>(3,387,600)</u>
Annual OPEB cost	26,417,138
Contributions made - current year retiree premiums	<u>(8,022,654)</u>
Increase in net OPEB obligation	18,394,484
Beginning net OPEB obligations at June 30, 2010	<u>88,653,655</u>
Ending net OPEB obligation at June 30, 2011	<u><u>\$107,048,139</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, 2011, and the preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$41,641,830	18%	\$66,839,320
June 30, 2010	29,663,000	26%	88,653,655
June 30, 2011	26,417,300	30%	107,048,139

*Funded Status and Funding Progress.* During fiscal year 2011, 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 of \$319,891,400 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2010, was as follows:

Actuarial accrued liability (AAL)	\$319,891,400
Actuarial value of plan assets	<u>NONE</u>
UAAL	<u><u>\$319,891,400</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	\$118,275,194
UAAL as a percentage of covered payroll	270%

*Actuarial Methods and Assumptions.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and 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, 2010, OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 8.0% and 9.1% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 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 unfunded actuarial accrued liability 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. There were no other changes in assumptions.

## 10. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accruals at June 30, 2011:

Vendors	\$16,189,562
Accrued salaries and benefits	14,485,890
Other	<u>592,570</u>
Total	<u><u>\$31,268,022</u></u>

## 11. DEFERRED REVENUES

The following is a summary of deferred revenues at June 30, 2011:

Prepaid tuition and fees	\$18,840,466
Prepaid rent	1,322,158
Grants and contracts	8,218,838
Other	<u>96,510</u>
Total	<u><u>\$28,477,972</u></u>

## 12. COMPENSATED ABSENCES

At June 30, 2011, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$9,172,059; \$8,876,220; and \$106,151, 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, 2011, the total rental expense for all operating leases was \$2,742,204. The following is a schedule, by fiscal years, of future minimum annual rental payments required under operating leases:

Nature of Operating Lease	2012	2013	2014	2015	2016	Total Minimum Payments Required
Office space	\$867,063	\$507,727	\$477,944	\$113,747		\$1,966,481
Land	120,422	120,422	120,422	23,111		384,377
Other	2,832					2,832
<b>Total</b>	<b>\$990,317</b>	<b>\$628,149</b>	<b>\$598,366</b>	<b>\$136,858</b>	<b>NONE</b>	<b>\$2,353,690</b>

#### 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, 2011:

Fiscal Year Ended June 30:	
2012	\$258,956
2013	310,275
2014	308,806
2015	311,750
2016	309,100
2017-2021	1,548,350
2022-2026	1,536,250
2027-2031	1,225,300
Total minimum lease payments	<u>5,808,787</u>
Less - amount representing interest	<u>(2,356,287)</u>
Present value of net minimum lease payments	<u><u>\$3,452,500</u></u>

The gross amount of assets held under capital leases as of June 30, 2011, includes office space and equipment of \$4,395,000 and \$8,750,000, respectively.

### 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, 2011, was \$165,587; \$24,840; and \$140,747, 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 years, of minimum future rentals on noncancelable operating leases as of June 30, 2011:

Nature of Operating Lease	2012	2013	2014	2015	2016	2017-2021	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	600,000	1,600,000
Total	<u>\$270,000</u>	<u>\$270,000</u>	<u>\$270,000</u>	<u>\$270,000</u>	<u>\$270,000</u>	<u>\$670,000</u>	<u>\$2,020,000</u>

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. Contingent rentals from operating leases for the year ended June 30, 2011, were \$373,940, of which \$200,000 was guaranteed and \$173,940 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, 2011:

	Balance June 30, 2010 (Restated)	Additions	Reductions	Balance June 30, 2011	Portion Due Within One Year
Bonds payable, net	\$236,189,213	\$71,127,122	(\$5,935,016)	\$301,381,319	\$5,720,000
Capital lease obligations (note 13)	3,872,000		(419,500)	3,452,500	52,500
Compensated absences payable (note 12)	18,664,721	4,075,787	(4,586,078)	18,154,430	1,243,954
Contracts payable	324,501		(68,316)	256,185	68,316
OPEB payable (note 9)	88,653,655	26,417,138	(8,022,654)	107,048,139	
Total long-term liabilities	<u>\$347,704,090</u>	<u>\$101,620,047</u>	<u>(\$19,031,564)</u>	<u>\$430,292,573</u>	<u>\$7,084,770</u>

Details of all debt outstanding at June 30, 2011, follow:

### Bonds Payable

As presented on the Statement of Net Assets, at June 30, 2011, bonds payable total \$301,381,319 of which \$5,720,000 is current and the remaining \$295,661,319 is noncurrent.

Detailed summaries, by issues, of all bonded debt outstanding at June 30, 2011, follow:

	Date of Issue	Original Issue	Outstanding June 30, 2010	Issued (Redeemed)	Outstanding June 30, 2011	Maturities	Interest Rates	Future Interest Payments June 30, 2011
BRCC Facilities Corporation:								
Series 2002 Revenue Bonds	Dec. 31, 2002	\$55,000,000	\$55,000,000		\$55,000,000	2015-2033	5.0% - 5.375%	\$39,124,900
Series 2003 Revenue Bonds	Dec. 23, 2003	10,000,000	8,440,000	(\$1,645,000)	6,795,000	2011-2018	3.8% - 5.5%	723,810
Campus Facilities, Inc.:								
Series 2002 Revenue Bonds	April 18, 2002	45,000,000	45,000,000		45,000,000	2012-2028	4.2% - 5.25%	24,320,841
Series 2003 Revenue Bonds	June 18, 2003	10,000,000	3,215,000	(1,750,000)	1,465,000	2011-2012	2.0% - 3.0%	43,950
South Louisiana Facilities Corporation -								
Series 2002 Revenue Bonds	Oct. 29, 2002	17,840,000	15,385,000	(535,000)	14,850,000	2011-2029	2.1% - 4.75%	7,140,780
Delta Campus Facilities, Inc. -								
Series 2008 Revenue Bonds	Nov. 1, 2008	42,470,000	42,470,000	(1,555,000)	40,915,000	2011-2028	4.0% - 5.5%	22,133,812
LCTCS Facilities Corporation:								
Series 2009A Revenue Bonds	Oct. 1, 2009	19,290,000	19,290,000		19,290,000	2013-2015	4.0%	36,424,275
Series 2009B Revenue Bonds	Oct. 1, 2009	45,280,000	45,280,000		45,280,000	2027-2029	4.25% - 5.0%	2,332,800
Series 2010 Revenue Bonds	Oct. 1, 2010	64,025,000		64,025,000	64,025,000	2011-2025	3.375% - 5.0%	40,986,158
Total		<u>\$308,905,000</u>	234,080,000	58,540,000	292,620,000			<u>\$173,231,326</u>
Net original premiums (discounts)			3,240,234	7,102,122	10,342,356			
Net accumulated amortization of premiums/discounts			<u>(1,131,021)</u>	<u>(450,016)</u>	<u>(1,581,037)</u>			
Bonds payable, net			<u>\$236,189,213</u>	<u>\$65,192,106</u>	<u>\$301,381,319</u>			

