

LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT  
FOR THE YEAR ENDED JUNE 30, 2012  
ISSUED MARCH 20, 2013

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

February 18, 2013

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, 2012, as listed in the table of contents. These financial statements are the responsibility of management of the Louisiana Community and Technical College System. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the blended component unit financial statements of the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; or the LCTCS Facilities Corporation, which represent 55.60%, 65.88%, 20.73%, 5.50%, and 4.65%, respectively, of the assets, liabilities, net assets, revenues, and expenses of the Louisiana Community and Technical College System. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; and the LCTCS Facilities Corporation is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

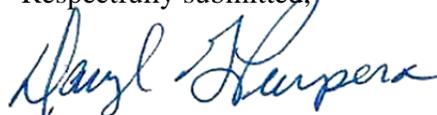
In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to previously present fairly, in all material respects, the financial position of the Louisiana Community and Technical College System as of June 30, 2012, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2013, on our consideration of the Louisiana Community and Technical College System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 13 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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.

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 including the 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the supplementary information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

KSH:CLP:BQD:THC:ch

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Management's Discussion and Analysis of the Louisiana Community and Technical College System's (System) financial performance presents a narrative overview and analysis of the System's financial activities for the year ended June 30, 2012. 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:

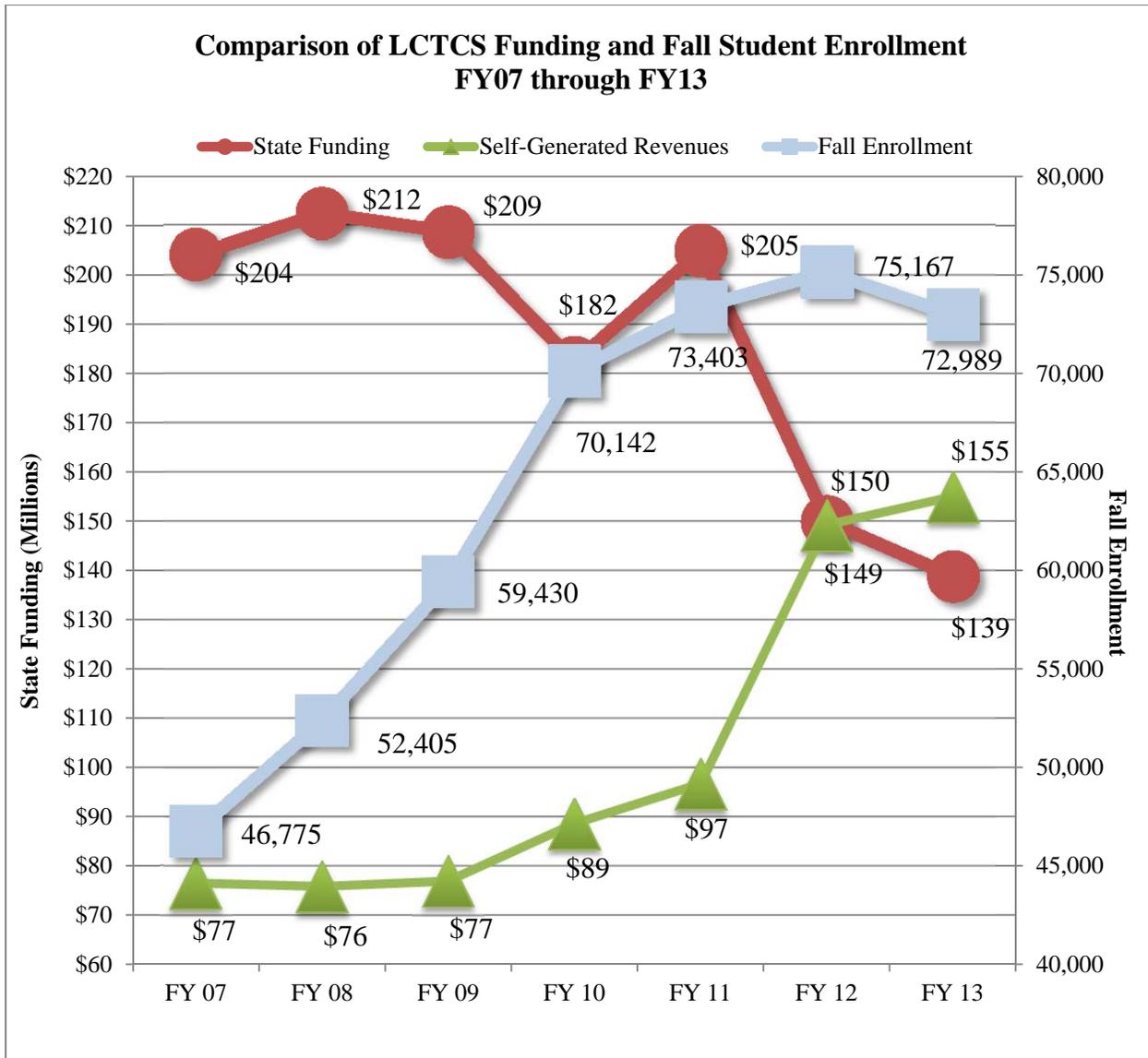
- Board Office
- Acadiana Technical College
- Baton Rouge Community College
- Bossier Parish Community College
- Capital Area Technical College
- Central Louisiana Technical College
- Delgado Community College
- Elaine P. Nunez Community College
- LCTCS Online
- L.E. Fletcher Technical Community College
- Louisiana Delta Community College
- Northeast Louisiana Technical College
- Northshore Technical Community College
- Northwest Louisiana Technical College
- River Parishes Community College
- South Central Louisiana Technical College
- South Louisiana Community College
- SOWELA Technical Community College
- Technical Division

