NORTHSHORE TECHNICAL COMMUNITY COLLEGE

LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM

A COMPONENT UNIT OF THE STATE OF LOUISIANA

FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2015
ISSUED NOVEMBER 4, 2015

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

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

November 2, 2015

Independent Auditor's Report

NORTHSHORE TECHNICAL COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Bogalusa, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Northshore Technical Community College (College), a college within the Louisiana Community and Technical College System, a component unit of the state of Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the College as of June 30, 2015, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As disclosed in Note 6 to the financial statements, the net pension liability for the College was $15,150,784 at June 30, 2015, as determined by the Louisiana State Employees' Retirement System (LASERS) and Teachers' Retirement System of Louisiana (TRSL). The related actuarial valuation was performed by LASERS's and TRSL's actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2015, could be under or overstated.

As discussed in notes 1-M and 15 to the financial statements, the College implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions − an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date − an amendment of GASB Statement No. 68*, for the year ended June 30, 2015. The adoption of these standards required the College to record its proportionate share of pension amounts related to its participation in cost-sharing, multiple-employer defined benefit pension plans, restating the previous year. As a result of the implementation, the College's net position decreased by $16,064,412.

As discussed in note 1-B, the accompanying financial statements of the College are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities of the Louisiana Community and Technical College System that is attributable to the transactions of the College. They do not purport to, and do not, present fairly the financial position of the Louisiana Community and Technical College System as of June 30, 2015, the changes in its financial position, or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our opinion is not modified with respect to the matters emphasized previously.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 12, the Schedule of the College's Proportionate Share of the Net Pension Liability on page 38, the Schedule of the College's Contributions on page 38, and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KLD:CLL:BQD:EFS:aa

NTCC 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of Northshore Technical Community College's (College) financial performance presents a narrative overview and analysis of the College's financial activities for the year ended June 30, 2015. 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 College's financial statements. **Amounts are presented in thousands unless otherwise noted.**

FINANCIAL HIGHLIGHTS

The College's net position decreased from ($2,105) to ($16,079) or 663.8% from July 1, 2014, to June 30, 2015. The overall reasons for this change included:

- Increase in pension liability of $15,151 due to implementation of GASB Statement No. 68
- Increase in OPEB payable of $489
- Increase in due to Louisiana Community and Technical College System (LCTCS) of $61
- Decrease in net receivables of $49
- Increase in capital assets of $1,977
- Increase in cash of $215
- Increase in deferred outflows related to pensions of $2,064
- Increase in due from LCTCS of $21
- Increase in deferred inflows related to pensions of $2,507

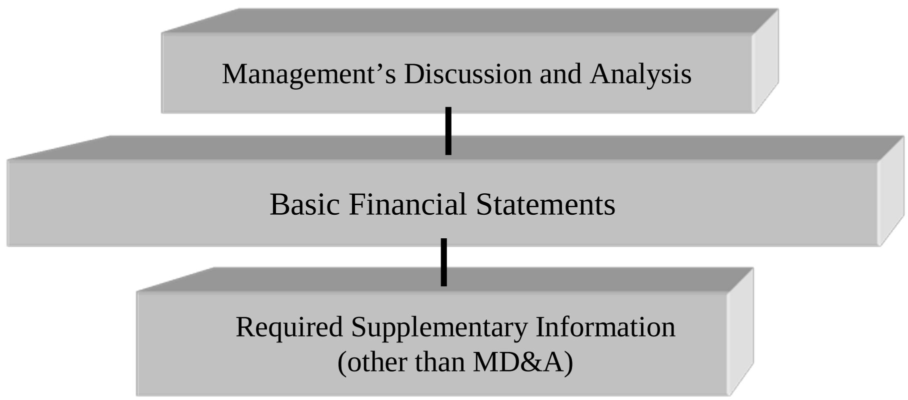
Enrollment changed from 3,151 to 3,672 from July 1, 2014, to June 30, 2015, an increase of 16.5%. The reason for this change is attributed to enrollment growth in high-demand training programs, enrollment growth in new course development, enrollment growth in secondary dual enrollment training programs, and enrollment growth in the Connect to Success transfer program with Southeastern Louisiana University.

The College's operating revenues increased from $3,853 to $5,262 or 36.6% from July 1, 2014, to June 30, 2015. Operating expenses increased by 2.5% to $16,372 for the year ended June 30, 2015. The change in enrollment as discussed above and an increase of federal grant and contract revenues are the primary reasons for this change.

