

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



FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2009
ISSUED MAY 26, 2010

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	Page
Independent Auditor's Report	3
Management's Discussion and Analysis	5

Statement

Basic Financial Statements:

Statement of Net Assets.....	A.....11
Statement of Revenues, Expenses, and Changes in Net Assets.....	B.....13
Statement of Cash Flows	C.....15
Notes to the Financial Statements	17

Schedule

Required Supplementary Information - Schedule of Funding Progress for the Other Postemployment Benefits Plan.....	1.....45
---	----------

Supplementary Information Schedules:

Schedule of Per Diem Paid Board Members (Cash Basis).....	2.....49
Combining Schedule of Net Assets, by College	3.....50
Combining Schedule of Revenues, Expenses, and Changes in Net Assets, by College	4.....52
Combining Schedule of Cash Flows, by College.....	5.....54

Exhibit

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	A
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

April 12, 2010

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, 2009, 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., for the Bossier Parish Community College, or Delta Campus Facilities Corporation which represent 41.07%, 55.90%, 6.48%, and 2.53%, 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., and the Delta Campus 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 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, 2009, 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.

As discussed in note 1-O to the financial statements, the Louisiana Community and Technical College System changed its classification of Pell grant revenues from operating revenues to nonoperating revenues for the year ended June 30, 2009, as a result of recent actions of the Governmental Accounting Standards Board (GASB).

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2010, 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 the 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 5 through 10 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 45 are not required parts of the basic financial statements but are supplementary information required by the GASB. 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 the 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

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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, 2009. 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
- L.E. Fletcher Technical Community College
- Louisiana Delta Community College
- Louisiana Technical College
- River Parishes Community College
- South Louisiana Community College
- Sowela Technical Community College

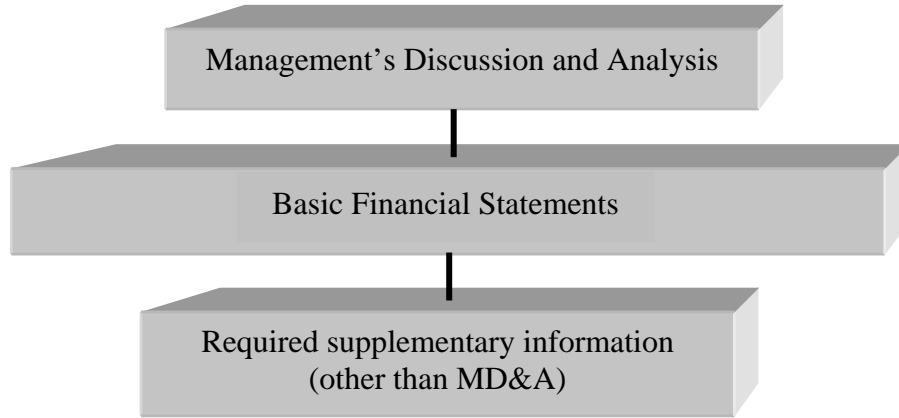
FINANCIAL HIGHLIGHTS

The System's net assets overall changed from \$152.7 million to \$136.3 million or 10.8% from July 1, 2008, to June 30, 2009. The overall reasons for this decrease included the second 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 2009 of \$41.6 million and ending liability of \$66.8 million, an increase in capital appropriations and a decrease in capital grants and gifts.

Enrollment changed from 59,430 to 69,967 from Fall 2008 to Fall 2009, a change of 17.7%. 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 other 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 11-12) 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 13-14) 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 15-16) 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, 2009 and 2008

	2009	2008 (Restated)	Variance	Percentage Change
Assets:				
Current and other assets	\$197,352	\$148,271	\$50,560	34.1%
Capital assets	255,356	244,557	10,799	4.4%
Total assets	<u>452,708</u>	<u>392,828</u>	<u>61,359</u>	15.6%
Liabilities:				
Current liabilities	58,679	55,167	3,524	6.4%
Long-term liabilities	257,729	184,942	74,254	40.1%
Total liabilities	<u>316,408</u>	<u>240,109</u>	<u>77,778</u>	32.4%
Net assets:				
Invested in capital assets, net of related debt	120,140	109,469	10,671	9.7%
Restricted	54,034	47,800	6,234	13.0%
Unrestricted	<u>(37,874)</u>	<u>(4,551)</u>	<u>(33,323)</u>	732.2%
Total net assets	<u>\$136,300</u>	<u>\$152,718</u>	<u>(\$16,418)</u>	-10.8%

This schedule is prepared from the System's Statement of Net Assets as shown on pages 11-12, which is presented on an accrual basis of accounting. Significant Statement of Net Assets changes in 2009 include the following:

The 10.8% decrease in net assets is due to the second year of reporting the annual OPEB expense in accordance with GASB 45 (*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*) with a total expense for fiscal year 2009 of \$41.6 million and ending liability of \$66.8 million, an increase in capital appropriations and a decrease in capital grants and gifts.

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, 2009 and 2008

	2009	2008 (Restated)	Variance	Percentage Change
Operating revenues:				
Student tuition and fees, net	\$60,600	\$54,157	\$6,443	11.9%
Grants and contracts	58,957	121,988	(63,031)	-51.7%
Auxiliary	3,709	4,549	(840)	-18.5%
Other	5,890	8,444	(2,554)	-30.2%
Total operating revenues	<u>129,156</u>	<u>189,138</u>	<u>(59,982)</u>	-31.7%
Nonoperating revenues:				
State appropriations	208,477	201,424	7,053	3.5%
Gifts	450	413	37	9.0%
Investment income	951		951	
Other nonoperating revenues	68,989	4,228	64,761	1531.7%
Net nonoperating revenues	<u>278,867</u>	<u>206,065</u>	<u>72,802</u>	35.3%
Total revenues	<u>408,023</u>	<u>395,203</u>	<u>12,820</u>	3.2%
Operating expenses:				
Education and general:				
Instruction	187,444	188,454	(1,010)	-0.5%
Public service	1,446	2,209	(763)	-34.5%
Academic support	38,578	37,908	670	1.8%
Student services	35,750	32,851	2,899	8.8%
Institutional support	71,515	73,373	(1,858)	-2.5%
Operations and maintenance of plant	37,512	39,080	(1,568)	-4.0%
Depreciation	14,482	14,140	342	2.4%
Scholarships and fellowships	52,685	35,729	16,956	47.5%
Auxiliary enterprises	4,911	6,068	(1,157)	-19.1%
Other operating expenses	1,500	2,238	(738)	-33.0%
Total operating expenses	<u>445,823</u>	<u>432,050</u>	<u>13,773</u>	3.2%
Nonoperating expenses - interest expense	6,695	6,876	(181)	-2.6%
Total expenses	<u>452,518</u>	<u>438,926</u>	<u>13,592</u>	3.1%
Loss before other revenues and additions	<u>(44,495)</u>	<u>(43,723)</u>	<u>(772)</u>	1.8%
Capital appropriations	27,387	15,313	12,074	78.8%
Capital grants and gifts	543	8,107	(7,564)	-93.3%
Additions to permanent endowment	193	254	(61)	-24.0%
Other additions (expenses), net	(46)	288	(334)	-116.0%
Other revenues and additions	<u>28,077</u>	<u>23,962</u>	<u>4,115</u>	17.2%
Change in net assets	(16,418)	(19,761)	3,343	-16.9%
Net assets at beginning of year, restated	<u>152,718</u>	<u>172,479</u>	<u>(19,761)</u>	-11.5%
Net assets at end of year	<u>\$136,300</u>	<u>\$152,718</u>	<u>(\$16,418)</u>	-10.8%

Nonoperating revenues fluctuate depending on levels of state funding, interest earnings, and other nonoperating revenue. Nonoperating revenues increased by 35% to \$279 million primarily because of a change in classification of Pell grant revenue from operating to nonoperating.

The System's operating revenues decreased by \$60 million or 32% primarily because of the change in classification mentioned above.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2009, the System had invested approximately \$255 million in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$11 million or 4% from the previous fiscal year. 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, 2009 and 2008

	2009	2008 (Restated)	Variance	Percentage Change
Land and improvements	\$21,849	\$20,906	\$943	5%
Buildings	186,245	184,254	1,991	1%
Equipment	28,104	28,228	(124)	0%
Construction-in-progress	19,158	11,169	7,989	72%
Total	<u>\$255,356</u>	<u>\$244,557</u>	<u>\$10,799</u>	4%

Debt

The System had \$173 million in bonds and notes outstanding at the year-end, compared to \$133 million last year, an increase of 30% as shown in the following table. More detailed information is presented in note 14 to the financial statements.