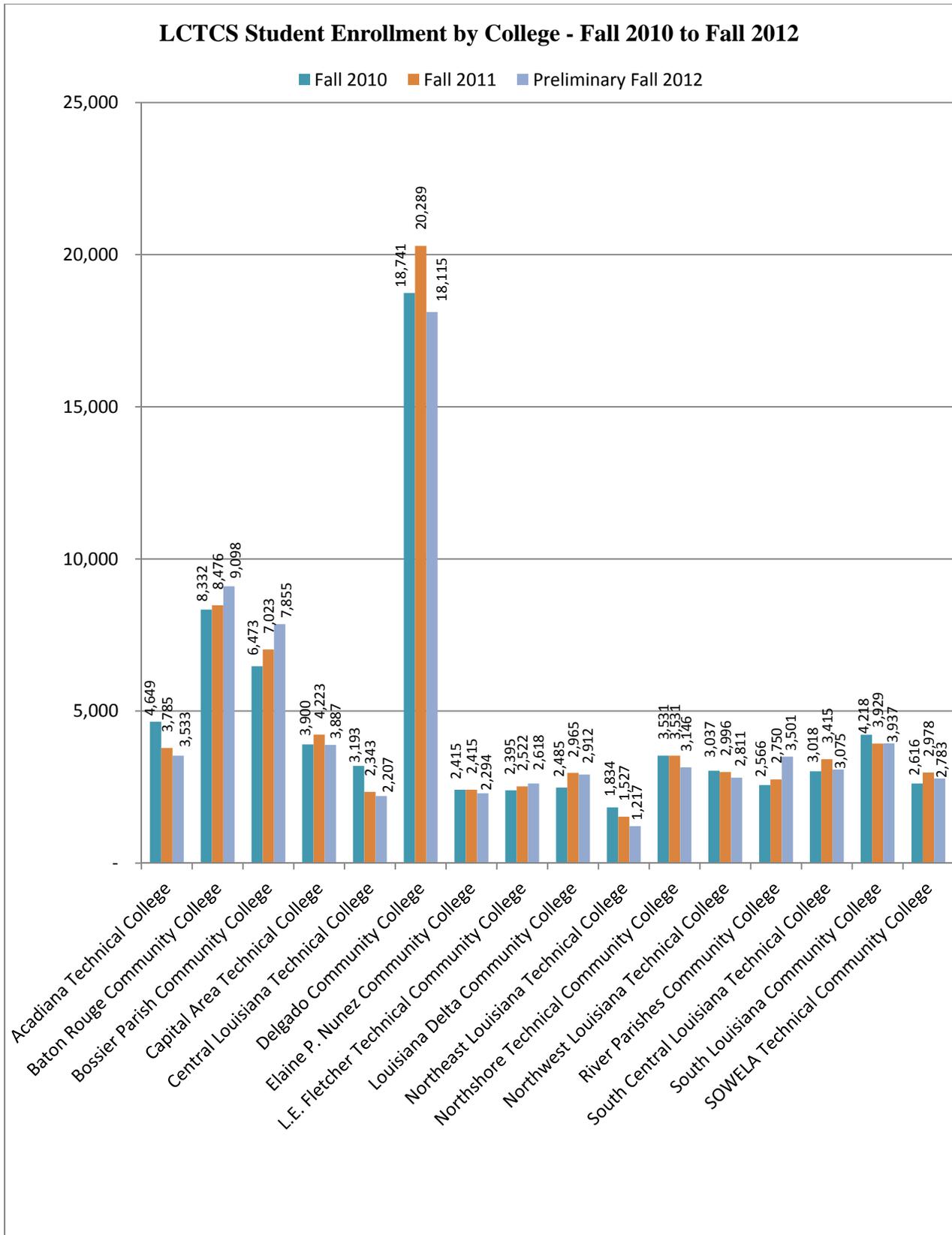
- Facilities Corporations
  - BRCC Facilities Corporation
  - Campus Facilities, Inc.
  - Delta Campus Facilities Corporation
  - LCTCS Facilities Corporation
  - South Louisiana Facilities Corporation

### **FINANCIAL HIGHLIGHTS**

The System's net assets overall decreased from \$172.1 million (restated) to \$156.5 million or 9% from July 1, 2011, to June 30, 2012. The overall reasons for the change include the net effect of phase three revenue bond issuance for LCTCS Facilities Corporation on October 1, 2011, with a principal issue of \$52 million for Series 2011, the fifth year of reporting the annual OPEB expense in accordance with Governmental Accounting Standards Board (GASB) Statement No. 45 (*Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*) with a total expense for fiscal year 2012 of \$20.7 million and ending liability of \$118.9 million.