The annual requirements to amortize all bonds outstanding at June 30, 2011, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$5,720,000	\$14,505,188	\$20,225,188
2013	12,150,000	13,994,858	26,144,858
2014	12,690,000	13,475,245	26,165,245
2015	13,170,000	12,929,236	26,099,236
2016	6,840,000	12,360,350	19,200,350
2017-2021	40,600,000	56,372,808	96,972,808
2022-2026	111,425,000	38,986,100	150,411,100
2027-2031	81,450,000	10,173,416	91,623,416
2032-2033	8,575,000	434,125	9,009,125
Total	<u>\$292,620,000</u>	<u>\$173,231,326</u>	<u>\$465,851,326</u>

Outstanding principal of \$292,620,000 plus net unamortized premium/discount of \$8,761,319 totals \$301,381,319.

### **Capital Lease Obligations**

Capital lease obligations at June 30, 2011, for \$3,452,500 are detailed in note 13.

### **Accrued Compensated Absences Payable**

Accrued compensated absences payable at June 30, 2011, for \$18,154,430 is detailed in note 12.

### **Contracts Payable**

The LCTCS Facilities Corporation entered into a contract with a consulting firm to create and establish a construction program to manage the day-to-day construction of facilities and to ensure contractors are meeting the terms of the contracts for the projects. 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, 2010, \$256,185 is payable to the firm and is recorded as Contracts Payable on the Statement of Net Assets.

**15. RESTRICTED NET ASSETS**

The System has the following restricted net assets at June 30, 2011:

Nonexpendable:	
Endowments	\$3,659,550
Student Life Center Maintenance Reserve	557,590
Scholarships	23,904
Phoebe Jackson Trust	<u>288,136</u>
 Total nonexpendable	 <u><u>\$4,529,180</u></u>
Expendable:	
Systemwide ERP System	\$7,808,813
Academic excellence	15,941,888
Settlement carryover fund	6,468,763
Technology fee	7,187,194
Maintenance reserve	123,369
Facility Corp net assets	20,659,521
Building use fee	3,775,809
Debt services	2,097,457
Operational fee	2,463,568
Grants and contracts	3,346,042
Vehicle registration fee	1,830,418
HB 765 (Storm Recovery)	120,884
Preventative maintenance	59,075
Murphy Oil	120,791
Other restricted funds	110,681
Student Government Association fees	225,300
Third-party scholarships	96,730
Endowment earnings	1,277,203
Phoebe Jackson Trust	<u>16,539</u>
 Total expendable	 <u><u>\$73,730,045</u></u>

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2011, \$41,398,053 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 ASSETS**

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

Net assets at June 30, 2010	\$132,899,580
Reclassifications and adjustments for prior year errors:	
Capital assets adjustments	14,032
Amounts held in custody adjustment	(3,096,879)
Other miscellaneous corrections	<u>(29,793)</u>
Net assets at June 30, 2010, as restated	<u><u>\$129,786,940</u></u>

**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, 2011, that are being handled by contract attorneys. In the opinion of legal counsel, the possibility that the System will incur a liability in seven of the cases is reasonably possible, with a possible loss estimated at \$220,000.

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, Incorporated  
 Bossier Parish Community College Foundation, Incorporated  
 Cavalier Athletic Foundation, Incorporated  
 Delgado Community College Foundation, Incorporated  
 Elaine P. Nunez Community College Foundation  
 LCTCS Foundation  
 Fletcher Technical Community College Foundation, Incorporated  
 Louisiana Delta Community College Foundation  
 Louisiana Technical College:  
     Region IV Foundation  
     Region 8 Foundation  
     Tallulah Foundation  
 River Parishes Community College Foundation, Incorporated  
 Sowela Technical Community College Foundation, Incorporated

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, which were created in accordance with R.S. 17:3384. 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, 2011, the foundations hold in custody \$391,594 of state Endowed Professorship Program funds.

## **19. DONOR RESTRICTED ENDOWMENTS**

If a donor has not provided specific instructions, R.S. 9:2337.4 permits the institution to appropriate for expenditure or to accumulate an endowment fund for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution.

Net appreciation of donor restricted endowments is \$233,498, for the fiscal year ended June 30, 2011. The total available to be spent for restricted purposes at June 30, 2011, is \$233,498. 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 assets - nonexpendable in the Statement of Net Assets; the endowment income is reported in restricted net assets - 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 Web site at [www.lla.la.gov](http://www.lla.la.gov).

## **21. RELATED PARTY TRANSACTIONS**

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.

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. According to Delgado Community College's management, he worked in the Public Relations Department under the supervision of the Public Relations Director.

During 2010, 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 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.

During the fiscal year, the son of Delgado Community College's Dean of Libraries had an employment contract with the community college. Under the contract, he worked in the library on Delgado-Jefferson's campus and was paid \$13,847 during his employment. His contract expired September 30, 2011. Delgado Community College's management decided not to renew his contract as it appears to violate the government ethics code (nepotism).

## **22. POLLUTION REMEDIATION OBLIGATIONS**

For Delgado Community College, a preliminary site assessment has been performed that revealed asbestos in the Library and Building 7 of the college's property. This building was demolished. The Louisiana Office of Facility Planning and Control paid the expenses on remediation totaling \$212,387 in fiscal year 2011.

For Elaine P. Nunez Community College, remediation was performed on Building A classrooms and breezeway in Chalmette to safely remove and dispose of mold-containing materials and asbestos abatement. The Louisiana Office of Facility Planning and Control paid \$20,804 on the college's behalf, for fiscal year 2011. Total expenditures for this remediation are \$94,668.50. There are no remaining obligations related to this necessary remediation.

## **23. ALTERNATIVE FINANCING AGREEMENTS**

### **Baton Rouge Community College (BRCC)**

On May 16, 2002, the Louisiana State Bond Commission approved issuing up to \$65,000,000 in bonds for constructing and furnishing new campus buildings and for renovating existing buildings on property adjacent to the BRCC campus. In December 2002, the Louisiana Government Environmental Facilities and Community Development Authority issued \$55,000,000 in revenue bonds on behalf of the BRCC Facilities Corporation, a nonprofit organization. In December 2003, the Louisiana Local Government Environmental Facilities and Community Development Authority issued an additional \$10,000,000 in revenue bonds on behalf of the BRCC Facilities Corporation. 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 later 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.