Nonoperating revenues fluctuate depending upon the level of state appropriations and other nonoperating revenues. The increase to $11,332 in 2015 from $10,853 in 2014 is attributed to receiving the Workforce and Innovation for a Stronger Economy (WISE) Funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

Basic Financial Statements

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

The Statement of Net Position (page 13) presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities plus deferred inflows is net position and may provide a useful indicator of whether the financial position of the College is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (pages 14-15) presents information showing how the College's net position changed as a result of current-year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 16-17) presents information showing how the College'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 College'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 required supplementary information that further explains and supports the information in the financial statements.

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

FINANCIAL ANALYSIS

Table A-1
Northshore Technical Community College
Comparative Statement of Net Position
(in thousands of dollars)
For the Fiscal Years Ended June 30, 2015 and 2014

	2015	* 2014	Variance	Percentage Change
Assets:				
Current assets	$3,295	$3,106	$189	6.1%
Capital assets	3,130	1,153	1,977	171.5%
Total assets	$6,425	$4,259	$2,166	50.9%
Total deferred outflow of resources	$2,064	$0	$2,064	100.0%
Total assets and deferred outflow of resources	$8,489	$4,259	$4,230	99.3%
Liabilities:				
Current liabilities	$864	$838	$26	3.1%
Long-term liabilities	21,197	5,526	15,671	283.6%
Total liabilities	$22,061	$6,364	$15,697	246.7%
Total deferred inflows of resources	$2,507	$0	$2,507	100.0%
Total liabilities and deferred inflow of resources	$24,568	$6,364	$18,204	286.0%
Net Position:				
Investment in capital assets	$3,130	$1,153	$1,977	171.5%
Restricted	1,651	1,425	226	15.9%
Unrestricted	(20,860)	(4,683)	(16,177)	345.4%
Total net position	($16,079)	($2,105)	($13,974)	663.8%

* Amounts for 2014 were not restated for GASB Statement No. 68 regarding pensions. The restatement of the prior year was not practical.

This schedule is prepared from the College's Statement of Net Position as shown on page 13, which is presented on an accrual basis of accounting. Significant Statement of Net Position changes for 2015 include:

- Increase in pension liability of $15,151 due to implementation of GASB Statement No. 68
- Increase in OPEB payable of $489

- Increase in due to LCTCS of $61
- Decrease in net receivables of $49
- Increase in capital assets of $1,977
- Increase in cash of $215
- Increase in deferred outflows related to pensions of $2,064
- Increase in due from LCTCS of $21
- Increase in deferred inflows related to pensions of $2,507

Net investment in capital assets consists of capital assets net of accumulated depreciation. Restricted net position represents those assets that are only available for spending on certain activities as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net position is the portion of net position that has no limitations on how these amounts may be spent.

Table A-2
Northshore Technical Community College
Comparative Statement of Revenues, Expenses and Changes in Net Position
(in thousands of dollars)
For the Fiscal Years Ended June 30, 2015 and 2014

	2015	* 2014	Variance	Percentage Change
Operating revenues:				
Student tuition and fees, net	$2,800	$2,220	$580	26.1%
Grants and contracts	2,386	1,556	830	53.3%
Sales and services of educational departments	2	5	(3)	(60.0%)
Auxiliary enterprises, net	0	3	(3)	100.0%
Other	74	69	5	7.2%
Total operating revenues	5,262	3,853	1,409	36.6%
Operating expenses:				
Education and general:				
Instruction	7,059	7,253	(194)	(2.7%)
Academic support	1,340	1,390	(50)	(3.6%)
Student services	1,501	1,300	201	15.5%
Institutional support	2,720	2,664	56	2.1%
Operations and maintenance of plant	1,687	1,174	513	43.7%
Depreciation	221	264	(43)	(16.3%)
Scholarships and fellowships	1,591	1,700	(109)	(6.4%)
Other operating expenses	253	225	28	12.4%
Total operating expenses	16,372	15,970	402	2.5%
Operating loss	(11,110)	(12,117)	1,007	(8.3%)
Nonoperating revenues:				
State appropriations	5,152	5,140	12	0.2%
Gifts	1	0	1	100.0%
Federal nonoperating revenues	4,760	4,688	72	1.5%
Other nonoperating revenues	1,419	1,025	394	38.4%
Net nonoperating revenues	11,332	10,853	479	4.4%
Gain (Losses) before other revenues	222	(1,264)	1,486	(117.6%)
Capital grants and gifts	1,868	195	1,673	857.9%
Change in net position	2,090	(1,069)	3,159	(295.5%)
Net position, beginning of year	(18,169)	(1,036)	(17,133)	1653.8%
Net position, end of year	($16,079)	($2,105)	($13,974)	663.8%

*Amounts for 2014 were not restated for GASB Statement No. 68 regarding pensions. The restatement of the prior year was not practical.