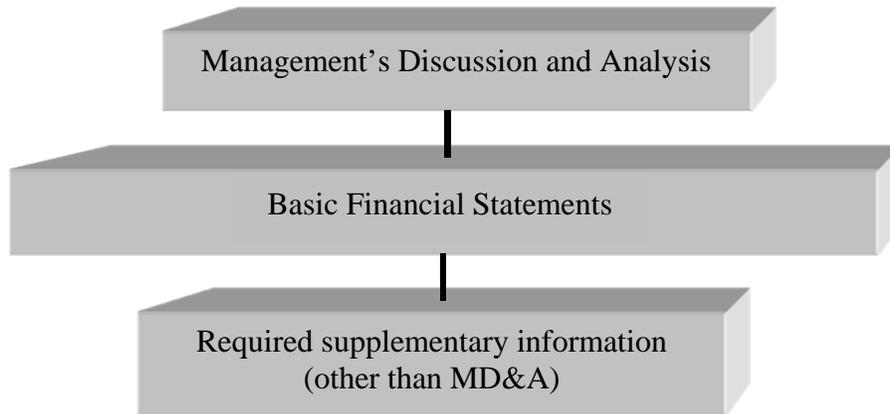
Enrollment changed from 75,167 to 72,989 from fall 2011 to fall 2012, a decrease of 2.9%.





## OVERVIEW OF THE FINANCIAL STATEMENTS

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



These financial statements consist of three sections--Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

### Basic Financial Statements

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

The Statement of Net Assets (pages 14-15) 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 16-17) 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 18-19) 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, 2012 and 2011**

	2012	2011 (Restated)	Variance	Percentage Change
<b>Assets:</b>				
Current and other assets	\$335,512	\$355,327	(\$19,815)	(6%)
Capital assets	351,959	307,164	44,795	15%
Total assets	<u>687,471</u>	<u>662,491</u>	<u>24,980</u>	4%
<b>Liabilities:</b>				
Current liabilities	63,941	68,543	(4,602)	(7%)
Long-term liabilities	467,027	423,208	43,819	10%
Total liabilities	<u>530,968</u>	<u>491,751</u>	<u>39,217</u>	8%
<b>Net assets:</b>				
Invested in capital assets, net of related debt	141,801	140,931	870	1%
Restricted	101,722	80,859	20,863	26%
Unrestricted	<u>(87,020)</u>	<u>(49,667)</u>	<u>(37,353)</u>	75%
Total net assets	<u>\$156,503</u>	<u>\$172,123</u>	<u>(\$15,620)</u>	(9%)

This schedule is prepared from the System's Statement of Net Assets as shown on pages 14-15, which is presented on an accrual basis of accounting.

The System's net assets overall decreased from \$172.1 million (restated) to \$156.5 million or 9% from July 1, 2011, to June 30, 2012. The overall reasons for the change include the net effect of phase three revenue bond issuance for LCTCS Facilities Corporation on October 1, 2011, with a principal issue of \$52 million for Series 2011, the fifth 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 2012 of \$20.7 million and ending liability of \$118.9 million.

Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation, reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

**Table A-2**  
**Louisiana Community and Technical College System**  
**Comparative Statement of Revenues,**  
**Expenses, and Changes in Net Assets**  
**(in thousands of dollars)**  
**For the Fiscal Years Ended June 30, 2012 and 2011**

	2012	2011 (Restated)	Variance	Percentage Change
<b>Operating revenues:</b>				
Student tuition and fees, net	\$96,906	\$83,773	\$13,133	15.7%
Grants and contracts	61,398	64,177	(2,779)	(4.3%)
Sales and services of education departments	371	1,418	(1,047)	(73.8%)
Auxiliary, net	2,810	2,398	412	17.2%
Other	1,088	5,763	(4,675)	(81.1%)
<b>Total operating revenues</b>	<u>162,573</u>	<u>157,529</u>	<u>5,044</u>	3.2%
<b>Nonoperating revenues:</b>				
State appropriations	149,801	158,816	(9,015)	(5.7%)
Gifts	537	1,053	(516)	(49.0%)
Investment income	518	1,018	(500)	(49.1%)
Federal nonoperating revenues	147,958	144,981	2,977	2.1%
American Recovery and Reinvestment Act revenues	64	42,485	(42,421)	(99.8%)
Other nonoperating revenues	6,518	2,854	3,664	128.4%
<b>Total nonoperating revenues</b>	<u>305,396</u>	<u>351,207</u>	<u>(45,811)</u>	(13.0%)
<b>Total revenues</b>	<u>467,969</u>	<u>508,736</u>	<u>(40,767)</u>	(8.0%)
<b>Operating expenses:</b>				
Education and general:				
Instruction	180,882	183,995	(3,113)	(1.7%)
Public service	1,200	1,111	89	8.0%
Academic support	56,659	47,803	8,856	18.5%
Student services	31,630	31,761	(131)	(0.4%)
Institutional support	72,400	71,804	596	0.8%
Operations and maintenance of plant	37,666	35,461	2,205	6.2%
Depreciation	17,996	15,675	2,321	14.8%
Scholarships and fellowships	98,442	107,499	(9,057)	(8.4%)
Auxiliary enterprises	5,393	2,710	2,683	99.0%
Other operating expenses	6	1,077	(1,071)	(99.4%)
<b>Total operating expenses</b>	<u>502,274</u>	<u>498,896</u>	<u>3,378</u>	0.7%
<b>Nonoperating expenses -</b>				
Interest expense	12,730	10,889	1,841	16.9%
<b>Total nonoperating expenses</b>	<u>12,730</u>	<u>10,889</u>	<u>1,841</u>	16.9%
<b>Total expenses</b>	<u>515,004</u>	<u>509,785</u>	<u>5,219</u>	1.0%
<b>Loss before other revenues</b>	<u>(47,035)</u>	<u>(1,049)</u>	<u>(45,986)</u>	4383.8%
Capital appropriations	26,764	36,983	(10,219)	(27.6%)
Capital grants and gifts	4,680	3,255	1,425	43.8%
Other additions, net	(30)	0	(30)	(100.0%)
Additions to permanent endowment	1	9	(8)	(88.9%)
<b>Other revenues</b>	<u>31,415</u>	<u>40,247</u>	<u>(8,832)</u>	(21.9%)
<b>Change in net assets</b>	<u>(15,620)</u>	<u>39,198</u>	<u>(54,818)</u>	(139.8%)
<b>Net assets at beginning of year, restated</b>	<u>172,123</u>	<u>132,925</u>	<u>39,198</u>	29.5%
<b>Net assets at end of year</b>	<u>\$156,503</u>	<u>\$172,123</u>	<u>(\$15,620)</u>	(9.1%)