On June 3, 2004, the BRCC Facilities Corporation entered into two lease-sublease purchase agreements with Suntrust Leasing Corporation for the maximum amounts of \$6,800,000 and \$1,950,000 to purchase equipment, furniture, and fixtures. The lease terms expired on June 3, 2011.

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. 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. 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 Sessions, 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 College in Winnfield, Young Memorial Campus of South Central Louisiana Technical College in Morgan City, Shelby M. Jackson Campus of Central Louisiana Technical College in Ferriday, Gulf Area Campus of Acadiana Technical 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 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 October 1, 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 Acadiana Technical College in St. Martinville, Huey P. Long Campus of Central Louisiana Technical 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 College in Greensburg, Westside Campus of Capital Area Technical College in Plaquemine, Gulf Area Campus of

Acadiana Technical College in Abbeville, Shelby M. Jackson Campus of Central Louisiana Technical 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 on behalf of the LCTCS Facilities Corporation, a nonprofit organization for the following projects: Evangeline Campus of Acadiana Technical 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.

## 24. COMMITMENTS

The LCTCS Facilities Corporation has entered into a contract with an engineering firm to serve as the program manager for the project. The compensation for services is a fixed fee of \$6,641,861 paid in 60 equal installments, with the first payment due November 1, 2009.

The LCTCS Facilities Corporation has active construction projects at various campuses as of December 31, 2010. The Corporation's construction commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
L.E. Fletcher Technical Community College, Houma		\$19,098,000
Huey P. Long Campus, Minden	\$894,637	7,402,363
Florida Parishes Campus, Greensburg		8,100,000
Gulf Area Campus, Abbeville		5,448,900

## 25. SUBSEQUENT EVENTS

During the 2007 Legislative Sessions, the Louisiana Legislature authorized financing of \$173.7 million for 23 capital outlay projects at 14 System locations through Act 391 (R.S. 17:3394.3). Under provisions of the bill, the System will be allowed to arrange financing of \$173.7 million for its colleges to complete high priority capital projects. The projects were determined to be extraordinarily vital to the state's response to the need for a competent and skilled workforce, including \$25 million to augment hurricane recovery. The 23 capital outlay projects will be completed in three phases. The first phase bond closing was October 1, 2009, with a principal issue of \$64,570,000; the second phase bond closing was October 1, 2010, with a principal issue of \$64,025,000; and the third phase bond closing was October 27, 2011, with a principal issue of approximately \$42,646,377. See note 23 for a listing of all projects.

The BRCC Facilities Corporation's board of directors approved the issuance of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Refunding Bonds (BRCC Facilities Corporation Project) (not to exceed \$35,000,000) in one or more series and the loan by the Louisiana Local Government Environmental Facilities and Community Development Authority to the Corporation of the proceeds thereof to refund a portion of the \$55,000,000 Revenue Bonds (BRCC Facilities Corporation Project) Series 2002 in an amount not to exceed \$35,000,000. This refunding occurred on October 11, 2011, and the par amount of the bonds is \$31,495,000.

During the 2011 Louisiana Legislative Session, Senate Bill 69 was introduced to create Northshore Technical Community College. The legislation was approved as Act 209 and signed into law by Governor Bobby Jindal on June 27, 2011. Although the name was officially changed at the end of fiscal year 2011, for purposes of this report the name change will be effective beginning with fiscal year 2012. Going forward, the college will now be able to offer associate degrees.

In August 2011, the Board of Supervisors of the System approved the transfer of the Slidell campus from Delgado Community College to Northshore Technical Community College.

On September 1, 2011, the Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority) issued \$3,655,000 in Series 2011 Revenue Refunding Bonds. The proceeds of the Series 2011 Bonds will be loaned by the Authority to the Delgado Community College Foundation (the Foundation), a Louisiana nonprofit corporation and will be used by the Foundation for the purpose of providing for a current refunding of the Foundation's outstanding Revenue Bonds (Delgado Community College Foundation Project), Series 1999; funding a debt service reserve fund; and paying costs of issuance of the Series 2011 Bonds, including the premium for the bond insurance policy insuring the Series 2011 Bonds. The source of repayment of the Series 2011 Bonds will be payments made to the Foundation by the Board of Supervisors of the Louisiana Community and Technical College System (the Board) under a facilities lease agreement. Under the agreement, the Board will make payments from the Student Fee assessment received by Delgado Community College each semester.

In November 2010, the Board approved the consolidation of the Central Louisiana Technical College Morgan Smith campus with SOWELA Technical Community College. As of July 1, 2011, the Morgan Smith campus is reported as a part of the SOWELA Technical Community College.

## REQUIRED SUPPLEMENTARY INFORMATION

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### **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, 2011**

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, 2008	NONE	\$446,755,000	\$446,755,000	0.0%	\$116,673,623	383%
July 1, 2009	NONE	351,666,300	351,666,300	0.0%	121,752,671	289%
July 1, 2010	NONE	319,891,400	319,891,400	0.0%	118,275,194	270%

# SCHEDULES

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

Schedule 2 presents the per diem paid board members for the year ended June 30, 2011. 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 Assets, by College**

Schedule 3 presents a combining Schedule of Net Assets, by College.

## **Combining Schedule of Revenues, Expenses, and Changes in Net Assets, by College**

Schedule 4 presents a combining Schedule of Revenues, Expenses, and Changes in Net Assets, by College.

## **Combining Schedule of Cash Flows, by College**

Schedule 5 presents a combining Schedule of Cash Flows, by College.

**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, 2011**

	<u>AMOUNT</u>
Barham, Erle E.	\$1,050
Brown, Robert	550
Carter, Helen	1,000
Gamble, Keith	600
Gaspard, Valerie Taeko Kaylor	1,050
Grissette, Geraldine Lowrey	1,150
Hardy, Timothy Wayne	1,100
Mellington, Brett J.	650
Murphy, Michael J.	1,050
Oge, Norwood	1,500
Poree, Ivy M.	1,000
Price, Paul P.	1,450
Smith, Stephen	1,600
St. Blanc III, Vincent	3,750
Stone, Fredrick M.	1,150
Terrill, Allen S.	550
Toups, Stephen	400
	<hr/>
Total	<u><u>\$19,600</u></u>