Table A-4
Louisiana Community and Technical College System
Outstanding Bonds Payable
(in thousands of dollars)
As of June 30, 2009 and 2008

	2009	2008	Variance	Percentage Change
Revenue bonds	\$173,006	\$133,814	\$39,192	29%

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:

- Reduction in state appropriations
- 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 23 to the financial statements.)
- Significant new or additional capital appropriations
- Renovations and new construction facilities
- A tuition increase was authorized and will be effective for Fall 2009.

**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) 922-0694.

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

**Statement of Net Assets
June 30, 2009**

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$101,075,812
Receivables, net (note 4)	39,353,839
Due from state treasury	146,828
Inventories	1,159,704
Deferred charges and prepaid expenses	776,457
Other current assets	1,608
Total current assets	<u>142,514,248</u>

Noncurrent assets:

Restricted assets:

Cash and cash equivalents (note 2)	49,107,084
Investments (note 3)	3,759,122
Receivables, net (note 4)	46,579
Notes receivable, net (note 5)	22,083
Other	816,507
Capital assets, net (note 6)	255,356,237
Other noncurrent assets	1,086,038
Total noncurrent assets	<u>310,193,650</u>
Total assets	<u>452,707,898</u>

LIABILITIES

Current liabilities:

Accounts payable and accruals (note 10)	30,226,187
Due to state treasury	43,238
Due to federal government	19,148
Deferred revenues (note 11)	22,005,840
Compensated absences payable (notes 12 and 14)	1,246,539
Capital lease obligations (notes 13 and 14)	398,000
Amounts held in custody for others	910,000
Bonds payable, net (note 14)	3,780,000
Other current liabilities	49,653
Total current liabilities	<u>58,678,605</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, 2009**

LIABILITIES (CONT.)

Noncurrent liabilities:

Compensated absences payable (notes 12 and 14)	\$17,741,634
Capital lease obligations (notes 13 and 14)	3,922,000
Other postemployment benefits payable (notes 9 and 14)	66,839,320
Bonds payable, net (note 14)	<u>169,226,326</u>
Total noncurrent liabilities	<u>257,729,280</u>
Total liabilities	<u><u>316,407,885</u></u>

NET ASSETS

Invested in capital assets, net of related debt	120,139,847
Restricted:	
Nonexpendable (note 15)	4,274,460
Expendable (note 15)	49,759,429
Unrestricted	<u>(37,873,723)</u>
Total net assets	<u><u>\$136,300,013</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

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

**Statement of Revenues, Expenses,
and Changes in Net Assets
For the Fiscal Year Ended June 30, 2009**

OPERATING REVENUES

Student tuition and fees	\$90,108,993
Less scholarship allowances	(29,509,008)
Net student tuition and fees	<u>60,599,985</u>
Federal grants and contracts	40,247,523
State and local grants and contracts	17,394,962
Nongovernmental grants and contracts	1,314,317
Sales and services of educational departments	1,385,490
Auxiliary enterprise revenues	4,753,506
Less scholarship allowances	(1,044,907)
Net auxiliary revenues	<u>3,708,599</u>
Other operating revenues	<u>4,504,948</u>
Total operating revenues	<u><u>129,155,824</u></u>

OPERATING EXPENSES

Educational and general:	
Instruction	187,443,917
Public service	1,445,570
Academic support	38,578,235
Student services	35,750,564
Institutional support	71,515,368
Operations and maintenance of plant	37,511,883
Depreciation	14,482,083
Scholarships and fellowships	52,684,955
Auxiliary enterprises	4,910,568
Other operating expenses	<u>1,499,625</u>
Total operating expenses	<u><u>445,822,768</u></u>

OPERATING LOSS (316,666,944)

(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, 2009**

NONOPERATING REVENUES (Expenses)	
State appropriations	\$208,477,119
Gifts	450,150
Federal nonoperating revenues	67,366,962
Investment income	951,240
Interest expense	(6,695,338)
Other nonoperating revenues	1,621,999
Net nonoperating revenues	<u>272,172,132</u>
LOSS BEFORE OTHER REVENUES AND ADDITIONS	(44,494,812)
Capital appropriations	27,386,940
Capital grants and gifts	543,063
Additions to permanent endowments	193,159
Other additions, net	<u>(46,511)</u>
DECREASE IN NET ASSETS	(16,418,161)
NET ASSETS - BEGINNING OF YEAR (Restated) (note 16)	<u>152,718,174</u>
NET ASSETS - END OF YEAR	<u><u>\$136,300,013</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, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$69,455,277
Grants and contracts	60,834,345
Sales and services of educational departments	1,407,949
Auxiliary enterprise receipts	3,785,990
Payments for employee compensation	(182,725,199)
Payments for benefits	(51,041,688)
Payments for utilities	(11,542,090)
Payments for supplies and services	(112,664,554)
Payments for scholarships and fellowships	(37,812,267)
Other receipts	1,385,402
Net cash used by operating activities	<u>(258,916,835)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State appropriations	205,827,204
Gifts and grants for other than capital purposes	67,508,841
Private gifts for endowment purposes	100,000
TOPS receipts	3,014,103
TOPS disbursements	(3,029,314)
FEMA receipts	326,467
FEMA disbursements	(326,467)
Direct lending receipts	2,241,762
Direct lending disbursements	(2,241,762)
Federal Family Education Loan Program receipts	8,937,796
Federal Family Education Loan Program disbursements	(8,934,890)
Other receipts	4,471,536
Net cash provided by noncapital financing sources	<u>277,895,276</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt	41,160,763
Capital appropriations received	21,114,352
Capital grants and gifts received	543,063
Purchases of capital assets	(18,522,948)
Principal paid on capital debt and leases	(4,225,402)
Interest paid on capital debt and leases	(6,702,389)
Other uses	(178,448)
Net cash provided by capital financing activities	<u>33,188,991</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received on investments	1,001,860
Proceeds from sale of investments	148,512
Net cash provided by investing activities	<u>1,150,372</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, 2009**

NET INCREASE IN CASH AND CASH EQUIVALENTS	\$53,317,804
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, Restated	<u>96,865,092</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$150,182,896</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	(\$316,666,944)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	14,482,083
Changes in assets and liabilities:	
Decrease in accounts receivable, net	10,811,280
Decrease in inventories	52,281
Decrease in prepaid expenses	32,558
(Increase) in other assets	(247,762)
(Decrease) in accounts payable	(9,904,032)
Increase in deferred revenue	7,063,516
Increase in amounts held in custody for others	92,778
Increase in compensated absences	1,324,916
Increase in other postemployment benefits payable	34,055,431
(Decrease) in other liabilities	<u>(12,940)</u>
Net cash used by operating activities	<u><u>(\$258,916,835)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:	
Cash and cash equivalents classified as current assets	\$101,075,812
Cash and cash equivalents classified as noncurrent assets	<u>49,107,084</u>
	<u><u>\$150,182,896</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Capital appropriations for purchase of equipment, building, or land	\$6,919,892
Accretion of discount and amortization of premium on bonds	950,060
Loss on disposal of capital assets	(148,636)
Unrealized loss on investments	(18,275)
Bond issuance costs	372,973

(Concluded)

The accompanying notes are an integral part of this statement.

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 40 campuses throughout the state.

Student enrollment for the System for the 2009 fall semester totaled 69,967 full-time equivalent students. During fiscal year 2009, the System had approximately 4,086 faculty and staff.

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, four of the community colleges each have a nongovernmental blended component unit (the BRCC

Facilities Corporation for Baton Rouge Community College; the South Louisiana Facilities Corporation for South Louisiana Community College; the Campus Facilities, Inc., for Bossier Parish Community College; and Delta Campus Facilities Corporation for Louisiana Delta Community College), 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) state appropriations provide the largest percentage of total revenues; (4) the state issues bonds to finance certain construction; and (5) 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 SLCC financial statements and, as such, has been appropriately included in the accompanying financial statements. The South Louisiana Facilities Corporation has a June 30 year-end and audited financial statements for the corporation may be obtained at 301 Main Street, 23rd Floor, Baton Rouge, Louisiana 70825.
- Campus Facilities, Inc., is a nonprofit organization formed in May 2001 to provide funds for and oversee construction of the campus for Bossier Parish Community College (BPCC). The corporation has been blended into the BPCC 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 6220 East Texas Street, 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 BRCC 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 LDCC 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.

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.

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 (OSRAP). 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, 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), 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.

O. ADOPTION OF NEW ACCOUNTING PRINCIPLES

Because of recent actions by the GASB, beginning in fiscal year 2009, Pell grant revenues are considered nonoperating revenues and are reported in the Statement of Revenues, Expenses, and Changes in Net Assets as nonoperating federal revenues.