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2012, the System had invested approximately \$352.0 million in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$44.8 million or 15% from the previous fiscal year. The reason for the change was additions of land of \$2.7 million and a net increase in construction-in-progress of \$45.7 million. The major increase was for the LCTCS Facilities Corporation construction-in-progress. 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, 2012 and 2011**

	2012	2011 (Restated)	Variance	Percentage Change
Land and improvements	\$36,951	\$34,218	\$2,733	8%
Buildings	205,370	211,999	(6,629)	(3%)
Equipment	29,631	32,337	(2,706)	(8%)
Software - development-in-progress		6,089	(6,089)	(100%)
Software	11,737		11,737	100%
Construction-in-progress	68,270	22,521	45,749	203%
Total	<u>\$351,959</u>	<u>\$307,164</u>	<u>\$44,795</u>	15%

### Debt

The System had \$340.2 million in bonds and notes outstanding at the year-end compared to \$301.4 million last year, an increase of 12.8%. More detailed information is presented in note 14 to the financial statements.

## ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

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

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

- New bonds issued by blended component units (More detailed information is presented in note 23 to the financial statements.)
- Significant new or additional capital appropriations
- Capital outlay projects (23 projects) at 14 System locations through Act 391 (R.S. 17:3394.3)
- Implementation of a system wide ERP
- GRAD Act tuition increases

### **CONTACTING THE LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM'S MANAGEMENT**

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the System's finances and to show the System's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Fiscal Affairs at (225) 922-2800.

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

**Statement of Net Assets  
June 30, 2012**

**ASSETS**

Current assets:

Cash and cash equivalents (note 2)	\$119,409,001
Receivables, net (note 4)	24,741,795
Due from state treasury	264,745
Due from federal government	15,028,378
Inventories	287,058
Deferred charges and prepaid expenses	459,140
Other current assets	23,065
Total current assets	<u>160,213,182</u>

Noncurrent assets:

Restricted assets:

Cash and cash equivalents (note 2)	96,084,473
Investments (note 3)	74,845,110
Notes receivable, net (note 5)	21,873
Capital assets, net (note 6)	351,958,942
Other noncurrent assets	4,347,487
Total noncurrent assets	<u>527,257,885</u>
<b>Total assets</b>	<u><b>687,471,067</b></u>

**LIABILITIES**

Current liabilities:

Accounts payable and accruals (note 10)	33,713,576
Due to federal government	55,087
Deferred revenues (note 11)	10,782,947
Compensated absences payable (notes 12 and 14)	1,609,995
Capital lease obligations (notes 13 and 14)	77,500
Contracts payable (note 14)	68,316
Amounts held in custody for others	736,528
Bonds payable, net (note 14)	12,150,000
Other current liabilities	4,747,329
Total current liabilities	<u>63,941,278</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, 2012**

**LIABILITIES (CONT.)**

## Noncurrent liabilities:

Compensated absences payable (notes 12 and 14)	\$16,493,510
Capital lease obligations (notes 13 and 14)	3,500,000
Contracts payable (note 14)	119,553
Other postemployment benefits payable (notes 9 and 14)	118,880,744
Bonds payable, net (note 14)	328,033,175
Total noncurrent liabilities	<u>467,026,982</u>
<b>Total liabilities</b>	<u><u>530,968,260</u></u>

**NET ASSETS**

Invested in capital assets, net of related debt	141,800,666
Restricted:	
Nonexpendable (note 15)	4,538,780
Expendable (note 15)	97,183,681
Unrestricted	<u>(87,020,320)</u>
<b>Total net assets</b>	<u><u>\$156,502,807</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, 2012**

**OPERATING REVENUES**

Student tuition and fees	\$163,828,007
Less scholarship allowances	(66,922,358)
Net student tuition and fees	<u>96,905,649</u>
Federal grants and contracts	41,542,421
State and local grants and contracts	15,449,660
Nongovernmental grants and contracts	4,405,877
Sales and services of educational departments	370,887
Auxiliary enterprise revenues	3,066,216
Less scholarship allowances	(256,042)
Net auxiliary revenues	<u>2,810,174</u>
Other operating revenues	<u>1,088,225</u>
<b>Total operating revenues</b>	<u><u>162,572,893</u></u>

**OPERATING EXPENSES**

Educational and general:	
Instruction	180,881,651
Public service	1,199,719
Academic support	56,659,573
Student services	31,629,797
Institutional support	72,400,811
Operations and maintenance of plant	37,665,705
Depreciation	17,995,548
Scholarships and fellowships	98,442,555
Auxiliary enterprises	5,392,670
Other operating expenses	6,059
<b>Total operating expenses</b>	<u><u>502,274,088</u></u>