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

**Combining Schedule of Net Assets, by College  
For the Year Ended June 30, 2011**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Delgado Community College	Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Community College
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$22,604,782	\$22,859,495	\$3,153,280	\$18,438,239	\$3,097,980	\$30,996	\$5,061,918
Receivables, net	2,351,077	622,399	2,324,278	18,711,802	407,535	71	266,251
Due from state treasury	12,525,475						
Due from federal government	9,998,862	38,860	606,731	1,747,105	538,927		16,231
Due from LCTCS colleges/LCTCS	603,804	1,507,205	1,209,299	3,845,970	497,668	120,634	534,230
Inventories							2,299
Deferred charges and prepaid expenses		145,221	14,594	407,388	19,435		24,488
Other current assets					1,298		
Total current assets	<u>48,084,000</u>	<u>25,173,180</u>	<u>7,308,182</u>	<u>43,150,504</u>	<u>4,562,843</u>	<u>151,701</u>	<u>5,905,417</u>
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents					766,401		
Investments		271,594	122,903	3,247,708			120,000
Notes receivable, net				22,083			
Capital assets, net	6,235,384	22,002,685	2,537,209	43,951,319	17,293,357		2,959,744
Other noncurrent assets							
Total noncurrent assets	<u>6,235,384</u>	<u>22,274,279</u>	<u>2,660,112</u>	<u>47,221,110</u>	<u>18,059,758</u>	<u>NONE</u>	<u>3,079,744</u>
<b>Total assets</b>	<u>54,319,384</u>	<u>47,447,459</u>	<u>9,968,294</u>	<u>90,371,614</u>	<u>22,622,601</u>	<u>151,701</u>	<u>8,985,161</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accruals	16,699,815	1,688,890	1,681,704	5,503,192	545,053	13,071	384,202
Due to federal government	116,128	122,860					
Due to LCTCS colleges/LCTCS	17,028,133		1,000	100		137,777	13,384
Deferred revenues		589,787	1,893,539	14,050,484	734,651		593,565
Compensated absences payable	75,867	83,915	58,602	153,631	17,692		42,806
Capital lease obligations				52,500			
Contracts payable							
Amounts held in custody for others	1,385	1,218,719		3,096,879			2,165
Bonds payable, net							
Other current liabilities				94,455			
Total current liabilities	<u>33,921,328</u>	<u>3,704,171</u>	<u>3,634,845</u>	<u>22,951,241</u>	<u>1,297,396</u>	<u>150,848</u>	<u>1,036,122</u>
Noncurrent liabilities:							
Compensated absences payable	741,070	1,626,973	1,649,725	4,586,383	662,782	30,805	541,053
Capital lease obligations				3,400,000			
Contracts payable							
OPEB payable	2,230,632	10,030,237	11,604,667	26,604,640	3,579,800		2,577,562
Bonds payable, net							
Total noncurrent liabilities	<u>2,971,702</u>	<u>11,657,210</u>	<u>13,254,392</u>	<u>34,591,023</u>	<u>4,242,582</u>	<u>30,805</u>	<u>3,118,615</u>
<b>Total liabilities</b>	<u>36,893,030</u>	<u>15,361,381</u>	<u>16,889,237</u>	<u>57,542,264</u>	<u>5,539,978</u>	<u>181,653</u>	<u>4,154,737</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	6,235,384	22,002,686	2,537,209	40,498,819	17,293,357		2,959,744
Restricted for:							
Nonexpendable		240,000	100,000	2,682,105	598,939		120,000
Expendable	11,673,151	10,571,721	896,145	7,936,546	1,760,324		1,331,397
Unrestricted	(482,181)	(728,329)	(10,454,297)	(18,288,120)	(2,569,997)	(29,952)	419,283
<b>Total Net Assets</b>	<u>\$17,426,354</u>	<u>\$32,086,078</u>	<u>(\$6,920,943)</u>	<u>\$32,829,350</u>	<u>\$17,082,623</u>	<u>(\$29,952)</u>	<u>\$4,830,424</u>

Schedule 3

Louisiana Delta Community College	Louisiana Technical College Less NTC	Northshore Technical College (NTC)	River Parishes Community College	South Louisiana Community College	Sowela Technical Community College	Facilities Corporations	System Eliminating Entries	Total Per System
\$3,874,698	\$29,425,933	\$2,779,961	\$732,801	\$9,024,544	\$6,164,845			\$127,249,472
412,723	2,093,785	314,173	301,763	2,674,103	1,363,554			31,843,514
								12,525,475
47,552	671,854	63,094			89,926			13,819,142
593,185	6,410,206	669,051	353,759	546,381	818,910		(\$17,710,302)	
4,185	394,141				8,870			409,495
	84,365	3,017	44,972		15,313			758,793
								1,298
<u>4,932,343</u>	<u>39,080,284</u>	<u>3,829,296</u>	<u>1,433,295</u>	<u>12,245,028</u>	<u>8,461,418</u>	<u>NONE</u>	<u>(17,710,302)</u>	<u>186,607,189</u>
	293,373			200,000		\$128,875,435		130,135,209
404,093					46,767	30,134,170		34,347,235
								22,083
3,868,423	27,217,406	1,463,469	614,848	1,060,725	6,673,169	171,046,555		306,924,293
						3,887,012		3,887,012
<u>4,272,516</u>	<u>27,510,779</u>	<u>1,463,469</u>	<u>614,848</u>	<u>1,260,725</u>	<u>6,719,936</u>	<u>333,943,172</u>	<u>NONE</u>	<u>475,315,832</u>
<u>9,204,859</u>	<u>66,591,063</u>	<u>5,292,765</u>	<u>2,048,143</u>	<u>13,505,753</u>	<u>15,181,354</u>	<u>333,943,172</u>	<u>(17,710,302)</u>	<u>661,923,021</u>
356,850	1,935,488	271,670	115,861	410,343	1,103,387	558,496		31,268,022
	117,064	614						356,666
1,000	525,398			3,510			(17,710,302)	
673,714	4,567,573	1,112,937	354,951	2,707,640	1,199,131			28,477,972
20,746	663,340	42,438	8,949	19,015	56,953			1,243,954
						68,316		52,500
								68,316
4,649	260,831	11,726	22,830	2,292	22,280			4,643,756
						5,720,000		5,720,000
						2,821,447		2,915,902
<u>1,056,959</u>	<u>8,069,694</u>	<u>1,439,385</u>	<u>502,591</u>	<u>3,142,800</u>	<u>2,381,751</u>	<u>9,168,259</u>	<u>(17,710,302)</u>	<u>74,747,088</u>
598,468	4,456,046	502,851	390,799	498,319	625,202			16,910,476
						187,869		3,400,000
								187,869
3,762,113	34,318,667	3,698,967	2,389,354	2,103,800	4,147,700			107,048,139
						295,661,319		295,661,319
<u>4,360,581</u>	<u>38,774,713</u>	<u>4,201,818</u>	<u>2,780,153</u>	<u>2,602,119</u>	<u>4,772,902</u>	<u>295,849,188</u>	<u>NONE</u>	<u>423,207,803</u>
<u>5,417,540</u>	<u>46,844,407</u>	<u>5,641,203</u>	<u>3,282,744</u>	<u>5,744,919</u>	<u>7,154,653</u>	<u>305,017,447</u>	<u>(17,710,302)</u>	<u>497,954,891</u>
3,868,423	27,217,406	1,463,469	614,848	1,060,725	6,673,169	8,266,204		140,691,443
300,000	288,136			200,000				4,529,180
1,421,354	9,461,064	526,428	1,002,714	5,622,966	866,714	20,659,521		73,730,045
(1,802,458)	(17,219,950)	(2,338,335)	(2,852,163)	877,143	486,818			(54,982,538)
<u>\$3,787,319</u>	<u>\$19,746,656</u>	<u>(\$348,438)</u>	<u>(\$1,234,601)</u>	<u>\$7,760,834</u>	<u>\$8,026,701</u>	<u>\$28,925,725</u>	<u>NONE</u>	<u>\$163,968,130</u>