Nonoperating revenues increased by 4.4% to $11,332, primarily attributable to receiving WISE Funds.

State appropriations increased from $5,140 to $5,152 due to an increase in funding related to the increase in enrollment.

The College's operating revenues increased by $1,409 or 36.6% due to increases in tuition and fees and enrollments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the College had invested approximately $3,130 in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately $1,977 or 171.5% over the previous fiscal year. More detailed information about the College's capital assets is presented in note 4 to the financial statements.

Table A-3
Northshore Technical Community College
Capital Assets, Net of Depreciation
(in thousands of dollars)
As of June 30, 2015 and 2014

	2015	2014	Variance	Percentage Change
Land and improvements	$2,257	$389	$1,868	480.2%
Buildings	225	282	(57)	(20.2%)
Equipment	648	482	166	34.4%
Total	$3,130	$1,153	$1,977	171.5%

This year's major additions and deletions included (in thousands):

Increase in land of $1,868

NTCC received a land donation of 12.6 acres from the St. Tammany Parish Government, through the LCTCS Foundation, to be used for construction of the St. Tammany Parish Training Center for Industrial Technologies located in Lacombe, Louisiana.

Debt

The College had no bonds or notes outstanding at year end.

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 results of operations:

- Increase in current enrollment
- Increases in tuition or fees
- Changes in state appropriations
- Increase in grant participation
- Significant new or additional capital appropriations

CONTACTING THE NORTHSHORE TECHNICAL COMMUNITY COLLEGE'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the College's finances and show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Marc Chauvin at mchauvin@NorthshoreCollege.edu.

Statement A

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

Statement of Net Position
June 30, 2015

ASSETS	
Current assets:	
Cash (note 2)	$2,649,573
Receivables, net (note 3)	303,451
Due from federal government	80,005
Due from Louisiana Community and Technical College System	243,243
Prepaid expenses and advances	18,348
Total current assets	3,294,620
Noncurrent assets:	
Capital assets, net (note 4)	3,130,266
Total noncurrent assets	3,130,266
Total assets	6,424,886
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions (note 6)	2,064,213
Total deferred outflows of resources	2,064,213
LIABILITIES	
Current liabilities:	
Accounts payable and accruals (note 9)	559,216
Due to Louisiana Community and Technical College System	62,145
Unearned revenues (note 10)	174,325
Compensated absences payable (notes 11 and 12)	52,705
Amounts held in custody for others	16,093
Total current liabilities	864,484
Noncurrent liabilities:	
Compensated absences payable (notes 11 and 12)	538,582
Net pension liability (notes 6 and 12)	15,150,784
Other postemployment benefits payable (notes 8 and 12)	5,507,730
Total noncurrent liabilities	21,197,096
Total liabilities	22,061,580
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions (note 6)	2,506,671
Total deferred inflows of resources	2,506,671
NET POSITION	
Net investment in capital assets	3,130,266
Restricted - expendable (note 14)	1,651,222
Unrestricted	(20,860,640)
Total Net Position	($16,079,152)

The accompanying notes are an integral part of this statement.

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

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015

OPERATING REVENUES	
Student tuition and fees	$7,725,079
Less scholarship allowances	(4,925,630)
Net student tuition and fees	2,799,449
Federal grants and contracts	2,011,751
State and local grants and contracts	366,060
Nongovernmental grants and contracts	8,500
Sales and services of educational departments	2,199
Other operating revenues	74,069
Total operating revenues	5,262,028
OPERATING EXPENSES	
Educational and general:	
Instruction	7,058,711
Academic support	1,339,716
Student services	1,500,851
Institutional support	2,719,721
Operations and maintenance of plant	1,687,361
Depreciation (note 4)	221,123
Scholarships and fellowships	1,590,724
Auxiliary enterprises	130
Other operating expenses	253,500
Total operating expenses	16,371,837
OPERATING LOSS	(11,109,809)

(Continued)

The accompanying notes are an integral part of this statement.

NORTHSHORE TECHNICAL COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Position
For the Year Ended June 30, 2015

NONOPERATING REVENUES	
State appropriations	$5,151,710
Gifts	1,149
Federal nonoperating revenues	4,760,426
Net investment income	7,351
Other nonoperating revenues	1,411,132
Net nonoperating revenues	11,331,768
INCOME BEFORE OTHER REVENUES	221,959
Capital grants and gifts	1,868,000
INCREASE IN NET POSITION	2,089,959
NET POSITION AT BEGINNING OF YEAR (restated)(note 15)	(18,169,111)
NET POSITION AT END OF YEAR	($16,079,152)

(Concluded)

The accompanying notes are an integral part of this statement.