**OPERATING LOSS** (339,701,195)

(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, 2012**

<b>NONOPERATING REVENUES (Expenses)</b>	
State appropriations	\$149,800,549
American Recovery and Reinvestment Act revenues	64,189
Gifts	536,757
Federal nonoperating revenues	147,958,220
Investment income	517,552
Interest expense	(12,730,125)
Other nonoperating revenues, net	6,518,035
<b>Net nonoperating revenues</b>	<u>292,665,177</u>
<b>LOSS BEFORE OTHER REVENUES AND ADDITIONS</b>	(47,036,018)
Capital appropriations	26,763,965
Capital grants and gifts	4,680,515
Additions to permanent endowments	1,397
Other deductions, net	<u>(30,190)</u>
<b>DECREASE IN NET ASSETS</b>	(15,620,331)
<b>NET ASSETS - BEGINNING OF YEAR (Restated) (note 16)</b>	<u>172,123,138</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$156,502,807</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, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Tuition and fees	\$86,577,391
Grants and contracts	57,093,819
Sales and services of educational departments	518,635
Auxiliary enterprise receipts	2,870,503
Payments for employee compensation	(190,475,662)
Payments for benefits	(64,111,327)
Payments for utilities	(9,697,101)
Payments for supplies and services	(112,864,951)
Payments for scholarships and fellowships	(87,625,597)
Other receipts	6,478,208
<b>Net cash used by operating activities</b>	<u>(311,236,082)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

State appropriations	154,634,641
American Recovery and Reinvestment Act receipts	245,421
Gifts and grants for other than capital purposes	164,622,799
Taylor Opportunity Program for Students receipts	3,968,477
Taylor Opportunity Program for Students disbursements	(4,545,298)
Federal Emergency Management Agency receipts	1,183,945
Federal Emergency Management Agency disbursements	(1,373,435)
Direct lending receipts	106,955,869
Direct lending disbursements	(107,299,908)
Other payments	(2,935,020)
<b>Net cash provided by noncapital financing activities</b>	<u>315,457,491</u>

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

Proceeds from capital debt	100,927,327
Capital appropriations received	25,272,980
Capital grants and gifts received	3,098,616
Purchases of capital assets	(54,666,672)
Principal paid on capital debt and leases	(5,595,000)
Interest paid on capital debt and leases	(13,241,422)
Deposit with trustees	(58,600,181)
Other uses	(3,333,143)
<b>Net cash used by capital and related financing activities</b>	<u>(6,137,495)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest received on investments	511,179
Purchase of investments	(40,486,300)
<b>Net cash used by investing activities</b>	<u>(39,975,121)</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, 2012**

<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(\$41,891,207)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>257,384,681</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$215,493,474</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating loss	(\$339,701,195)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	17,995,548
Changes in assets and liabilities:	
Decrease in receivables, net	23,281,080
Decrease in inventories	122,437
Decrease in prepaid expenses	299,653
(Increase) in other assets	(77,461)
(Decrease) in accounts payable	(8,540,084)
(Decrease) in deferred revenue	(16,419,282)
Increase in amounts held in custody for others	198,749
(Decrease) in compensated absences	(50,925)
Increase in other postemployment benefits payable	11,832,603
(Decrease) in other liabilities	<u>(177,205)</u>
<b>Net cash used by operating activities</b>	<u><u>(\$311,236,082)</u></u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:</b>	
Cash and cash equivalents classified as current assets	\$119,409,001
Cash and cash equivalents classified as noncurrent assets	<u>96,084,473</u>
	<u><u>\$215,493,474</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>	
Capital appropriations for purchase of equipment, building, or land	\$1,483,647
Noncash capital grant/gift of capital assets	1,608,304
Noncash grants and gifts	48,589
(Loss) on disposal of capital assets	(732,675)
Unrealized gain on investments	6,828
Increase in noncapital accounts and contracts payable	189,493
(Decrease) in accrued interest payable	(89,867)
Capitalized interest including capitalized amortization	700,412
Amortization of bond premium	856,837
Accretion of bond discount	75,048
Amortization of bond issuance costs	412,508
Loss on bond refunding	2,529,795
Increase in capital accounts and retainage payable	5,939,882

(Concluded)

The accompanying notes are an integral part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS

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## INTRODUCTION

The Louisiana Community and Technical College System (System) is a publicly supported institution of higher education. The System is a component unit of the State of Louisiana, within the executive branch of government. The System is under the management and supervision of the Board of Supervisors of the System; however, the annual budget of the System, and changes in the degree programs, and departments of instruction of the individual institutions require the approval of the Louisiana Board of Regents of Higher Education. The board of supervisors is comprised of 15 members appointed for six-year terms by the governor, with the consent of the Senate, and two student members appointed for one-year terms. One student member is selected by and from a council composed of the student body presidents of the System's community colleges, and one student member is selected by and from a council composed of the student body presidents of the System's technical college campuses. As a state institution, operations of the System's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature. The chief executive officer of the System is the president.