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

**Combining Schedule of Revenues, Expenses,  
and Changes in Net Assets, by College  
For the Year Ended June 30, 2011**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Delgado Community College	Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Community College
<b>OPERATING REVENUES</b>							
Student tuition and fees		\$18,063,277	\$17,636,266	\$51,971,632	\$3,620,793		\$4,019,471
Less scholarship allowances		(8,329,082)	(5,621,505)	(16,067,525)	(2,853,341)		(1,465,710)
Net student tuition and fees	NONE	9,734,195	12,014,761	35,904,107	767,452	NONE	2,553,761
Federal grants and contracts	\$34,841,942	1,148,186	593,251	4,850,490	426,395	\$120,634	932,468
State and local grants and contracts	5,508,727	1,436,086	2,799,520	7,142,741	1,252,091		844,996
Nongovernmental grants and contracts	45,130	90,389	1,127,243	512,647			
Sales and services of educational departments		106,206	317,079		37,497		265,438
Interagency revenue	3,474,381	195,480	230,263	5,700	19,489		55,271
Auxiliary enterprise revenues		375,040	395,269	711,789	39,140		3,245
Less scholarship allowances							
Net auxiliary revenues	NONE	375,040	395,269	711,789	39,140	NONE	3,245
Other operating revenues	33,603	2,700	535,396	906,659	47,755	446	
<b>Total operating revenues</b>	<b>43,903,783</b>	<b>13,088,282</b>	<b>18,012,782</b>	<b>50,034,133</b>	<b>2,589,819</b>	<b>121,080</b>	<b>4,655,179</b>
<b>OPERATING EXPENSES</b>							
Educational and general:							
Instruction		12,785,987	17,313,165	63,170,880	4,363,645		5,870,168
Public service			1,106,267				4,986
Academic support	43,937,226	5,013,559	2,676,793	6,422,278	606,029		1,010,609
Student services		4,850,783	4,863,326	7,387,105	1,032,022		599,453
Institutional support	15,324,086	6,989,125	3,783,681	10,573,710	2,187,118	633,866	2,307,373
Operations and maintenance of plant		4,709,512	3,597,148	10,623,032	1,875,747		610,110
Depreciation	110,095	1,153,543	305,779	2,243,066	663,365		336,435
Scholarships and fellowships		7,030,532	12,038,789	39,244,988	2,159,893		2,290,383
Auxiliary enterprises		11,027	300,828	1,092,109			10,526
Interagency expense	187,560	126,412	99,512	370,374	133,530	491,683	130,535
Other operating expenses		33,581	487,707	38,589	19,551	30,805	
<b>Total operating expenses</b>	<b>59,558,967</b>	<b>42,704,061</b>	<b>46,572,995</b>	<b>141,166,131</b>	<b>13,040,900</b>	<b>1,156,354</b>	<b>13,170,578</b>
<b>OPERATING LOSS</b>	<b>(15,655,184)</b>	<b>(29,615,779)</b>	<b>(28,560,213)</b>	<b>(91,131,998)</b>	<b>(10,451,081)</b>	<b>(1,035,274)</b>	<b>(8,515,399)</b>
<b>NONOPERATING REVENUES (Expenses)</b>							
State appropriations	16,231,829	13,931,142	10,753,338	35,034,669	3,948,444	1,004,915	3,572,503
American Recovery and Reinvestment Act revenues		4,198,079	3,241,898	10,582,158	1,188,332		1,068,545
Gifts				1,001	39,064		449,028
Federal nonoperating revenues		14,269,205	14,995,253	45,979,743	5,034,706		3,570,664
Investment income	60,121	139,593	12,484	518,747	4,269	407	13,389
Interest expense				(210,912)			
Other nonoperating revenues (expenses)		(5,427)		1,792,694	(16,004)		
<b>Net nonoperating revenues (expenses)</b>	<b>16,291,950</b>	<b>32,532,592</b>	<b>29,002,973</b>	<b>93,698,100</b>	<b>10,198,811</b>	<b>1,005,322</b>	<b>8,674,129</b>
<b>Income (loss) before other revenues and additions</b>	<b>636,766</b>	<b>2,916,813</b>	<b>442,760</b>	<b>2,566,102</b>	<b>(252,270)</b>	<b>(29,952)</b>	<b>158,730</b>
Capital appropriations	525,000	226,782		1,363,288	1,203,171		114,500
Capital grants and gifts		1,000,000	295,985		126,482		
Additions to permanent endowment					9,297		
<b>Increase (decrease) in net assets</b>	<b>1,161,766</b>	<b>4,143,595</b>	<b>738,745</b>	<b>3,929,390</b>	<b>1,086,680</b>	<b>(29,952)</b>	<b>273,230</b>
<b>NET ASSETS - BEGINNING OF YEAR (Restated)</b>	<b>16,264,588</b>	<b>27,942,483</b>	<b>(7,659,688)</b>	<b>28,899,960</b>	<b>15,995,943</b>	<b>NONE</b>	<b>4,557,194</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$17,426,354</b>	<b>\$32,086,078</b>	<b>(\$6,920,943)</b>	<b>\$32,829,350</b>	<b>\$17,082,623</b>	<b>(\$29,952)</b>	<b>\$4,830,424</b>