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

Statement of Cash Flows
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	$2,833,125
Grants and contracts	2,329,762
Sales and services of educational departments	2,199
Payments for employee compensation	(7,631,532)
Payments for benefits	(3,102,453)
Payments for utilities	(364,387)
Payments for supplies and services	(3,123,843)
Payments for scholarships and fellowships	(1,590,724)
Other payments	(108,978)
Net cash used by operating activities	(10,756,831)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State appropriations	5,129,424
Gifts and grants for other than capital purposes	6,154,200
Taylor Opportunity Program for Students receipts	225,427
Taylor Opportunity Program for Students disbursements	(225,427)
Other receipts	10,871
Net cash provided by noncapital financing activities	11,294,495
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Purchases of capital assets	(330,194)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	7,351

(Continued)

The accompanying notes are an integral part of this statement.

NORTHSHORE TECHNICAL COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2015

NET INCREASE IN CASH	$214,821
CASH AT BEGINNING OF YEAR	2,434,752
CASH AT END OF YEAR	$2,649,573
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	($11,109,809)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	221,123
Pension expense	1,341,339
Current year pension contributions made subsequent to the measurement date	(1,768,543)
Changes in assets and liabilities:	
Decrease in accounts receivables, net	2,278
Decrease in prepaid expenses and advances	9,828
Increase in accounts payable and accrued liabilities	72,370
(Decrease) in unearned revenue	(25,151)
Increase in amounts held in custody for others	9,643
Increase in compensated absences	838
Increase in other postemployment benefits payable	489,253
Net cash used by operating activities	($10,756,831)
NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS:	
Noncash capital grant/gift of capital assets	$1,868,000

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

Northshore Technical Community College (College) is a publicly-supported institution of higher education. The College is a part of the Louisiana Community and Technical College System (System), which is a component unit of the state of Louisiana, within the executive branch of government. The College is under the management and supervision of the System Board of Supervisors; however, certain items, such as the annual budget of the College and changes to the degree programs and departments of instruction, require the approval of the Louisiana Board of Regents of Higher Education. As a state college, operations of the College's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

The College is comprised of three campuses located in Bogalusa, Greensburg, and Hammond, and an instructional service center located in Slidell.

The College offers associate of applied science degrees, associate of general studies degrees, technical competency areas, technical diplomas, and certificate of technical studies.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

B. REPORTING ENTITY

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

Annually, the state of Louisiana issues a comprehensive annual financial report, which includes the activity contained in the accompanying financial statements within the System amounts. The Louisiana Legislative Auditor audits the basic financial statements of the System and the state of Louisiana.

C. BASIS OF ACCOUNTING

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College'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-college transactions have been eliminated.

D. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and interest-bearing demand deposits. Under state law, the College 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.

The College may also invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The College considers certificates of deposit and all highly-liquid investments with an original maturity of three months or less to be cash equivalents. The College has no cash equivalents at June 30, 2015.

E. INVENTORIES

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

F. CAPITAL ASSETS

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 College'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. 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 three to 10 years for most movable property.

G. UNEARNED REVENUES

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

H. NONCURRENT LIABILITIES

Noncurrent liabilities include estimated amounts for accrued compensated absences, the pension liability, and other postemployment benefits that will not be paid within the next fiscal year.

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

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 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 TRSL and LASERS but not for the Optional Retirement System.

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

J. NET POSITION

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

(a) *Net Investment in capital assets* consists of the College's total investment in capital assets, net of accumulated depreciation. The College does not have any outstanding debt obligations related to capital assets.

(b) *Restricted net position - expendable* consists of resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(c) *Unrestricted net position* consists of resources derived from student tuition and fees, state appropriations, sales and services of educational departments, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College 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 College's policy is to first apply the expense toward unrestricted resources, then toward restricted resources.

K. CLASSIFICATION OF REVENUES AND EXPENSES

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

(a) *Operating revenue* includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of educational departments; and (3) most federal, state, and local grants and contracts.

(b) *Nonoperating revenue* includes activities that have the characteristics of nonexchange transactions, such as state appropriations, certain federal revenues (Pell), gifts and contributions, investment income, and grants that do not have the characteristics of exchange transactions.

(c) *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.

(d) *Nonoperating expenses* include transactions resulting from financing activities, capital acquisitions, and investing activities.

L. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

M. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2015, the following statements were implemented: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions − an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date − an amendment of GASB Statement No. 68*. These statements changed the accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The cumulative effect of applying these statements is reported as a restatement of beginning net position for fiscal year 2015. The restatement of all prior year accounts was not practical because the earliest available measurement date of the net pension liability is July 1, 2014. See note 15 GASB Statement No. 68, *Pension Restatement* for the effect on the 2015 beginning net position.

N. USE OF ESTIMATES

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

2. CASH

At June 30, 2015, the College has cash (book balance) of $2,649,573 as follows:

Petty cash	$500
Demand deposits	2,649,073
Total	$2,649,573

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be recovered. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the College or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2015, the College has $2,757,682 in deposits (collective bank balances), which are secured from risk by federal deposit insurance plus pledged securities.

3. RECEIVABLES

Receivables are shown on the Statement of Net Position, net of an allowance for doubtful accounts, at June 30, 2015. These receivables are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student tuition and fees	$387,267	$116,433	$270,834
Other	32,617	NONE	32,617
Total	$419,884	$116,433	$303,451

There is no noncurrent portion of receivables.

4. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2015, follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Capital assets not being depreciated:				
Land	$389,150	1,868,000	NONE	$2,257,150
Total capital assets not being depreciated	$389,150	$1,868,000	NONE	$2,257,150
Other capital assets:				
Buildings	$4,856,513	NONE	NONE	$4,856,513
Less accumulated depreciation	(4,574,830)	($57,154)	NONE	(4,631,984)
Total buildings	281,683	(57,154)	NONE	224,529
Equipment	2,789,799	330,194	(186,703)	2,933,290
Less accumulated depreciation	(2,307,437)	(163,969)	186,703	(2,284,703)
Total equipment	482,362	166,225	NONE	648,587
Total other capital assets	$764,045	$109,071	NONE	$873,116
Capital asset summary:				
Capital assets not being depreciated	$389,150	$1,868,000	NONE	$2,257,150
Other capital assets, at cost	7,646,312	$330,194	($186,703)	7,789,803
Total cost of capital assets	8,035,462	2,198,194	(186,703)	10,046,953
Less accumulated depreciation	(6,882,267)	(221,123)	186,703	(6,916,687)
Capital assets, net	$1,153,195	$1,977,071	NONE	$3,130,266

5. CAPITAL ASSETS HELD BY OTHERS

Construction for a new facility at the Florida Parishes campus was completed during early fiscal year 2013. The College implemented Banner during fiscal years 2012 and 2013. The new construction and some of the Banner implementation costs were funded by bonds issued by LCTCS Facilities Corporation in accordance with Act 391 of the 2007 Regular Legislative Session. The cost of acquisition of the site and construction of the facilities, along with the related bond debt, are recorded in the System's financial statements through the blending of the LCTCS Facilities Corporation with the System. The Banner asset will be capitalized by the System Board Office.

6. PENSION PLANS

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

TRSL also administers an optional retirement plan (ORP), which was created by Louisiana Revised Statute (R.S.) 11:921-931 for academic and administrative employees of public institutions of higher education and is considered a defined contribution plan (see Note 7 on page 30). A portion of the employer contributions for ORP plan members is dedicated to the unfunded accrued liability of the TRSL defined benefit plan.

General Information about the Pension Plans

Plan Descriptions/Benefits Provided

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

The substantial majority of members may retire with full benefits at any age upon completing 30 years of service and at age 60 upon completing five to 10 years of service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially-reduced benefit. Eligibility for retirement benefits and the computation of retirement benefits are provided for in R.S. 11:444. The basic annual retirement benefit for members is equal to a percentage (between 2.5% and 3.5%) of average compensation multiplied by the number of years of service, generally not to exceed 100% of average compensation. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006, or highest 60 consecutive months of employment for members employed after that date. A member leaving service before attaining minimum retirement but after completing certain minimum service requirements, generally 10 years, becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw the accumulated contributions.

Eligibility requirements and benefit computations for disability benefits are provided for in R.S. 11:461. All members with 10 or more years of service, or members aged 60 or older regardless of date of hire, who become disabled may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation.

Provisions for survivor's benefits are provided for in R.S. 11:471-478. Under these statutes, the deceased member who was in state service at the time of death must have a minimum of five years of service, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The minimum service requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

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

Teachers' Retirement System of Louisiana - TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in R.S 11:701. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in R.S. 11:761. Statutory changes closed existing, and created new sub-plans for members hired on or after January 1, 2011.