The System includes all programs of public post-secondary vocational/technical training and the institutions of higher education that offer associate degrees but not baccalaureate degrees. The System is comprised of seven community colleges: Baton Rouge Community College, Bossier Parish Community College, Delgado Community College, Elaine P. Nunez Community College, Louisiana Delta Community College, River Parishes Community College, and South Louisiana Community College; three technical community colleges: L.E. Fletcher Technical Community College, Northshore Technical Community College, and SOWELA Technical Community College; and six technical colleges: Acadiana Technical College, Capital Area Technical College, Central Louisiana Technical College, Northeast Louisiana Technical College, Northwest Louisiana Technical College, and South Central Louisiana Technical College.

Fiscal year 2012 marked the second year of operations as a separate entity for LCTCS Online. LCTCS Online is an initiative of the System to provide Louisiana citizens with better access to online courses offered via this college system, encouraging stronger links among Louisiana educational institutions and business, government, and the surrounding community. The colleges that make up LCTCS Online are Baton Rouge Community College, Bossier Parish Community College, Capital Area Technical College, Delgado Community College, L.E. Fletcher Technical Community College, Louisiana Delta Community College, Northshore Technical Community College, Elaine P. Nunez Community College, River Parishes Community College, South Central Louisiana Technical College, South Louisiana Community College, and SOWELA Technical Community College.

Student enrollment for the System for the 2012 fall semester totaled 72,989 full-time equivalent students.

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

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. BASIS OF PRESENTATION**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The System has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board (FASB) statements. However, there are five nongovernmental blended component units (the BRCC Facilities Corporation; the South Louisiana Facilities Corporation; the Campus Facilities, Inc.; the Delta Campus Facilities Corporation; and the LCTCS Facilities Corporation), which are presented under the *Not-for-Profit Entities* topic of the FASB Accounting Standards Codification (ASC), FASB ASC Topic 958.

### **B. REPORTING ENTITY**

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy, has defined the governmental reporting entity to be the State of Louisiana. The System is considered a discretely presented component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) a majority of the members of the governing board are appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) the state issues bonds to finance certain construction; and (4) the colleges within the System primarily serve state residents. The accompanying financial statements present information only as to the transactions of the programs of the System.

Annually, the State of Louisiana issues a comprehensive annual financial report, which includes the activity contained in the accompanying basic financial statements. Those basic financial statements are audited by the Louisiana Legislative Auditor.

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

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

- The South Louisiana Facilities Corporation is a nonprofit corporation formed in December 2001 to provide funds and oversee construction for the South Louisiana Community College (SLCC) campus. The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. The South Louisiana Facilities Corporation has a June 30 year-end and audited financial statements for the corporation may be obtained at 301 Main Street, 23<sup>rd</sup> Floor, Baton Rouge, Louisiana 70825.
- Campus Facilities, Inc., is a nonprofit organization formed in May 2001 to provide funds for and oversee construction of the campus for Bossier Parish Community College (BPCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. Campus Facilities, Inc., has a December 31 year-end and audited financial statements for Campus Facilities, Inc., may be obtained at 4442 Viking Drive, Suite 100, Bossier City, Louisiana 71111.
- BRCC Facilities Corporation is a nonprofit corporation formed in February 2002 to provide funds and oversee construction of the campus for Baton Rouge Community College (BRCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. BRCC Facilities Corporation has a June 30 year-end and audited financial statements for the corporation may be obtained at 201 Community College Drive, Baton Rouge, Louisiana 70806.
- Delta Campus Facilities Corporation is a nonprofit corporation formed in March 2005 to provide funds and oversee construction of the campus for Louisiana Delta Community College (LDCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. Delta Campus Facilities Corporation has a December 31 year-end and audited financial statements for the corporation may be obtained at 1811 Tower Drive, Suite D, Monroe, Louisiana 71201.
- LCTCS Facilities Corporation is a nonprofit corporation formed in August 2007 and began operations October 1, 2009, to provide funds and oversee the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of 14 community and technical college campuses and a statewide computer information system for the System. The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. LCTCS Facilities Corporation has a

December 31 year-end and audited financial statements for the corporation may be obtained at 201 St. Charles Avenue, Suite 4240, New Orleans, Louisiana 70170.

### **C. BASIS OF ACCOUNTING**

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

### **D. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include certificates of deposit and all highly liquid investments with a maturity of three months or less when purchased. Under state law, the System may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the System may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In accordance with Louisiana Revised Statute (R.S.) 49:327, the System is authorized to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct repurchase agreements, and money market funds. In addition, funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture.

### **E. INVENTORIES**

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

### **F. RESTRICTED CASH AND INVESTMENTS**

Restricted cash equivalents consist of assets that are externally restricted to make debt service payments, to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets. These funds are invested in U.S. Treasury money market funds, which are considered to be cash equivalents because of their liquidity. They are maintained in trust accounts created pursuant to trust indentures of the related bonds. These trust accounts, which are administered by a trustee bank, provide for the custody of the assets, debt service payments and bond redemption requirements, and payment of administrative expenses. The bonds were issued in 2002, 2003, and 2008 to finance the costs of development, design, and construction of additions and renovations to SLCC, BPCC, BRCC, and LDCC. During 2011 and 2012, the BRCC Series 2002 bonds were refunded, and revenue refunding bonds were issued. Also, bonds were issued in 2009,

2010, and 2011 to provide funds and oversee the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of 14 community and technical college campuses and a statewide computer information system for LCTCS.