2. CASH AND CASH EQUIVALENTS

At June 30, 2009, the System has cash and cash equivalents (book balances) of \$150,182,896 as follows:

Demand deposits	\$102,317,557
Certificates of deposit	601,530
Cash equivalents - Money Market Funds	47,229,949
Petty cash	<u>33,860</u>
Total	<u><u>\$150,182,896</u></u>

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

Current assets	\$101,075,812
Noncurrent assets	<u>49,107,084</u>
Total	<u><u>\$150,182,896</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, 2009, demand deposits totaling \$1,192,858 were reported in the financial statements for the BRCC Facilities Corporation and Campus Facilities, Inc., 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. There were no risk disclosures for the \$10,545 in the demand deposits for the BRCC Facilities Corporation. Of the \$1,182,313 in demand deposits for Campus Facilities, Inc., the balance in excess of the federal deposit insured amount of \$250,000 is exposed to custodial credit risk.

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

3. INVESTMENTS

At June 30, 2009, the System has restricted investments totaling \$3,759,122 as follows:

	Fair Value June 30, 2009	Investment Maturities (Years)	Credit Quality Rating
Mutual funds:			
Pooled equity funds	\$725,853	Not Applicable	Not Applicable
Fixed income securities - DCC	1,320,762	4.3	Not Rated
Fixed income securities - LDCC	206,507	< 1.0	Not Rated
Short-term federal funds	597,920	2.0	Not Rated
International equity funds	133,414	Not Applicable	Not Applicable
Other mutual funds	6,027	Not Applicable	Not Applicable
Subtotal - mutual funds	<u>2,990,483</u>		
Investments held by private foundation - external investment pool	643,020	Not Applicable	Not Rated
Non-negotiable certificates of deposit	118,786	1.0	Not Applicable
Other	<u>6,833</u>	Not Applicable	Not Applicable
 Total	 <u><u>\$3,759,122</u></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 which 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 \$2,990,483 and investments held by the private foundation of \$643,020 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.

Money market funds totaling \$47,229,949 were reported in the financial statements and notes to the financial statements for the BRCC Facilities Corporation, Campus Facilities, Inc., Delta Campus 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. There were no risk disclosures for the \$39,507,602 and \$4,321,869 of the money market funds of the Delta Campus Facilities Corporation and BRCC Facilities Corporation, respectively. The money market funds for South Louisiana Facilities Corporation of \$2,219,670 as well as those for the Campus Facilities, Inc., of \$1,180,808 are reported in the notes to the financial statements as uninsured and are collateralized by securities held by the financial institutions trust department, but not in the Corporation's name.

Included in investments are nonnegotiable certificates of deposit whose original maturities exceed three months. All disclosures required for these deposits are included in note 2.

4. RECEIVABLES

Receivables are shown on the Statement of Net Assets, net of an allowance for doubtful accounts, at June 30, 2009. These receivables are composed of the following:

	<u>Receivables</u>	<u>Allowance for Doubtful Accounts</u>	<u>Receivables, Net</u>
Student tuition and fees	\$18,136,657	(\$2,101,020)	\$16,035,637
Auxiliary enterprise	321,730		321,730
Federal grants and contracts	14,810,630		14,810,630
State and private grants and contracts	3,781,443	(2,476)	3,778,967
Other	<u>4,529,974</u>	<u>(76,520)</u>	<u>4,453,454</u>
Total	<u>\$41,580,434</u>	<u>(\$2,180,016)</u>	<u>\$39,400,418</u>

The noncurrent portion of accounts receivable is \$46,579.

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 TO THE FINANCIAL STATEMENTS

	Notes Receivable	Allowance for Doubtful Accounts	Notes Receivable, Net
Perkins Loan Program	\$57,075	(\$50,500)	\$6,575
Miscellaneous private student loan programs	15,508		15,508
Total	\$72,583	(\$50,500)	\$22,083

6. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2009, follows:

	Balance June 30, 2008	Prior Period Adjustment	Adjusted Balance June 30, 2008	Additions	Transfers	Retirements/ Reductions	Balance June 30, 2009
Capital assets not being depreciated:							
Land	\$20,440,818	(\$150,407)	\$20,290,411	\$110,935			\$20,401,346
Capitalized collections	6,000	(6,000)					
Construction-in-progress	11,169,462		11,169,462	16,653,283	(\$8,664,560)		19,158,185
Total capital assets not being depreciated	31,616,280	(156,407)	31,459,873	16,764,218	(8,664,560)	NONE	39,559,531
Capital assets being depreciated:							
Land improvements	2,275,033	150,407	2,425,440	904,085			3,329,525
Buildings	277,153,180		277,153,180	731,105	8,664,560	(\$334,054)	286,214,791
Furniture, fixtures, and equipment	70,977,250	381,892	71,359,142	7,374,327		(2,382,892)	76,350,577
Total capital assets being depreciated	350,405,463	532,299	350,937,762	9,009,517	8,664,560	(2,716,946)	365,894,893
Less accumulated depreciation for:							
Land improvements	(1,795,200)	(15,041)	(1,810,241)	(71,316)			(1,881,557)
Buildings	(92,896,385)	(2,876)	(92,899,261)	(7,070,991)			(99,970,252)
Furniture, fixtures, and equipment	(42,816,620)	(314,622)	(43,131,242)	(7,339,776)		2,224,640	(48,246,378)
Total accumulated depreciation	(137,508,205)	(332,539)	(137,840,744)	(14,482,083)	NONE	2,224,640	(150,098,187)
Total capital assets, being depreciated, net	212,897,258	199,760	213,097,018	(5,472,566)	8,664,560	(492,306)	215,796,706
Total capital assets, net	\$244,513,538	\$43,353	\$244,556,891	\$11,291,652	NONE	(\$492,306)	\$255,356,237

The June 30, 2008, balance of capital assets has been adjusted by \$43,353 to reflect prior period adjustments resulting from the correction of prior year errors. Five buildings with a total carrying value of \$4,474,040 remain idle at June 30, 2009, 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 2009, the state contributed 15.5% of covered salaries to TRSL and 18.5% 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, 2009, 2008, and 2007 were \$16,804,094; \$15,897,134; and \$12,838,089, respectively, and to LASERS for the years ended June 30, 2009, 2008, and 2007 were \$4,955,957; \$4,967,590; and \$4,221,150, 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 10 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 of Louisiana if the participant were a member of that retirement

plan. Employer contributions by the System are 15.5% of the covered payroll. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, 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 \$4,309,937 and \$2,230,783, respectively, for the year ended June 30, 2009.

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.

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 three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) Plan, and the Health Maintenance Organization (HMO) Plan. In addition, all plan members are offered the Medical Home HMO plan. Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare Advantage plans - three HMO plans and two private fee-for-service (PFFS) plans. 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.

Depending upon the plan selected, during fiscal year 2009, employee premiums with single, spouse, children, or family coverage range from \$34 to \$468 per month for those with Medicare and from \$130 to \$514 per month for those without Medicare. The plan is financed on a pay-as-you-go basis, with the System's contributions for a retiree with single, spouse, children, or family coverage ranging from \$26 to \$1,212 per month for those with Medicare and from \$838 to \$1,341 per month for those without Medicare.

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. 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 had been used. The total ARC for fiscal year 2009 is \$41,583,200 as set forth below:

Normal cost	\$22,912,100
Amortization of the UAAL	17,071,700
Interest	1,599,400
Annual required contribution	<u>\$41,583,200</u>

The following schedule presents the components of the System's annual OPEB cost for fiscal year 2009, the amount actually contributed to the plan, and changes in the System's net OPEB obligation to the OPEB plan:

Annual required contribution	\$41,583,200
Interest on net OPEB obligation	1,311,360
ARC adjustment	(1,252,730)
Annual OPEB cost	<u>41,641,830</u>
Contributions made	<u>(7,586,400)</u>
Increase in net OPEB obligation	34,055,430
Beginning net OPEB obligations at June 30, 2008, as restated	<u>32,783,890</u>
Ending net OPEB obligation at June 30, 2009	<u>\$66,839,320</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, 2009, and the preceding fiscal year were as follows:

Fiscal Year Ended	Annual OPEB Cost (Restated)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Restated)
June 30, 2008	\$40,243,800	18%	\$32,783,890
June 30, 2009	41,641,830	18%	66,839,320

Funded Status and Funding Progress - During fiscal year 2009, neither the System nor the State of Louisiana made contributions to a postemployment benefits plan trust. A trust was established July 1, 2008. Hence, the funded ratio is zero. Since the plan was not funded, the System's entire actuarial accrued liability of \$446,755,000 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2008, was as follows:

Actuarial accrued liability (AAL)	\$446,755,000
Actuarial value of plan assets	NONE
Unfunded actuarial accrued liability	<u>\$446,755,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	\$116,673,623
UAAL as a percentage of covered payroll	383%

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, 2008, OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 9.0% and 10.1% 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 as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009, is 28 years. 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 accrued expenses at June 30, 2009:

Vendor payables	\$12,976,367
Accrued salaries and payroll deductions	13,418,476
Accrued interest payable	898,817
Other	<u>2,932,527</u>
Total	<u><u>\$30,226,187</u></u>

11. DEFERRED REVENUES

The following is a summary of deferred revenues at June 30, 2009:

Prepaid tuition and fees	\$12,884,672
Prepaid rent	1,473,114
Grants and contracts	7,573,218
Other	<u>74,836</u>
Total	<u><u>\$22,005,840</u></u>

12. COMPENSATED ABSENCES

At June 30, 2009, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$9,389,587; \$9,452,887; and \$145,699, 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, 2009, the total rental expense for all operating leases is \$3,253,377. The following is a schedule, by fiscal years, of future minimum annual rental payments required under operating leases:

Nature of Operating Lease	2010	2011	2012	2013	2014	Total Minimum Payments Required
Office space	\$1,410,351	\$738,494	\$226,207	\$59,795	\$13,556	\$2,448,403
Land	39,550	39,550	39,550	39,550	39,550	197,750
Other	80,000	6,667				86,667
Equipment	179,235	14,930				194,165
Total	<u>\$1,709,136</u>	<u>\$799,641</u>	<u>\$265,757</u>	<u>\$99,345</u>	<u>\$53,106</u>	<u>\$2,926,985</u>

Capital Leases

The System records items under capital leases as assets and obligations in the accompanying financial statements. The following is a schedule of future minimum lease payments under these capital leases, together with the present value of minimum lease payments, at June 30, 2009:

Fiscal Year Ended June 30,:	
2010	\$636,757
2011	636,387
2012	311,456
2013	310,275
2014	308,806
2015-2019	1,552,300
2020-2024	1,539,600
2025-2029	1,543,850
2030	<u>295,000</u>
Total minimum lease payments	7,134,431
Less - amount representing interest	<u>(2,814,431)</u>
Present value of net minimum lease payments	<u>\$4,320,000</u>

The gross amount of assets held under capital leases as of June 30, 2009, include office space and equipment of \$4,395,000 and \$8,750,000, respectively.

Lessor - Operating Lease

Leasing operations of the System consist of BRCC and SLCC leasing property 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, 2009, is \$488,107; \$57,282; and \$430,825, 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, 2009:

Nature of Operating Lease	2010	2011	2012	2013	2014	2015-2019	Total Minimum Future Rentals
Office space	\$175,000	\$160,000	\$160,000	\$160,000	\$160,000	\$173,333	\$988,333

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. Contingent rentals received by BRCC from operating leases for the year ended June 30, 2009, were \$112,885.

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, 2009:

	Balance June 30, 2008 (Restated)	Additions	Reductions	Balance June 30, 2009	Portion Due Within One Year
Bonds payable, net	\$133,814,175	\$42,490,306	(\$3,298,155)	\$173,006,326	\$3,780,000
Capital lease obligations (note 13)	6,183,000		(1,863,000)	4,320,000	398,000
Compensated absences payable (note 12)	17,663,257	5,170,244	(3,845,328)	18,988,173	1,246,539
OPEB payable (note 9)	32,783,889	41,641,800	(7,586,369)	66,839,320	
Total long-term liabilities	\$190,444,321	\$89,302,350	(\$16,592,852)	\$263,153,819	\$5,424,539

Details of all debt outstanding at June 30, 2009, follow:

Bonds Payable

As presented on the Statement of Net Assets, at June 30, 2009, bonds payable total \$173,006,326 of which \$3,780,000 is current and the remaining \$169,226,326 is noncurrent.

Detailed summaries, by issues, of all bonded debt outstanding at June 30, 2009, follow:

	Date of Issue	Original Issue	Outstanding June 30, 2008	Issued (Redeemed)	Outstanding June 30, 2009	Maturities	Interest Rates	Future Interest Payments June 30, 2009
Baton Rouge Community College - 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%	\$44,771,376
Series 2003 Revenue Bonds	Dec. 23, 2003	10,000,000	10,000,000		10,000,000	2010-2018	3.8% - 5.5%	1,610,323
Bossier Parish Community College - 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%	28,886,774
Series 2003 Revenue Bonds	June 18, 2003	10,000,000	6,575,000	(\$1,660,000)	4,915,000	2010-2012	2.0% - 3.0%	274,976
South Louisiana Community College - South Louisiana Facilities Corporation:								
Series 2002 Revenue Bonds	Oct. 29, 2002	17,840,000	16,410,000	(505,000)	15,905,000	2010-2029	2.1% - 4.75%	8,530,270
Louisiana Delta Community College - Delta Campus Facilities, Inc.:								
Series 2008 Revenue Bonds	Nov. 1, 2008	42,470,000		42,470,000	42,470,000	2010-2028	4.0% - 5.5%	26,086,382
Total		<u>\$180,310,000</u>	132,985,000	40,305,000	173,290,000			<u>\$110,160,101</u>
Net original premiums (discounts)			1,683,685	(939,894)	743,791			
Net accumulated amortization of premiums/discounts			<u>(854,510)</u>	<u>(172,955)</u>	<u>(1,027,465)</u>			
Bonds payable, net			<u>\$133,814,175</u>	<u>\$39,192,151</u>	<u>\$173,006,326</u>			

The annual requirements to amortize all bonds outstanding at June 30, 2009, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$3,780,000	\$8,262,017	\$12,042,017
2011	5,485,000	8,409,987	13,894,987
2012	5,720,000	8,186,394	13,906,394
2013	5,955,000	7,945,783	13,900,783
2014	6,240,000	7,673,970	13,913,970
2015-2019	35,665,000	33,622,132	69,287,132
2020-2024	44,430,000	23,672,248	68,102,248
2025-2029	49,675,000	10,702,820	60,377,820
2030-2033	16,340,000	1,684,750	18,024,750
	<u>\$173,290,000</u>	<u>\$110,160,101</u>	<u>\$283,450,101</u>
Total	<u>\$173,290,000</u>	<u>\$110,160,101</u>	<u>\$283,450,101</u>

Outstanding principal of \$173,290,000 plus net unamortized premium/discount of \$283,674 totals \$173,006,326.

Capital Lease Obligations

Capital lease obligations at June 30, 2009, for \$4,320,000 are detailed in note 13.

Accrued Compensated Absences Payable

Accrued compensated absences payable at June 30, 2009, for \$18,988,173 is detailed in note 12.

15. RESTRICTED NET ASSETS

The System has the following restricted net assets at June 30, 2009:

Nonexpendable:	
Endowments	\$3,429,134
Student Life Center Maintenance Reserve	557,590
Phoebe Jackson Trust	<u>287,736</u>
Total nonexpendable	<u><u>\$4,274,460</u></u>
Expendable:	
Systemwide ERP System	\$14,925,486
Academic excellence	7,012,084
Settlement carryover fund	6,595,230
Technology fee	5,318,987
Maintenance reserve	3,700,412
Facility Corp net assets	3,589,177
Building use fee	2,589,196
Debt services	1,450,814
Operational fee	1,198,108
Grants and contracts	665,505
Endowed professorships and scholarships	648,216
Vehicle registration fee	571,405
HB 765 (Storm Recovery)	455,405
Preventative maintenance	349,545
Murphy Oil	282,657
Other restricted funds	151,582
Student Government Association fees	120,976
Third-party scholarships	91,835
Endowment earnings	29,211
Phoebe Jackson Trust	<u>13,598</u>
Total expendable	<u><u>\$49,759,429</u></u>

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2009, \$33,516,137 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 has been restated to reflect the correction of errors in the prior report. The effect of the restatement is as follows:

Net assets at June 30, 2008	\$151,409,096
Reclassifications and adjustments for prior year errors:	
Correction for prior year capital appropriations	823,727
Adjustment for recalculation of OPEB	571,304
Adjustments to capital assets	43,353
Other	<u>(129,306)</u>
Net assets at June 30, 2008, as restated	<u><u>\$152,718,174</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 nine lawsuits at June 30, 2009, that are being handled by contract attorneys. In the opinion of legal counsel, the possibility that the System will incur a liability in nine of the cases is reasonably possible, with a possible loss estimated at \$430,000 for eight cases; legal counsel is unable to estimate the possible loss for the remaining case.