Schedule 4

Louisiana Delta Community College	Louisiana Technical College Less NTC	Northshore Technical College (NTC)	River Parishes Community College	South Louisiana Community College	Sowela Technical Community College	Facilities Corporations	System Eliminating Entries	Total Per System
\$5,855,253 (2,809,645)	\$19,121,750 (13,142,054)	\$2,938,836 (1,718,710)	\$4,120,680 (1,498,994)	\$8,092,758 (1,704,573)	\$4,806,459 (2,866,245)			\$140,247,175 (58,077,384)
3,045,608	5,979,696	1,220,126	2,621,686	6,388,185	1,940,214	NONE	NONE	82,169,791
1,175,470	9,628,615	1,531,443	184,197	128,073	927,833		(\$10,916,431)	45,572,566
826,261	6,027,357	1,594,906	620,535	616,203	653,658		(10,027,760)	19,295,321
5,853	50,401	12,373		32,596			(30,000)	1,846,632
18,368	479,547	134,070	15,965	1,602	30,337			1,406,109
33,360	69,104	14,967	28,980	1,864			(4,128,859)	
109,840	1,407,708 (691,098)	7,022 (4,011)	12,315	16,459	15,162			3,092,989 (695,109)
109,840	716,610	3,011	12,315	16,459	15,162	NONE	NONE	2,397,880
14,854	881,742	138,580		88,212	496,780			3,146,727
5,229,614	23,833,072	4,649,476	3,483,678	7,273,194	4,063,984	NONE	(25,103,050)	155,835,026
5,608,202	49,287,103	7,698,479	3,993,589	6,430,014	7,814,442		(177,567)	184,158,107
1,127,760	3,322,539	956,552	467,596	2,079,101	635,293			1,111,253
1,176,004	7,526,061	888,652	876,390	769,012	1,403,250		(20,453,114)	47,802,221
3,290,336	16,667,579	2,364,232	2,885,763	2,074,773	3,058,990		(343,510)	31,372,058
1,067,739	9,011,874	727,056	764,968	1,535,898	933,557			35,456,641
238,436	3,731,580	321,766	165,020	301,235	590,997	\$5,497,986		15,659,303
3,767,912	28,474,628	3,979,712	2,170,161	2,770,020	3,566,565			107,493,583
983	1,288,894	5,268						2,709,635
162,312	1,748,811	147,299	113,123	234,271	183,437		(4,128,859)	
207,865				81,735				899,833
16,647,549	121,059,069	17,089,016	11,436,610	16,276,059	18,186,531	5,497,986	(25,103,050)	498,459,756
(11,417,935)	(97,225,997)	(12,439,540)	(7,952,932)	(9,002,865)	(14,122,547)	(5,497,986)	NONE	(342,624,730)
4,937,833	48,514,747	5,514,723	3,384,666	5,958,326	6,028,585			158,815,720
1,485,883	14,495,324	1,651,959	1,018,245	1,797,880	1,756,859			42,485,162
	127,207	10,917	22,539		403,062			1,052,818
6,290,811	36,816,708	5,398,781	3,261,317	3,601,498	5,631,316			144,850,002
48,228	65,445	4,950		11,424	34,085	104,798		1,017,940
	(17,191)	(1,580)	336		(18,962)	(10,678,446)		(10,889,358)
12,762,755	100,002,240	12,579,750	7,687,103	11,369,128	13,834,945	(2,412,384)	(12,986,032)	(678,518)
1,344,820	2,776,243	140,210	(265,829)	2,366,263	(287,602)	(18,484,018)	NONE	(5,970,964)
	102,626			36,142	1,598,354	33,550,527		36,983,268
								3,159,589
								9,297
1,344,820	2,878,869	140,210	(265,829)	2,402,405	1,310,752	15,066,509	NONE	34,181,190
2,442,499	16,867,787	(488,648)	(968,772)	5,358,429	6,715,949	13,859,216	NONE	129,786,940
\$3,787,319	\$19,746,656	(\$348,438)	(\$1,234,601)	\$7,760,834	\$8,026,701	\$28,925,725	NONE	\$163,968,130

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

**Combining Schedule of Cash Flows, by College  
For the Year Ended June 30, 2011**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Delgado Community College	Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Community College
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Tuition and fees		\$9,684,594	\$5,383,103	\$34,333,055	\$756,285		\$2,796,922
Grants and contracts	\$38,574,702	2,627,953	3,030,508	14,521,841	1,737,244	\$120,563	1,931,459
Sales and services of educational departments		114,186	371,947		37,497		320,709
Auxiliary enterprise receipts		376,230	379,862	711,789	39,140		3,245
Payments for employee compensation	(1,462,763)	(19,113,035)	(17,341,273)	(64,286,484)	(5,282,777)	(382,327)	(5,101,353)
Payments for benefits	(1,757,439)	(5,499,239)	(4,722,151)	(9,185,185)	(1,818,461)	(76,970)	(1,285,557)
Payments for utilities		(1,490,273)	(650,861)	(3,226,683)	(393,566)		(168,193)
Payments for supplies and services	(46,790,288)	(5,898,924)	(8,954,913)	(58,360,383)	(2,598,109)	(144,355)	(4,997,659)
Payments for scholarships and fellowships		(7,030,532)	(6,175,844)		(2,148,167)		(1,465,710)
Other receipts (payments)	1,816,777	439,137	388,281	887,488	21,287	(491,237)	362
<b>Net cash used by operating activities</b>	<b>(9,619,011)</b>	<b>(25,789,903)</b>	<b>(28,291,341)</b>	<b>(84,604,562)</b>	<b>(9,649,627)</b>	<b>(974,326)</b>	<b>(7,965,775)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
State appropriations	16,231,829	12,719,290	9,820,707	31,843,275	3,599,967	1,004,915	3,572,503
American Recovery and Reinvestment Act receipts		4,198,079	3,241,898	10,582,158	1,188,332		1,068,545
Gifts and grants for other than capital purposes		14,269,205	14,295,685	46,016,579	5,073,770		4,019,692
Taylor Opportunity Program for Students receipts		598,171	565,183	1,009,871	75,022		242,949
Taylor Opportunity Program for Students disbursements		(598,171)	(599,605)	(1,045,705)	(75,022)		(242,949)
Federal Emergency Management Agency receipts				1,128,643			
Federal Emergency Management Agency disbursements				(1,128,643)			
Direct lending receipts		7,377,674	17,539,966		514,119		
Direct lending disbursements		(7,377,674)	(17,692,991)		(514,119)		
Federal Family Education Loan Program receipts			1,656				
Federal Family Education Loan Program disbursement:			(3,697)				
Other receipts			1,876,298	1,792,694			
<b>Net cash provided (used) by noncapital financing activities</b>	<b>16,231,829</b>	<b>31,186,574</b>	<b>29,045,100</b>	<b>90,198,872</b>	<b>9,862,069</b>	<b>1,004,915</b>	<b>8,660,740</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Proceeds from capital debt							
Capital appropriations received	525,000	226,782					114,500
Capital grants and gifts received			295,985		126,482		
Purchases of capital assets	(6,109,786)	(973,104)	(578,692)	(3,161,661)	(257,691)		(611,477)
Principal paid on capital debt and leases				(102,500)			
Interest paid on capital debt and leases				(210,912)			
Deposit with trustees							(120,000)
Other sources (uses)					14,096		
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(5,584,786)</b>	<b>(746,322)</b>	<b>(282,707)</b>	<b>(3,475,073)</b>	<b>(117,113)</b>	<b>NONE</b>	<b>(616,977)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Proceeds from sales and maturities of investments					417,570		
Interest received on investments	60,121	112,516	12,483	518,747	4,269	407	13,389
Purchase of investments				(320,062)			
<b>Net cash provided (used) by investing activities</b>	<b>60,121</b>	<b>112,516</b>	<b>12,483</b>	<b>198,685</b>	<b>421,839</b>	<b>407</b>	<b>13,389</b>
<b>Net increase (decrease) in cash</b>	<b>1,088,153</b>	<b>4,762,865</b>	<b>483,535</b>	<b>2,317,922</b>	<b>517,168</b>	<b>30,996</b>	<b>91,377</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, Restated</b>	<b>21,516,629</b>	<b>18,096,630</b>	<b>2,669,745</b>	<b>16,120,317</b>	<b>3,347,213</b>	<b>NONE</b>	<b>4,970,541</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$22,604,782</b>	<b>\$22,859,495</b>	<b>\$3,153,280</b>	<b>\$18,438,239</b>	<b>\$3,864,381</b>	<b>\$30,996</b>	<b>\$5,061,918</b>