The requirements of state law are not applicable to the cash and cash equivalents held by the facilities corporations. However, the official statements for the corporations' bonds authorize the trustee to invest in direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by the federal agencies; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by the non-full faith and credit U.S. government agencies; money market funds; certificates of deposit, savings accounts, deposit accounts or money market deposits; investment agreements; commercial paper; bonds or notes issued by any state or municipality; federal funds or bankers acceptances; repurchase agreements; pre-funded municipal bonds; and any other investment acceptable to the corporation, the trustee, and the bond issuer.

Restricted investments consist of assets maintained in an external investment pool administered by external foundations under agreements with the colleges within the System. These funds are invested in accordance with policies and procedures established by the Board of Regents, Endowed Professorship Program and are reported at fair value in accordance with GASB Statement No. 31. Restricted investments also consist of endowments and similar type accounts for which donors or other outside sources have stipulated that, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity. Changes in the carrying value of investments, resulting from unrealized gains and losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets, except for the investments of the facilities corporations where gains and losses are reported as a component of the amount capitalized to capital assets, as required by FASB 62. For purposes of the Statement of Cash Flows, the System considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

## **G. CAPITAL ASSETS**

The System follows the capitalization policies established by the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy. Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the System's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million is required to be capitalized. Computer software purchased for internal use with depreciable costs of \$1 million or more are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which

the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and three to 10 years for most movable property. Library collections regardless of age with a total acquisition cost of \$5 million or more will be capitalized and depreciated.

#### **H. DEFERRED REVENUES**

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

#### **I. COMPENSATED ABSENCES**

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during holiday periods when students are not in classes. Employees who are considered having nonexempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned.

Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and non-classified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System (LASERS), upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits for the Teachers' Retirement System of Louisiana and LASERS but not for the Optional Retirement System.

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

#### **J. NONCURRENT LIABILITIES**

Noncurrent liabilities include principal amounts of revenue bonds payable with maturities greater than one year, estimated amounts for accrued compensated absences, capital lease obligations with contractual maturities greater than one year, contracts payable and other postemployment benefits liabilities that will not be paid within the next fiscal year.

**K. NET ASSETS**

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

1. *Invested in capital assets, net of related debt* consists of the System's total investment in capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds or other borrowings attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted - nonexpendable* consist of endowments and similar type funds for which donors or other outside sources have stipulated that, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
3. *Restricted - expendable* consist of resources that the System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
4. *Unrestricted* consist of resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the System and may be used at the discretion of the governing board to meet current expenses and for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the System's policy is to first apply the expense toward unrestricted resources, then toward restricted resources.

**L. CLASSIFICATION OF REVENUES AND EXPENSES**

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

- *Operating revenue* includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and (3) most federal, state, and local grants and contracts.
- *Nonoperating revenue* includes activities that have the characteristics of nonexchange transactions, such as state appropriations, certain federal revenues (Pell), American Recovery and Reinvestment Act funds, gifts and contributions, and investment income.

- *Operating expenses* generally include transactions resulting from providing goods or services, such as (1) payments to vendors for goods or services; (2) payments to employees for services; and (3) payments for employee benefits.
- *Nonoperating expenses* include transactions resulting from financing activities, capital acquisitions, and investing activities.

#### **M. SCHOLARSHIP DISCOUNTS AND ALLOWANCES**

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

#### **N. USE OF ESTIMATES**

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

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

At June 30, 2012, the System has cash and cash equivalents (book balances) of \$215,493,474 as follows:

Demand deposits	\$120,453,804
Certificates of deposit	488,536
Cash equivalents - money market funds	94,519,549
Petty cash	31,585
	<hr/>
Total	<u><u>\$215,493,474</u></u>

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

Current assets	\$119,409,001
Noncurrent assets	96,084,473
	<hr/>
Total	<u><u>\$215,493,474</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, 2012, \$4,107,772 of the System's bank balances totaling \$228,234,270 was exposed to custodial credit risk as these balances were uninsured and collateralized with securities held by the pledging institution. As of June 30, 2012, demand deposits totaling \$653,180 were reported in the financial statements for the BRCC Facilities Corporation; Campus Facilities, Inc.; and Delta Campus Facilities Corporation, which were prepared in accordance with the pronouncements of FASB ASC Topic 958. Generally accepted accounting principles allow for the inclusion, in the same consolidated report, of financial statements prepared in accordance with FASB with those prepared under the standards of GASB. As such, the notes to the financial statements of the corporations do not reflect the requirements of GASB Statement No. 3, as revised by Statement No. 40.

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

### 3. INVESTMENTS

At June 30, 2012, the System has restricted investments totaling \$74,845,110 as follows:

	Fair Value June 30, 2012	Investment Maturities (Years)	Credit Quality Rating
Mutual funds:			
Pooled equity funds - DCC	\$764,966	Not Applicable	Not Applicable
Pooled equity funds - LDCC	166,987	Not Applicable	Not Applicable
Fixed income securities - LDCC	235,831	6.43	Below B
International equity funds - DCC	227,851	Not Applicable	Not Applicable
Other mutual funds - DCC	23,090	Not Applicable	Not Applicable
Subtotal - mutual funds	<u>1,418,725</u>		
Investments held by private foundation -			
external investment pool	391,139	Not Applicable	Not Rated
Non-negotiable certificates of deposit - BPCC	123,892	1.0	Not Applicable
Non-negotiable certificates of deposit - STCC	46,817	1.1	Not Applicable
Common stocks - DCC	379,964	Not Applicable	Not Applicable
Limited partnerships - DCC	27,692	Not Applicable	Not Applicable
Treasury and federal agencies securities - DCC	605,280	Not Applicable	Not Applicable
Nongovernmental obligations - DCC	1,233,728	Not Applicable	Not Applicable
Other	102,687	Not Applicable	Not Applicable
Subtotal	<u>2,911,199</u>		
Facilities Corporations:			
Municipal bonds - LCTCS FC	48,543,086		
U.S. government and agency obligations - LCTCS FC	21,972,100		
Subtotal - Facilities Corporations	<u>70,515,186</u>		
Total	<u>\$74,845,110</u>		