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
- L.E. Fletcher Technical Community College Foundation
- Louisiana Delta Community College Foundation
- Louisiana Technical College:
 - Region IV Foundation
 - Northeast Louisiana Campus Foundation, Limited
 - Tallulah Foundation
- River Parishes Community College Foundation, Incorporated
- Sowela Technical Institute Foundation, Limited

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, 2009, the foundations hold in custody \$643,020 of state Endowed Professorship Program funds.

19. DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, R.S. 9:2337.2 permits the governing board to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

- Bossier Parish Community College - At June 30, 2009, net appreciation of \$5,939 is available to be spent, of which \$5,939 is restricted to specific purposes (net appreciation during the fiscal year). The college may spend the interest earnings for the purpose for which the endowment was established. However, the interest portion that may be spent cannot exceed 5% of the total interest and principal balances. The principal portion of the endowment cannot be used.
- Nunez Community College - At June 30, 2009, net appreciation of \$30,823 is available to be spent, of which \$30,823 is restricted to specific purposes (net appreciation during the fiscal year). The college may spend the interest earnings for the purpose for which the endowment was established. However, the interest portion that may be spent cannot exceed 5% of the total interest and principal balances. The principal portion of the endowment cannot be used.
- Louisiana Delta Community College - At June 30, 2009, the endowment has a net depreciation of \$18,275; therefore, \$0 is available to be spent. The college can spend 100% of the investment income on each of the three \$100,000 endowments. The income from two of the three endowments is designated for educational needs in the nursing department. The income from the third endowment is designated for educational needs in the science department.
- Louisiana Technical College - At June 30, 2009, net appreciation of \$10,560 is available to be spent, of which \$10,560 is restricted to specific purposes (net appreciation during the fiscal year). Interest earned from the trust account can only be used as scholarships for tuition/fees and books/supplies for students at the Shelby M. Jackson campus.
- South Louisiana Community College - At June 30, 2009, net appreciation of \$4,336 is available to be spent, of which \$4,336 is restricted to specific purposes (net appreciation during the fiscal year). The authorization for spending

investment income is established in the Louisiana Board of Regents Endowed Professorship Program Policy.

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.la.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.

22. ALTERNATIVE FINANCING AGREEMENTS

Baton Rouge Community College (BRCC)

On May 16, 2002, the Louisiana State Bond Commission approved issuing up to \$65,000,000 in bonds for constructing and furnishing new campus buildings and for renovating existing buildings on property adjacent to the BRCC campus. In December 2002, the Louisiana Government Environmental Facilities and Community Development Authority issued \$55,000,000 in revenue bonds on behalf of the BRCC Facilities Corporation, a nonprofit organization. In December 2003, the Louisiana Local Government Environmental Facilities and Community Development Authority issued an additional \$10,000,000 in revenue bonds on behalf of the BRCC Facilities Corporation. 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 expire 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 is expected to be complete by the Fall 2010 semester.

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

23. SUBSEQUENT EVENTS

During the 2007 Legislative Sessions, the Louisiana Legislature authorized financing of \$173,000,000 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 \$151,000,000 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 \$25,000,000 to augment hurricane recovery. The 23 capital outlay projects will be completed in three phases from 2009-2011. Phase one bond issue of approximately \$65 million consists of the following projects: Northwest Campus of Louisiana Technical College in Minden, Huey P. Long Campus of Louisiana Technical College in Winnfield, Young Memorial Campus of Louisiana Technical College in Morgan City, Shelby M. Jackson Campus of Louisiana Technical College in Ferriday, Gulf Area Campus of Louisiana Technical College in Abbeville, Elaine P. Nunez Community College in Chalmette, Statewide Information System Infrastructure and Equipment for Campuses, L.E. Fletcher Community College in Houma, and Florida Parishes Campus of Louisiana Technical College in Greensburg. The remaining projects are proposed for two additional phases in August of 2010 and 2011. The first phase bond closing was October 1, 2009, with a principal issue of \$64,570,000.

In the 2009 Regular Session, the Louisiana Legislature approved planning and construction for the SOWELA Nursing and Allied Health Facility in House Bill 2 as a supplemental project to be payable from Revenue Bonds in the amount of \$6,000,000. To move forward with this project the revenue bonds must be issued by LCTCS. The project costs will total up to \$10,000,000 which includes a donation of \$2.75 million from H.C. Drew Trust, approximately \$1.7 million in one-time funds reserved for the project and up to \$6 million in revenue bonds. The next steps require approval by the Joint Legislative Committee on the Budget and the Bond Commission before the bonds can be marketed.

**REQUIRED SUPPLEMENTARY INFORMATION -
Schedule of Funding Progress for the
Other Postemployment Benefits Plan**

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

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

**Schedule of Funding Progress for the
Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 2009**

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, 2007	NONE	\$420,266,500	\$420,266,500	0.0%	\$120,308,403	349%
July 1, 2008	NONE	\$446,755,000	\$446,755,000	0.0%	\$116,673,623	383%

Note to the Schedule:

GASB Statement 45 was implemented prospectively during the fiscal year ended June 30, 2008; therefore, only two years of information are available.

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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, 2009. 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.

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**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, 2009**

	<u>AMOUNT</u>
Barham, Erle E.	\$600
Carter, Helen	1,150
Castillo, Julio Cesar	300
Clark, Thomas	700
Dubois, Brock A.	150
Gamble, Keith	800
Hauge, Jared	100
Johnson, Kathy E.	2,050
Mellington, Brett J.	1,000
Murphy, Michael J.	1,100
Newman, Luke J.	750
Oge, Norwood	900
Packer Jr., Daniel	300
Smith, Stephen	1,350
St. Blanc III, Vincent	2,300
Stone, Fredrick M.	750
Taylor, Geraldine	500
Terrill, Allen S.	350
Toups, Stephen	350
Walker, Taminika Sherelle	<u>700</u>
Total	<u><u>\$16,200</u></u>

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

**Combining Schedule of Net Assets, by College
For the Year Ended June 30, 2009**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Delgado Community College	Elaine P. Nunez Community College	L.E. Fletcher Community College
ASSETS						
Current assets:						
Cash and cash equivalents	\$22,803,060	\$18,108,145	\$2,178,426	\$8,339,620	\$2,891,163	\$3,952,142
Receivables, net	539,634	991,087	1,206,056	16,459,138	282,364	198,149
Due from state treasury	146,828					
Due from federal government	9,096,361	64,514	19,900	3,799,992	269,578	289,963
Due from LCTCS colleges/LCTCS	17,972	146,863	112,604	454,266	283,579	89,459
Inventories			582,224			9,032
Deferred charges and prepaid expenses		48,520	7,867	415,965		28,235
Other current assets		558			1,050	
Total current assets	<u>32,603,855</u>	<u>19,359,687</u>	<u>4,107,077</u>	<u>29,468,981</u>	<u>3,727,734</u>	<u>4,566,980</u>
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents		4,332,414	2,363,121		242,943	
Investments		230,495	118,786	2,691,229	412,525	
Receivables, net						
Notes receivable, net				22,083		
Other						
Capital assets, net	379,962	89,342,217	55,508,568	31,836,864	16,099,843	2,815,525
Other noncurrent assets		805,872				
Total noncurrent assets	<u>379,962</u>	<u>94,710,998</u>	<u>57,990,475</u>	<u>34,550,176</u>	<u>16,755,311</u>	<u>2,815,525</u>
Total assets	<u>32,983,817</u>	<u>114,070,685</u>	<u>62,097,552</u>	<u>64,019,157</u>	<u>20,483,045</u>	<u>7,382,505</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accruals	10,222,860	3,399,538	1,839,435	4,741,358	399,320	220,923
Due to state treasury	222					
Due to federal government	5,680	11,472				
Due to LCTCS college/LCTCS	2,988,814	1,320				31,755
Deferred revenues	107,571	580,293	1,638,054	10,336,288	550,235	118,879
Compensated absences payable	52,545	54,502	49,311	350,996	22,875	23,663
Capital lease obligations		303,000		95,000		
Amounts held in custody for others		663,333	42,325		2,775	2,685
Bonds payable, net		1,560,000	1,700,000			
Other current liabilities				49,653		
Total current liabilities	<u>13,377,692</u>	<u>6,573,458</u>	<u>5,269,125</u>	<u>15,573,295</u>	<u>975,205</u>	<u>397,905</u>
Noncurrent liabilities:						
Compensated absences payable	748,219	1,367,944	1,554,426	4,139,040	856,945	524,638
Capital lease obligations		317,000		3,605,000		
OPEB payable	1,347,128	6,124,294	7,129,602	15,417,640	2,247,274	1,625,932
Bonds payable, net		64,598,580	47,897,619			
Total noncurrent liabilities	<u>2,095,347</u>	<u>72,407,818</u>	<u>56,581,647</u>	<u>23,161,680</u>	<u>3,104,219</u>	<u>2,150,570</u>
Total liabilities	<u>15,473,039</u>	<u>78,981,276</u>	<u>61,850,772</u>	<u>38,734,975</u>	<u>4,079,424</u>	<u>2,548,475</u>
NET ASSETS						
Invested in capital assets, net of related debt	379,962	23,183,635	5,709,306	28,136,864	16,099,843	2,815,525
Restricted for:						
Nonexpendable		230,495	100,000	2,632,105	584,124	
Expendable	16,371,358	12,963,367	2,729,496	3,592,545	1,837,147	924,411
Unrestricted	759,458	(1,288,088)	(8,292,022)	(9,077,332)	(2,117,493)	1,094,094
Total Net Assets	<u>\$17,510,778</u>	<u>\$35,089,409</u>	<u>\$246,780</u>	<u>\$25,284,182</u>	<u>\$16,403,621</u>	<u>\$4,834,030</u>