Most members are eligible to receive retirement benefits: (1) at the age of 60 with five years of service, (2) at the age of 55 with at least 25 years of service or, (3) at any age with at least 30 years of service. Retirement benefits are calculated by applying a percentage ranging from 2% to 3% of final average salary multiplied by years of service. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2011, or highest 60 consecutive months of employment for members employed after that date.

Under R.S. 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011, and attained at least five years of service, or if employed on or after January 1, 2011, and attained at least 10 years of service. Members employed prior to January 1, 2011, receive disability benefits equal to 2½% of average compensation multiplied by the years of service, but not more than 50% of average compensation subject to statutory minimums. Members employed on or after January 1, 2011, receive disability benefits equivalent to the regular retirement formula without reduction by reason of age.

Survivor benefits are provided for in R.S. 11:762. In order for survivor benefits to be paid, the deceased member must have been in state service at the time of death and must have a minimum of five years of service, at least two of which were earned immediately prior to death, or must have had a minimum of twenty years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Survivor benefits are equal to 50% of the benefit to which the member would have been entitled if retired on the date of death using a factor of 2½% regardless of years of service or age, or $600 per month, whichever is greater. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The minimum service credit requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or a qualified handicapped child.

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

Cost of Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS and TRSL allow for the payment of cost of living adjustments, or COLAs, that are funded through investment earnings when recommended by the board of trustees and approved by the Legislature. These ad hoc COLAs are not considered to be substantively automatic.

Contributions

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

Employer contributions to LASERS for fiscal year 2015 were $270,370, with active member contributions ranging from 7.5% to 8%, and employer contributions of 37%. Employer defined benefit plan contributions to TRSL for fiscal year 2015 were $1,498,173, with active member contributions of 8% and employer contributions of 22.7% and 26.4% for ORP and defined benefit plan employees, respectively. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenue, totaled $43,965 for fiscal year 2015, and were recognized as revenue by the College.

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

At June 30, 2015, the College reported liabilities of $2,642,917 and $12,507,867 under LASERS and TRSL, respectively, for its proportionate share of the Net Pension Liability (NPL). The NPL for LASERS and TRSL was measured as of June 30, 2014, and the total pension liabilities used to calculate the NPL were determined by actuarial valuations as of that date. The College's proportions of the NPL were based on projections of the College's long-term share of contributions to the pension plans relative to the projected contribution of all participating employers, actuarially determined. As of June 30, 2014, the most recent measurement date, the College's proportions and the changes in proportion from the prior measurement date were 0.042267%, or an increase of 0.010215% for LASERS and 0.122369%, or a decrease of (0.003693%) for TRSL.

For the year ended June 30, 2015, the College recognized a total pension expense of $1,341,339, or $338,242 and $1,003,097 for LASERS and TRSL, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	LASERS	TRSL	Total	LASERS	TRSL	Total
Differences between expected and actual experience				$47,094	$119,752	$166,846
Net difference between projected and actual earnings on pension plan investments				334,354	1,596,032	1,930,386
Changes in proportion and differences between employer contributions and proportionate share of contributions	$295,670		295,670	29,939	379,500	409,439
Employer contributions subsequent to the measurement date	270,370	1,498,173	1,768,543			
Total	$566,040	$1,498,173	$2,064,213	$411,387	$2,095,284	$2,506,671

Deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the LASERS and TRSL NPL in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	LASERS	TRSL	Total
2016	25,730	(523,821)	(498,091)
2017	25,730	(523,821)	(498,091)
2018	(83,589)	(523,821)	(607,410)
2019	(83,589)	(523,821)	(607,410)

Actuarial Assumptions

The total pension liabilities for LASERS and TRSL in the June 30, 2014, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	LASERS	TRSL
Valuation Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Expected Remaining Service Lives	3 years	5 years
Investment Rate of Return	7.75% per annum	7.75%, net of investment exp.
Inflation Rate	3% per annum	2.5% per annum
Mortality - Non-disabled	RP-2000, improvement to 2015	RP-2000, scale AA to 2025
Mortality - Disabled	RP-2000	RP-2000, scale AA to 2025
Termination, Disability, Retirement	2009-2013 experience study	2008-2012 experience study
Salary Increases	2009-2013 experience study, ranging from 3.0% to 14.5%	3.5% to 10.0%
Cost of Living Adjustments	Not substantively automatic	Not substantively automatic

For LASERS and TRSL, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following table:

	Target Allocation	Long-term Expected Real Rate of Return
TRSL (arithmetic)		
Domestic equity	31%	4.71%
International equity	19%	5.69%
Domestic fixed income	14%	2.04%
International fixed income	7%	2.80%
Alternatives	29%	5.94%
Total	100%	
LASERS (geometric)		
Cash	0%	0.50%
Domestic equity	27%	4.69%
International equity	30%	5.83%
Domestic fixed income	11%	2.34%
International fixed income	2%	4.00%
Alternative investments	23%	8.09%
Global tactical asset allocation	7%	3.42%
Total	100%	5.78%

Discount Rate. The discount rate used to measure the total pension liability was 7.75% for both LASERS and TRSL. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually-required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the NPL to changes in the discount rate. The following presents the College's proportionate share of the NPL for LASERS and TRSL using the current discount rate as well as what the College's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
LASERS	$3,389,756	$2,642,917	$2,009,866
TRSL	$15,930,594	$12,507,867	$9,594,957

Pension plan fiduciary net position. Detailed information about LASERS and TRSL fiduciary net position is available in the separately-issued financial reports referenced previously.

Payables to the Pension Plan. At June 30, 2015, the College had $27,887 and $141,334 in payables to LASERS and TRSL, respectively, for the June 2015 employee and employer legally-required contributions.

7. OPTIONAL RETIREMENT SYSTEM

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

R.S. 11:927 sets the contribution requirements of ORP plan members and the employer. Employer ORP contributions to TRSL for fiscal year 2015 totaled $55,719, which represents pension expense for the College. Employee contributions totaled $16,359. The Active member and employer contribution rates were 8% and 5.2%, respectively, with an additional employer contribution of 22.7% made to the TRSL defined benefit plan described in Note 6 above.

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. Employees of the College voluntarily participate in the state of Louisiana's health insurance plan. The Office of Group Benefits (OGB) provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system, and they must be covered by the active medical plan immediately before retirement. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly-available financial report. However, the entity is included in the Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

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

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

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

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees, subject to maximum values. Employers pay approximately 50% of monthly premiums. Participating retirees paid $0.54 each month for each $1,000 of life insurance and $0.98 each month for each $1,000 of spouse life insurance. Life insurance amounts are reduced to 75% of the initial value at age 65 and to 50% of the original amount at age 70.

Annual Other Postemployment Benefit Cost and Liability. The College's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement 45, which was initially implemented for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year open amortization period has been used. The total ARC for fiscal year 2015 is $833,500.

The following schedule presents the components of the College's annual OPEB cost for fiscal year 2015, the amount actually contributed to the plan, and changes in the College's net OPEB obligation to the OPEB plan:

ARC	$833,500
Interest on net OPEB obligation	200,739
ARC adjustment	(191,764)
Annual OPEB cost	842,475
Contributions made - current year retiree premiums	(353,222)
Increase in net OPEB obligation	489,253
Beginning net OPEB obligation at June 30, 2014	5,018,477
Ending net OPEB obligation at June 30, 2015	$5,507,730
Percentage of Annual OPEB Cost Contributed	42%

The College'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, 2015, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$752,688	44%	$4,550,775
June 30, 2014	$774,738	40%	$5,018,477
June 30, 2015	$842,475	42%	$5,507,730

Funded Status and Funding Progress. During fiscal year 2015, neither the College nor the state of Louisiana made contributions to a postemployment benefits plan trust. A trust was established July 1, 2008, but was not funded, has no assets, and hence has a funded ratio of zero.

Since the plan was not funded, the College's entire actuarial accrued liability (AAL) of $10,036,100 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2014, was as follows:

AAL	$10,036,100
Actuarial value of plan assets	NONE
UAAL	$10,036,100
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	$4,660,763
UAAL as percentage of covered payroll	215%

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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

In the July 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% discount rate. The UAAL is amortized over the maximum acceptable period of 30 years on an open basis. It is calculated assuming a level percentage of projected payroll. Other critical assumptions used in the actuarial valuation are the health care cost trend rate and participation assumptions. The health care cost trend assumption is used to project the cost of health care to future years. The valuation uses a health care cost trend rate assumption of 8.0% (7.0% post Medicare) in the year July 1, 2014, to June 30, 2015, grading down by 0.5% each year until an ultimate health care cost trend rate of 4.5% is reached. The participation assumption is the assumed percentage of future retirees that participate and enroll in the health plan. The participation breakouts are provided in the following table:

Years of Service	Participation Percentage
<10	57%
10-14	72%
15-19	82%
20+	100%

9. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accruals at June 30, 2015:

Vendors	$22,416
Accrued salaries and benefits	517,608
Other payables	19,192
Total	$559,216

10. UNEARNED REVENUES

The following is a summary of unearned revenues at June 30, 2015:

Prepaid tuition and fees	$174,325

11. COMPENSATED ABSENCES

At June 30, 2015, employees of the College have accumulated and vested annual, sick, and compensatory leave of $276,957; $314,330; and $0, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

12. LONG-TERM LIABILITIES

The following is a summary of long-term transactions of the College for the year ended June 30, 2015:

	Restated Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Portion Due Within One Year
Net pension liability (note 6)	$17,685,797	$1,746,853	($4,281,866)	$15,150,784	
Compensated absences payable (note 11)	590,449	413,822	(412,984)	591,287	52,705
OPEB payable (note 8)	5,018,477	842,475	(353,222)	5,507,730	
Total	$23,294,723	$3,003,150	($5,048,072)	$21,249,801	$52,705

13. LEASE OBLIGATIONS

For the year ended June 30, 2015, the total rental expense for all operating leases was $116,917. The following is a schedule, by fiscal years, of future minimum annual rental payments required under operating leases:

Nature of Operating Lease	2016	2017	Total Minimum Payments Required
Office space	$116,917	$67,342	$184,259

14. RESTRICTED NET POSITION

The College has the following restricted net position at June 30, 2015:

Student technology fee	$130,554
Building use fee	54,371
Vehicle Registration fee	33,450
Academic Excellence fee	362,266
Workforce and Innovation for a Stronger Economy (WISE) Fund	246,999
Student Government fee	89,547
Grants and Contracts	734,035
Total	$1,651,222

Of the total net position reported in the Statement of Net Position for the year ended June 30, 2015, $827,640 is restricted by enabling legislation (which also includes a legally-enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation).

15. RESTATEMENT OF BEGINNING NET POSITION

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

Net position at June 30, 2014	($2,104,699)
GASB Statement No. 68 - *Pension Restatement*	(16,064,412)
Net Position at June 30, 2014, as restated	($18,169,111)

The restatements decreased the College's beginning net position by $16,064,412.

16. CONTINGENT LIABILITIES AND RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management (ORM), the agency responsible for the state's risk management program, or by appropriation from the state's General Fund. The College is involved in a lawsuit at June 30, 2015, that is being handled by contract attorneys. In the opinion of legal counsel, the possibility that the College will incur a liability is reasonably possible, with a possible loss estimated at $50,000. All other lawsuits are handled by either ORM or the Attorney General's office.

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

17. DEFERRED COMPENSATION PLAN

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule 1 presents the College's Net Pension Liability.

Schedule of the College's Contributions

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

Schedule of Funding Progress for the Other Postemployment Benefits Plan

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

Schedules of Required Supplementary Information
Fiscal Year Ended June 30, 2015

Schedule of the College's Proportionate Share of the Net Pension Liability — Schedule 1

Fiscal Year*	College's proportion of the net pension liability (asset)	College's proportionate share of the net pension liability (asset)	College's covered-employee payroll	College's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System					
2015	0.04227%	$2,642,917	$783,464	337%	65.0%
Teachers' Retirement System of Louisiana					
2015	0.12237%	$12,507,867	$5,330,833	235%	63.7%

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

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

Schedule of the College's Contributions — Schedule 2

Fiscal Year*	(a) Statutorily-Required Contribution	(b) Contributions in relation to the statutorily-required contribution	(a-b) Contribution Deficiency (Excess)	College's covered-employee payroll	Contributions as a percentage of covered-employee payroll
Louisiana State Employees' Retirement System					
2015	$270,370	$270,370		$800,238	33.8%
Teachers' Retirement System of Louisiana					
2015	$1,498,173	$1,498,173		$5,615,793	26.7%

*Amounts presented were determined as of the end of the fiscal year.

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

Notes to Required Supplementary Information

Changes of Benefit Terms include:

A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session, and, Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections as established by Act 852 of 2014.

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

Schedule of Funding Progress for the Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 2015

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, 2012	NONE	$8,357,400	$8,357,400	0.0%	$4,507,342	185%
July 1, 2013	NONE	$8,618,400	$8,618,400	0.0%	$4,542,626	190%
July 1, 2014	NONE	$10,036,100	$10,036,100	0.0%	$4,660,763	215%

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Exhibit A

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

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

November 2, 2015

Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

NORTHSHORE TECHNICAL COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Bogalusa, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Northshore Technical Community College (College), a college within the Louisiana Community and Technical College System (System), a component unit of the state of Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 2, 2015. Our report was modified to include an emphasis of matters section regarding actuarial assumptions and financial statement comparability.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KLD:CLL:BQD:EFS:aa

NTCC 2015