(Continued)

Schedule 5

Louisiana Delta Community College	Louisiana Technical College Less NTC	Northshore Technical College (NTC)	River Parishes Community College	South Louisiana Community College	Sowela Technical Community College	Facilities Corporations	System Eliminating Entries	Total Per System
\$3,046,761	\$5,525,375	\$1,664,944	\$2,572,306	\$6,391,109	\$1,997,603			\$74,152,057
1,840,460	17,388,478	3,240,195	798,752	558,232	1,633,373		(\$20,974,191)	67,029,569
18,368	479,546	134,070	15,965	1,602	30,337			1,524,227
126,004	697,885	3,011	41,295	10,569	15,162			2,404,192
(8,174,343)	(50,456,176)	(7,140,989)	(5,033,989)	(6,469,695)	(6,921,886)			(197,167,090)
(1,057,808)	(17,171,386)	(2,337,109)	(2,242,418)	(1,278,563)	(2,197,443)			(50,629,729)
(345,949)	(2,921,841)	(296,116)	(250,883)	(343,785)	(355,961)			(10,444,111)
(2,760,290)	(10,229,761)	(1,522,295)	(1,383,810)	(5,247,701)	(3,366,330)		20,974,191	(131,280,627)
(3,774,717)	(37,755,519)	(5,462,228)	(2,170,160)	(2,773,746)	(3,487,254)			(72,243,877)
(126,096)	(326,795)	(171,124)	28,980	(143,284)	303,444			2,627,220
<u>(11,207,610)</u>	<u>(94,770,194)</u>	<u>(11,887,641)</u>	<u>(7,623,962)</u>	<u>(9,295,262)</u>	<u>(12,348,955)</u>	NONE	NONE	<u>(314,028,169)</u>
4,937,833	48,514,747	5,514,723	3,384,666	4,145,419	5,500,616			150,790,490
1,485,883	14,495,324	1,651,959	1,018,245	1,797,880	1,756,859			42,485,162
6,290,811	36,943,915	5,409,698	3,157,042	3,601,498	6,034,378			145,112,273
61,936	210,058	23,509	165,129	163,367	254,518			3,369,713
(61,936)	(210,058)	(23,509)	(165,129)	(163,367)	(254,518)			(3,439,969)
	48,879	31,849			340,289			1,549,660
	(48,879)	(31,849)						(1,209,371)
			4,086,135					29,517,894
			(4,086,135)					(29,670,919)
								1,656
								(3,697)
	60		336			(\$127,572)		3,541,816
<u>12,714,527</u>	<u>99,954,046</u>	<u>12,576,380</u>	<u>7,560,289</u>	<u>9,544,797</u>	<u>13,632,142</u>	<u>(127,572)</u>	NONE	<u>342,044,708</u>
						71,127,122		71,127,122
						33,550,527		34,416,809
				36,142	1,290			459,899
(104,894)	(2,009,691)	(197,918)	(153,189)	(330,848)	(557,092)	(14,714,719)		(29,760,762)
						(5,802,000)		(5,904,500)
						(11,333,864)		(11,544,776)
								(120,000)
						(3,109,419)		(3,095,323)
<u>(104,894)</u>	<u>(2,009,691)</u>	<u>(197,918)</u>	<u>(153,189)</u>	<u>(294,706)</u>	<u>(555,802)</u>	<u>69,717,647</u>	NONE	<u>55,578,469</u>
								417,570
3,101	65,445			11,424	34,085	104,798		940,785
		4,950				(30,134,170)		(30,449,282)
<u>3,101</u>	<u>65,445</u>	<u>4,950</u>	NONE	<u>11,424</u>	<u>34,085</u>	<u>(30,029,372)</u>	NONE	<u>(29,090,927)</u>
1,405,124	3,239,606	495,771	(216,862)	(33,747)	761,470	39,560,703	NONE	54,504,081
2,469,574	26,479,700	2,284,190	949,663	9,258,291	5,403,375	89,314,732	NONE	202,880,600
<u>\$3,874,698</u>	<u>\$29,719,306</u>	<u>\$2,779,961</u>	<u>\$732,801</u>	<u>\$9,224,544</u>	<u>\$6,164,845</u>	<u>\$128,875,435</u>	NONE	<u>\$257,384,681</u>

**LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA  
Combining Schedule of Cash Flows, by College, 2011**

	<u>Board Office</u>	<u>Baton Rouge Community College</u>	<u>Bossier Parish Community College</u>	<u>Delgado Community College</u>	<u>Elaine P. Nunez Community College</u>	<u>LCTCS Online</u>	<u>L.E. Fletcher Community College</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>							
Operating loss	(\$15,655,184)	(\$29,615,779)	(\$28,560,213)	(\$91,131,998)	(\$10,451,081)	(\$1,035,274)	(\$8,515,399)
Adjustments to reconcile operating loss to net cash used by operating activities:							
Depreciation expense	110,095	1,153,543	305,779	2,243,066	663,365		336,435
Changes in assets and liabilities:							
(Increase) decrease in receivables, net	(16,304,813)	(133,944)	(2,451,375)	391,418	(12,331)	(120,705)	(466,574)
(Increase) decrease in inventories							2,090
(Increase) decrease in prepaid expenses	118	511,230	(6,325)	128,736	(17,767)		(4,030)
(Increase) decrease in other assets					2		
Increase (decrease) in accounts payable	21,867,188	37,128	10,369	(947,424)	(486,326)	150,848	(172,845)
Increase (decrease) in deferred revenue	(75,043)	(18,078)	323,573	53,493	13,965		410,512
Increase (decrease) in amounts held in custody for others	(396)	248,937	(71)	(24,870)			363
Increase (decrease) in compensated absences	(5,171)	33,581	46,658	(110,878)	11,246	30,805	25,718
Increase in other postemployment benefits payable	444,195	1,871,089	2,040,264	4,779,600	629,300		417,955
Increase (decrease) in other liabilities		122,390		14,295			
<b>Net cash used by operating activities</b>	<u>(\$9,619,011)</u>	<u>(\$25,789,903)</u>	<u>(\$28,291,341)</u>	<u>(\$84,604,562)</u>	<u>(\$9,649,627)</u>	<u>(\$974,326)</u>	<u>(\$7,965,775)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:</b>							
Cash and cash equivalents classified as current assets	\$22,604,782	\$22,859,495	\$3,153,280	\$18,438,239	\$3,097,980	\$30,996	\$5,061,918
Cash and cash equivalents classified as noncurrent assets					766,401		
<b>Cash and cash equivalents at the end of the year</b>	<u>\$22,604,782</u>	<u>\$22,859,495</u>	<u>\$3,153,280</u>	<u>\$18,438,239</u>	<u>\$3,864,381</u>	<u>\$30,996</u>	<u>\$5,061,918</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>							
Capital appropriations for purchase of equipment, buildings, or land				\$1,363,288	\$1,182,368		
Capital appropriations for remediation of building:					\$20,803		
Amortization of bond premium							
Accretion of bond discount							
Gain (loss) on disposal of capital assets		(\$5,427)					
Unrealized gain (loss) on investments							
Bond issuance costs							
Noncash capital grant/gift of capital assets							
Capitalized interest including capitalized amortization							
Gain (loss) on noncapital accounts and contracts payable							
Gain (loss) on accrued interest payable							
Gain (loss) on capital accounts and retainage payable							

(Concluded)

Schedule 5

Louisiana Delta Community College	Louisiana Technical College Less NTC	Northshore Technical College (NTC)	River Parishes Community College	South Louisiana Community College	Sowela Technical Community College	Facilities Corporations	System Eliminating Entries	Total Per System
(\$11,417,935)	(\$97,225,997)	(\$12,439,540)	(\$7,952,932)	(\$9,002,865)	(\$14,122,547)	(\$5,497,986)		(\$342,624,730)
238,436	3,731,580	321,766	165,020	301,235	590,997	5,497,986		15,659,303
(636,209)	(4,278,721)	(415,821)	(55,401)	(1,182,278)	(183,417)			(25,850,171)
35,517	46,698				(1)			84,304
69,254	(37,713)	896	(1,178)		40,762			683,983
			(334,839)					(334,837)
(368,153)	(1,540,471)	(187,066)	(316,580)	(362,359)	311,288			17,995,597
1,153	(70,791)	417,641	203,027	486,859	284,019			2,030,330
(11,998)	68,837	7,721	15,743	911	1,999			307,176
5,045	(575,965)	(83,991)	54,195	81,735	(19,955)			(506,977)
877,280	5,112,349	490,753	602,297	381,500	747,900			18,394,482
			(3,314)					133,371
<u>(\$11,207,610)</u>	<u>(\$94,770,194)</u>	<u>(\$11,887,641)</u>	<u>(\$7,623,962)</u>	<u>(\$9,295,262)</u>	<u>(\$12,348,955)</u>	<u>NONE</u>	<u>NONE</u>	<u>(\$314,028,169)</u>
\$3,874,698	\$29,425,933	\$2,779,961	\$732,801	\$9,024,544	\$6,164,845			\$127,249,472
	293,373			200,000		\$128,875,435		130,135,209
<u>\$3,874,698</u>	<u>\$29,719,306</u>	<u>\$2,779,961</u>	<u>\$732,801</u>	<u>\$9,224,544</u>	<u>\$6,164,845</u>	<u>\$128,875,435</u>	<u>NONE</u>	<u>\$257,384,681</u>
								\$2,545,656
								20,803
						\$538,376		538,376
						51,464		51,464
\$45,126	(\$62,228)	(\$1,580)			(\$18,962)			(88,197)
								45,126
						299,820		299,820
	102,626				833,437			936,063
						1,113,683		1,113,683
						(184,026)		(184,026)
						885,824		885,824
						(2,971,747)		(2,971,747)

## OTHER REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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### Exhibit A

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting 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 matters that would be material to the presented financial statements.



LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

December 14, 2011

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*

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

Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Community and Technical College System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 14, 2011. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; and LCTCS Facilities Corporation, as described in our report on the Louisiana Community and Technical College 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**

Management of the Louisiana Community and Technical College System is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Louisiana Community and Technical College System's internal control over financial reporting as a basis for designing our auditing procedures 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 Louisiana Community and Technical College System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Community and Technical College System's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Louisiana Community and Technical College System's financial statements are free of 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 Louisiana Community and Technical College System's basic financial statements for the year ended June 30, 2011. To obtain copies of those reports, refer to note 1-B to the basic financial statements for mailing addresses. These reports are also available on the Internet at [www.lla.la.gov](http://www.lla.la.gov).

As a part of our audit of the Louisiana Community and Technical College System's basic financial statements for the year ended June 30, 2011, we performed certain procedures on campuses within the System. Our reports on those procedures for those campuses are listed as follows:

	<u>Issue Date</u>
Baton Rouge Community College	Pending
Bossier Parish Community College	December 21, 2011
Delgado Community College	Pending
Acadiana Technical College	December 7, 2011
Northwest Louisiana Technical College	December 14, 2011
Northeast Louisiana Technical College	December 14, 2011
SOWELA Technical Community College	November 9, 2011
Elaine P. Nunez Community College	June 22, 2011
River Parishes Community College	December 21, 2011

Those reports contain compliance and internal control findings, where applicable, relating to those campuses. Management's responses are also included in those reports. Copies of those reports are available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor and can also be found on the Internet at [www.lla.la.gov](http://www.lla.la.gov).

This report is intended solely for the information and use of management, the Louisiana Community and Technical College System's Board of Supervisors, others within the entity, the Louisiana Board of Regents for Higher Education, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

KSH:CLP:BQD:THC:dl

LCTCS 2011