Schedule 3

Louisiana Delta Community College	Louisiana Technical College Less Region 1	LTC Region 1	River Parishes Community College	South Louisiana Community College	Sowela Technical Community College	System Eliminating Entries	Total Per System
\$1,704,133	\$27,806,924	\$1,460,703	\$930,527	\$6,240,679	\$4,660,290		\$101,075,812
136,219	2,326,690	7,000	196,202	1,542,127	658,543		24,543,209
							146,828
15,971	768,028	434,109		52,214			14,810,630
4,005	1,602,760	23,804	2,227	51,768	251,061	(\$3,040,368)	
10,492	547,113				10,843		1,159,704
64,041	93,983	32,001	32,321		53,524		776,457
							1,608
<u>1,934,861</u>	<u>33,145,498</u>	<u>1,957,617</u>	<u>1,161,277</u>	<u>7,886,788</u>	<u>5,634,261</u>	<u>(3,040,368)</u>	<u>142,514,248</u>
39,507,602	301,334			2,359,670			49,107,084
306,087							3,759,122
46,579							46,579
							22,083
816,507							816,507
4,635,126	32,730,611	3,893,071	39,128	15,391,832	2,683,490		255,356,237
				280,166			1,086,038
<u>45,311,901</u>	<u>33,031,945</u>	<u>3,893,071</u>	<u>39,128</u>	<u>18,031,668</u>	<u>2,683,490</u>	<u>NONE</u>	<u>310,193,650</u>
<u>47,246,762</u>	<u>66,177,443</u>	<u>5,850,688</u>	<u>1,200,405</u>	<u>25,918,456</u>	<u>8,317,751</u>	<u>(3,040,368)</u>	<u>452,707,898</u>
849,114	5,055,350	8,406	199,942	1,442,935	1,847,006		30,226,187
378				42,638			43,238
1,307	689						19,148
	6,400			4,360	7,719	(3,040,368)	
540,173	5,595,358	145,708	410,973	1,754,478	227,830		22,005,840
5,690	581,770	18,967		11,893	74,327		1,246,539
							398,000
3,990	141,222	24,868	1,303	1,312	26,187		910,000
				520,000			3,780,000
							49,653
<u>1,400,652</u>	<u>11,380,789</u>	<u>197,949</u>	<u>612,218</u>	<u>3,777,616</u>	<u>2,183,069</u>	<u>(3,040,368)</u>	<u>58,678,605</u>
404,567	6,659,488	175,070	244,648	398,670	667,979		17,741,634
							3,922,000
1,442,643	25,843,567	828,911	1,016,990	1,279,100	2,536,239		66,839,320
41,534,247				15,195,880			169,226,326
<u>43,381,457</u>	<u>32,503,055</u>	<u>1,003,981</u>	<u>1,261,638</u>	<u>16,873,650</u>	<u>3,204,218</u>	<u>NONE</u>	<u>257,729,280</u>
<u>44,782,109</u>	<u>43,883,844</u>	<u>1,201,930</u>	<u>1,873,856</u>	<u>20,651,266</u>	<u>5,387,287</u>	<u>(3,040,368)</u>	<u>316,407,885</u>
3,092,739	32,730,611	3,893,071	39,128	1,375,673	2,683,490		120,139,847
300,000	287,736			140,000			4,274,460
519,122	6,262,554	410,607	250,535	3,819,127	79,160		49,759,429
(1,447,208)	(16,987,302)	345,080	(963,114)	(67,610)	167,814		(37,873,723)
<u>\$2,464,653</u>	<u>\$22,293,599</u>	<u>\$4,648,758</u>	<u>(\$673,451)</u>	<u>\$5,267,190</u>	<u>\$2,930,464</u>	<u>NONE</u>	<u>\$136,300,013</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, 2009**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Delgado Community College	Elaine P. Nunez Community College	L.E. Fletcher Community College
OPERATING REVENUES						
Student tuition and fees		\$12,466,101	\$8,900,344	\$32,685,610	\$2,451,081	\$1,888,064
Less scholarship allowances		(3,399,996)	(1,931,845)	(7,755,587)	(1,510,873)	(654,874)
Net student tuition and fees	NONE	9,066,105	6,968,499	24,930,023	940,208	1,233,190
Federal grants and contracts	\$25,638,659	812,921		8,436,625	799,075	1,530,768
State and local grants and contracts	2,681,565	1,729,344	3,158,723	7,468,847	1,126,915	1,429,652
Nongovernmental grants and contracts		532,959	506,291	190,212		41,698
Sales and services of educational departments		54,137	369,936		29,058	219,858
Auxiliary enterprise revenues		341,111	2,003,062	462,094	45,385	17,529
Less scholarship allowances			(5,194)			
Net auxiliary revenues	NONE	341,111	1,997,868	462,094	45,385	17,529
Other operating revenues	24,376	13,737	317,837	531,850	54,352	
Total operating revenues	28,344,600	12,550,314	13,319,154	42,019,651	2,994,993	4,472,695
OPERATING EXPENSES						
Educational and general:						
Instruction	25,477	13,205,088	14,923,856	54,112,032	4,578,091	5,282,436
Public service			1,423,694			21,876
Academic support	34,874,697	5,167,065	3,354,181	6,179,581	572,594	1,287,883
Student services		4,649,915	7,721,769	8,627,273	864,153	673,899
Institutional support	11,472,197	8,951,995	3,627,275	8,378,482	2,468,574	1,950,027
Operations and maintenance of plant		5,369,218	3,414,916	10,270,096	2,178,473	804,840
Depreciation	223,449	4,310,143	1,899,143	1,717,615	526,281	279,517
Scholarships and fellowships		4,963,793	1,422,196	19,462,535	945,326	954,684
Auxiliary enterprises		114,635	2,217,708	910,655		22,299
Interagency expense	123,272	149,876	85,312	323,247	110,804	77,144
Other operating expenses	100,126	200,268	502,979	370,696	129,590	
Total operating expenses	46,819,218	47,081,996	40,593,029	110,352,212	12,373,886	11,354,605
OPERATING LOSS	(18,474,618)	(34,531,682)	(27,273,875)	(68,332,561)	(9,378,893)	(6,881,910)
NONOPERATING REVENUES (Expenses)						
State appropriations	14,612,866	21,170,501	15,754,318	43,367,423	5,416,280	4,970,123
Gifts				8,301	1,300	
Federal nonoperating revenues		6,502,917	5,958,756	19,898,330	2,120,295	1,278,688
Investment income	299,838	212,781	58,895	9,970	19,068	18,367
Interest expense		(3,289,255)	(2,459,992)	(221,819)		
Interagency revenue	2,150,771	243,694	139,496			
Other nonoperating revenues (expenses)			(4,809)	1,769,731		
Net nonoperating revenues	17,063,475	24,840,638	19,446,664	64,831,936	7,556,943	6,267,178
Income (loss) before other revenues and additions	(1,411,143)	(9,691,044)	(7,827,211)	(3,500,625)	(1,821,950)	(614,732)
Capital appropriations	591,925	5,959,180	4,395,700	8,187,749	6,552,588	
Capital grants and gifts			151,705		352,707	
Additions to permanent endowment				100,000	93,159	
Other additions, net				(49,421)	2,910	
Increase (decrease) in net assets	(819,218)	(3,731,864)	(3,279,806)	4,737,703	5,179,414	(614,732)
NET ASSETS - BEGINNING OF YEAR (Restated)						
	18,329,996	38,821,273	3,526,586	20,546,479	11,224,207	5,448,762
NET ASSETS - END OF YEAR	\$17,510,778	\$35,089,409	\$246,780	\$25,284,182	\$16,403,621	\$4,834,030

Schedule 4

Louisiana Delta Community College	Louisiana Technical College Less Region 1	LTC Region 1	River Parishes Community College	South Louisiana Community College	Sowela Technical Community College	System Eliminating Entries	Total Per System
\$2,939,648	\$17,737,656	\$669,394	\$2,042,402	\$5,627,753	\$2,700,940		\$90,108,993
(1,097,434)	(10,151,864)	(270,365)	(1,055,469)	(858,376)	(822,325)		(29,509,008)
1,842,214	7,585,792	399,029	986,933	4,769,377	1,878,615	NONE	60,599,985
55,966	12,076,286	829,526		79,577	1,027,132	(\$11,039,012)	40,247,523
770,022	9,896,855	723,717	145,149	335,343	522,500	(12,593,670)	17,394,962
1,930	18,737			22,490			1,314,317
	669,638				42,863		1,385,490
	1,856,310	6,796	8,439	12,780			4,753,506
	(1,039,713)						(1,044,907)
NONE	816,597	6,796	8,439	12,780	NONE	NONE	3,708,599
	2,822,829	124,145		53,692	562,130		4,504,948
2,670,132	33,886,734	2,083,213	1,140,521	5,273,259	4,033,240	(23,632,682)	129,155,824
3,389,740	73,426,171	4,007,962	1,998,902	5,610,350	7,295,033	(411,221)	187,443,917
997,687	5,708,364	523,360	315,111	1,894,350	505,612	(22,802,250)	1,445,570
1,007,404	9,517,144	128,621	759,121	688,481	1,112,784		38,578,235
2,182,986	24,485,282	1,669,480	1,746,162	2,056,731	3,043,125	(516,948)	35,750,564
485,687	10,860,408	656,258	560,967	1,847,198	1,063,822		71,515,368
95,788	4,108,670	189,507	23,957	792,831	315,182		37,511,883
1,028,458	17,315,300	430,209	2,600,719	1,609,823	1,951,912		14,482,083
	1,645,271						52,684,955
72,878	1,165,212	27,655	51,554	118,887	130,383	(2,436,224)	4,910,568
70,536	161,017	(35,587)					1,499,625
9,331,164	148,392,839	7,597,465	8,056,493	14,618,651	15,417,853	(26,166,643)	445,822,768
(6,661,032)	(114,506,105)	(5,514,252)	(6,915,972)	(9,345,392)	(11,384,613)	2,533,961	(316,666,944)
4,447,188	74,881,689	4,509,392	3,242,561	7,639,005	8,465,773		208,477,119
	299,421	8,300			132,828		450,150
1,604,206	22,916,318	551,289	3,163,145	1,857,821	1,515,197		67,366,962
(18,275)	220,486	11,645		80,606	37,859		951,240
9,964				(734,236)			(6,695,338)
	(1,949)	1,949				(2,533,961)	
(20,825)	309,124	(37,094)	1,854	(13,258)	(382,724)		1,621,999
6,022,258	98,625,089	5,045,481	6,407,560	8,829,938	9,768,933	(2,533,961)	272,172,132
(638,774)	(15,881,016)	(468,771)	(508,412)	(515,454)	(1,615,680)		(44,494,812)
		339,950		1,359,848			27,386,940
	5,000			33,651			543,063
							193,159
							(46,511)
(638,774)	(15,876,016)	(128,821)	(508,412)	878,045	(1,615,680)	NONE	(16,418,161)
3,103,427	38,169,615	4,777,579	(165,039)	4,389,145	4,546,144	NONE	152,718,174
\$2,464,653	\$22,293,599	\$4,648,758	(\$673,451)	\$5,267,190	\$2,930,464	NONE	\$136,300,013

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

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2009**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Delgado Community College	Elaine P. Nunez Community College	L.E. Fletcher Community College
CASH FLOWS FROM OPERATING ACTIVITIES:						
Tuition and fees		\$7,638,111	\$4,898,816	\$32,457,550	\$1,415,281	\$1,272,512
Grants and contracts	\$29,822,596	4,089,118	2,769,531	9,365,556	2,123,464	3,569,623
Sales and services of educational departments		54,137	392,395		29,058	219,858
Auxiliary enterprise receipts		341,111	2,066,481	462,094	45,385	(4,187)
Payments for employee compensation	(5,350,519)	(18,284,685)	(16,737,977)	(49,151,287)	(5,941,339)	(4,854,640)
Payments for benefits	(1,909,305)	(3,751,621)	(4,033,394)	(12,833,892)	(1,565,610)	(1,325,967)
Payments for utilities		(2,169,524)	(641,362)	(3,209,052)	(481,753)	(221,634)
Payments to supplies and services	(38,190,517)	(11,578,270)	(6,910,995)	(36,449,549)	(2,287,588)	(3,975,986)
Payments for scholarships and fellowships		(4,963,982)	(3,596,611)		(946,376)	(953,459)
Other receipts (payments)	(93,543)	80,887	1,169,365	531,850	54,352	1,754
Net cash used by operating activities	(15,721,288)	(28,544,718)	(20,623,751)	(58,826,730)	(7,555,126)	(6,272,126)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
State appropriations	14,613,088	21,170,501	15,727,827	40,990,387	5,416,280	4,970,123
Gifts and grants for other than capital purposes		6,502,917	5,647,595	19,906,631	2,121,595	1,278,686
Private gifts for endowment purposes				100,000		
TOPS receipts		528,404	430,802	627,807	58,294	135,017
TOPS disbursements		(528,404)	(446,013)	(627,807)	(58,294)	(135,017)
FEMA receipts						
FEMA disbursements						
Direct lending receipts					273,703	
Direct lending disbursements					(273,703)	
Federal Family Education Loan Program receipts			8,922,572			
Federal Family Education Loan Program disbursement:			(8,919,666)			
Other receipts	2,150,771	243,694	280,626	1,771,531		
Net cash provided by noncapital financing sources	16,763,859	27,917,112	21,643,743	62,768,549	7,537,875	6,248,809
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt						
Capital appropriations received	591,925	5,959,180	4,675,700	8,187,749		
Capital grants and gifts received			151,705		352,707	
Purchases of capital assets	(83,552)	(910,994)	(228,074)	(10,330,604)	(622,503)	(186,933)
Principal paid on capital debt and leases		(1,970,402)	(1,660,000)	(90,000)		
Interest paid on capital debt and leases		(3,289,255)	(2,457,079)	(221,819)		
Other sources (uses)			262,582		10,528	(767)
Net cash provided (used) by capital and related financing activities	508,373	(211,471)	744,834	(2,454,674)	(259,268)	(187,700)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received on investments	299,838	232,665	43,520	9,970	19,068	18,367
Proceeds from sale of investments				148,512		
Net cash provided by investing activities	299,838	232,665	43,520	158,482	19,068	18,367
Net increase (decrease) in cash	1,850,782	(606,412)	1,808,346	1,645,627	(257,451)	(192,650)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,952,278	23,046,971	2,733,201	6,693,993	3,391,557	4,144,792
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$22,803,060	\$22,440,559	\$4,541,547	\$8,339,620	\$3,134,106	\$3,952,142

(Continued)

Schedule 5

Louisiana Delta Community College	Louisiana Technical College Less Region 1	LTC Region 1	River Parishes Community College	South Louisiana Community College	Sowela Technical Community College	System Eliminating Entries	Total Per System
\$1,753,471	\$11,965,468	\$497,416	\$957,417	\$4,720,620	\$1,878,615		\$69,455,277
1,040,357	27,941,875	1,282,008	163,310	332,718	1,555,650	(\$23,221,461)	60,834,345
	669,638				42,863		1,407,949
	838,296	6,796	8,439	21,575			3,785,990
(4,160,820)	(60,910,212)	(3,644,636)	(2,576,300)	(4,802,081)	(6,310,703)		(182,725,199)
(1,027,504)	(20,049,374)	(832,853)	(1,183,480)	(483,725)	(2,044,963)		(51,041,688)
(115,166)	(3,820,545)	(119,575)	(139,475)	(313,169)	(498,335)	187,500	(11,542,090)
(1,955,005)	(24,267,144)	(2,023,059)	(3,143,211)	(5,050,133)	(2,490,782)	25,657,685	(112,664,554)
(929,505)	(22,659,542)	(430,209)		(1,435,691)	(1,896,892)		(37,812,267)
14,852	1,535,107	96,490		(65,227)	683,239	(2,623,724)	1,385,402
<u>(5,379,320)</u>	<u>(88,756,433)</u>	<u>(5,167,622)</u>	<u>(5,913,300)</u>	<u>(7,075,113)</u>	<u>(9,081,308)</u>	<u>NONE</u>	<u>(258,916,835)</u>
4,445,946	74,881,689	4,509,392	3,242,561	7,393,637	8,465,773		205,827,204
1,606,738	23,213,790	561,538	3,163,505	1,857,821	1,648,025		67,508,841
							100,000
62,524	794,620		92,240	107,990	176,405		3,014,103
(62,524)	(794,620)		(92,240)	(107,990)	(176,405)		(3,029,314)
		326,467					326,467
		(326,467)					(326,467)
			1,968,059				2,241,762
			(1,968,059)				(2,241,762)
			15,224				8,937,796
			(15,224)				(8,934,890)
881			1,854	22,179			4,471,536
<u>6,053,565</u>	<u>98,095,479</u>	<u>5,070,930</u>	<u>6,407,920</u>	<u>9,273,637</u>	<u>10,113,798</u>	<u>NONE</u>	<u>277,895,276</u>
41,160,763		339,950		1,359,848			41,160,763
	5,000			33,651			21,114,352
(1,497,651)	(2,302,501)	(540,299)	(8,662)	(1,626,150)	(185,025)		543,063
				(505,000)			(18,522,948)
				(734,236)			(4,225,402)
(450,791)							(6,702,389)
							(178,448)
<u>39,212,321</u>	<u>(2,297,501)</u>	<u>(200,349)</u>	<u>(8,662)</u>	<u>(1,471,887)</u>	<u>(185,025)</u>	<u>NONE</u>	<u>33,188,991</u>
27,836	220,486	11,645		80,606	37,859		1,001,860
							148,512
<u>27,836</u>	<u>220,486</u>	<u>11,645</u>	<u>NONE</u>	<u>80,606</u>	<u>37,859</u>	<u>NONE</u>	<u>1,150,372</u>
39,914,402	7,262,031	(285,396)	485,958	807,243	885,324	NONE	53,317,804
1,297,333	20,846,227	1,746,099	444,569	7,793,106	3,774,966	NONE	96,865,092
<u>\$41,211,735</u>	<u>\$28,108,258</u>	<u>\$1,460,703</u>	<u>\$930,527</u>	<u>\$8,600,349</u>	<u>\$4,660,290</u>	<u>NONE</u>	<u>\$150,182,896</u>

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by College, 2009**

	Board Office	Baton Rouge Community College	Bossier Parish Community College	Delgado Community College	Elaine P. Nunez Community College	L.E. Fletcher Community College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating loss	(\$18,474,618)	(\$34,531,682)	(\$27,273,875)	(\$68,332,561)	(\$9,378,893)	(\$6,881,910)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation expense	223,449	4,310,143	1,899,143	1,717,615	526,281	279,517
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable, net	5,440,666	157,027	746,740	(685,734)	246,353	481,757
(Increase) decrease in inventories			12,643			(2,070)
(Increase) decrease in prepaid expenses		28,557	(495)	(61,120)		(3,173)
(Increase) decrease in other assets		73,955			(1,050)	
Increase (decrease) in accounts payable	(3,647,413)	(1,348,085)	(74,035)	(891,694)	(560,897)	(984,459)
Increase (decrease) in deferred revenue	(50,559)	(645,083)	451,877	1,483,134	426,194	13,894
Increase (decrease) in amounts held in custody for others		67,150	(500)			1,756
Increase (decrease) in compensated absences	100,126	200,268	89,587	270,281	119,662	37,330
Increase (decrease) in OPEB payable	687,061	3,131,560	3,525,164	7,693,507	1,067,224	785,870
Increase (decrease) in other liabilities		11,472		(20,158)		(638)
Net cash used by operating activities	<u><u>(\$15,721,288)</u></u>	<u><u>(\$28,544,718)</u></u>	<u><u>(\$20,623,751)</u></u>	<u><u>(\$58,826,730)</u></u>	<u><u>(\$7,555,126)</u></u>	<u><u>(\$6,272,126)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:						
Cash and cash equivalents classified as current assets	\$22,803,060	\$18,108,145	\$2,178,426	\$8,339,620	\$2,891,163	\$3,952,142
Cash and cash equivalents classified as noncurrent assets		4,332,414	2,363,121		242,943	
Cash and cash equivalents at the end of the year	<u><u>\$22,803,060</u></u>	<u><u>\$22,440,559</u></u>	<u><u>\$4,541,547</u></u>	<u><u>\$8,339,620</u></u>	<u><u>\$3,134,106</u></u>	<u><u>\$3,952,142</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Capital appropriations for purchase of equipment, buildings, or land					\$6,552,588	
Accretion of discount and amortization of premium on bond:			\$6,026			
Loss on disposal of capital assets			4,808	(\$49,421)	(8,749)	
Unrealized loss on investments						
Bond issuance costs						

(Concluded)

Schedule 5

Louisiana Delta Community College	Louisiana Technical College Less Region 1	LTC Region 1	River Parishes Community College	South Louisiana Community College	Sowela Technical Community College	System Eliminating Entries	Total Per System
(\$6,661,032)	(\$114,506,105)	(\$5,514,252)	(\$6,915,972)	(\$9,345,392)	(\$11,384,613)	\$2,533,961	(\$316,666,944)
95,788	4,108,670	189,507	23,957	792,831	315,182		14,482,083
(63,844)	4,556,872	(295,039)	(9,809)	(539,034)	274,341	500,984	10,811,280
(3,886)	49,861				(4,267)		52,281
1,063	51,474	618	9,695		5,939		32,558
(19,976)					(300,691)		(247,762)
57,248	(1,065,138)	(395)	72,110	858,140	715,531	(3,034,945)	(9,904,032)
341,905	4,332,926	98,387	344,780	378,666	(112,605)		7,063,516
3,990	20,711		(424)	(32)	127		92,778
74,947	292,612	(37,187)	46,900	73,842	56,548		1,324,916
794,466	13,401,684	390,739	519,090	705,866	1,353,200		34,055,431
11			(3,627)				(12,940)
<u>(\$5,379,320)</u>	<u>(\$88,756,433)</u>	<u>(\$5,167,622)</u>	<u>(\$5,913,300)</u>	<u>(\$7,075,113)</u>	<u>(\$9,081,308)</u>	<u>NONE</u>	<u>(\$258,916,835)</u>
\$1,704,133	\$27,806,924	\$1,460,703	\$930,527	\$6,240,679	\$4,660,290		\$101,075,812
<u>39,507,602</u>	<u>301,334</u>			<u>2,359,670</u>			<u>49,107,084</u>
<u>\$41,211,735</u>	<u>\$28,108,258</u>	<u>\$1,460,703</u>	<u>\$930,527</u>	<u>\$8,600,349</u>	<u>\$4,660,290</u>	<u>NONE</u>	<u>\$150,182,896</u>
\$944,034	\$367,304						\$6,919,892
(18,275)	(58,180)	(\$37,094)					950,060
372,973							(148,636)
							(18,275)
							372,973

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OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

April 12, 2010

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, 2009, and have issued our report thereon dated April 12, 2010. Our report was modified to include a reference to other auditors and an explanatory paragraph for a change in the classification of Pell grant revenues. 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 of the South Louisiana Community College; the BRCC Facilities Corporation for the Baton Rouge Community College; Campus Facilities, Inc., for the Bossier Parish Community College; and Delta Campus Facilities Corporation for the Louisiana Delta Community College, 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

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 an 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be 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, and the BRCC 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, 2009. To obtain copies of those reports, refer to note 1-B to the basic financial statements for mailing addresses.

As a part of our audit of the Louisiana Community and Technical College System's basic financial statements for the year ended June 30, 2009, we performed certain procedures on campuses within the System. Our reports on those procedures for those campuses are listed as follows:

COMPLIANCE AND INTERNAL CONTROL REPORT

	<u>Issue Date</u>
Baton Rouge Community College	Pending
Delgado Community College	April 21, 2010
Nunez Community College	March 31, 2010
River Parishes Community College	July 7, 2009
Louisiana Technical College - Region 1	May 5, 2010
Louisiana Technical College - Region 4	December 16, 2009
Louisiana Technical College - Region 7	January 13, 2010
Louisiana Technical College - Region 8	Pending
Louisiana Technical College - Region 9	May 5, 2010
SOWELA Technical Community College	Pending

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.

This report is intended solely for the information and use of management, the Louisiana Community and Technical College System 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

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