These investments are reported at fair market value. They are reported on the Statement of Net Assets as noncurrent assets - investments. Investments held by private foundations are in an external investment pool, which is not SEC registered. They are managed in accordance with program requirements specified by the Louisiana Board of Regents that are included in

management agreements executed between the System's colleges and their respective foundations. The System's colleges are voluntary participants.

The mutual funds of \$1,418,725 and investments held by the private foundation of \$391,139 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. As of January 26, 2012, the Board of Regents revised its investment policy. The revised requirements are as follows: (1) the overall average quality must be at least A; (2) investments in foreign equity and foreign debt are limited to 50% of the publicly traded equity and debt securities; and (3) publicly traded debt invested in any single issuer is limited to 5% with the exception of securities issued by the U.S. government or its agencies.

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

Facilities Corporations' investments totaling \$70,515,186 and money market funds totaling \$94,519,549 were reported in the financial statements and notes to the financial statements for the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; LCTCS Facilities Corporation; and South Louisiana Facilities Corporation, which were prepared in accordance with the pronouncements of FASB ASC Topic 958. Generally accepted accounting principles allow for the inclusion, in the same consolidated report, of financial statements prepared in accordance with FASB with those prepared under the standards of GASB. As such, the notes to the financial statements of the corporations do not reflect the requirements of GASB Statement No. 3, as revised by Statement No. 40. These investments and money market funds are uninsured and are collateralized by securities held by the financial institution's trust department, but not in the corporation's name.

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

#### **4. RECEIVABLES**

Receivables are shown on the Statement of Net Assets, net of an allowance for doubtful accounts, at June 30, 2012. These receivables are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Student tuition and fees	\$18,336,157	(\$3,885,244)	\$14,450,913
Auxiliary enterprise	218,608	(1,859)	216,749
Contributions and gifts	11,000		11,000
State and private grants and contracts	5,580,934		5,580,934
Other	4,482,199		4,482,199
	<u>4,482,199</u>	<u>                    </u>	<u>4,482,199</u>
Total	<u>\$28,628,898</u>	<u>(\$3,887,103)</u>	<u>\$24,741,795</u>

## 5. NOTES RECEIVABLE

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

	Notes Receivable	Allowance for Doubtful Accounts	Notes Receivable, Net
Perkins Loan program	\$56,865	(\$50,500)	\$6,365
Miscellaneous private student loan programs	15,508		15,508
	<u>15,508</u>	<u>                    </u>	<u>15,508</u>
Total	<u>\$72,373</u>	<u>(\$50,500)</u>	<u>\$21,873</u>

## 6. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2012, follows:

	Balance June 30, 2011	Prior Period Adjustment	Adjusted Balance June 30, 2011	Additions	Reclassification of CIP	Retirements	Balance June 30, 2012
Capital assets not being depreciated:							
Land	\$24,600,672	\$160,500	\$24,761,172	\$2,732,208		(\$195,000)	\$27,298,380
Non-depreciable land improvements	267,867		267,867				267,867
Software-development-in-progress	6,088,515		6,088,515		(\$6,088,515)		NONE
Construction-in-progress	22,520,797		22,520,797	47,899,173	(2,150,013)		68,269,957
Total capital assets not being depreciated	53,477,851	160,500	53,638,351	50,631,381	(8,238,528)	(195,000)	95,836,204
Capital assets being depreciated:							
Land improvements	10,345,000	1,041,876	11,386,876	100,547	586,990		12,074,413
Buildings	327,952,804	(1,041,876)	326,910,928	415,305	1,563,023	(1,838,555)	327,050,701
Furniture, fixtures, and equipment	91,662,952	79,670	91,742,622	5,175,413		(2,014,656)	94,903,379
Software				6,952,916	6,088,515		13,041,431
Total capital assets being depreciated	429,960,756	79,670	430,040,426	12,644,181	8,238,528	(3,853,211)	447,069,924
Less accumulated depreciation for:							
Land improvements	(2,171,051)	(26,047)	(2,197,098)	(492,973)			(2,690,071)
Buildings	(114,937,926)	26,047	(114,911,879)	(8,607,696)		1,838,555	(121,681,020)
Furniture, fixtures, and equipment	(59,405,337)	(520)	(59,405,857)	(7,590,736)		1,724,641	(65,271,952)
Software				(1,304,143)			(1,304,143)
Total accumulated depreciation	(176,514,314)	(520)	(176,514,834)	(17,995,548)	NONE	3,563,196	(190,947,186)
Total capital assets, being depreciated, net	253,446,442	79,150	253,525,592	(5,351,367)	8,238,528	(290,015)	256,122,738
Total capital assets, net	\$306,924,293	\$239,650	\$307,163,943	\$45,280,014	NONE	(\$485,015)	\$351,958,942

The June 30, 2011, balance of capital assets has been adjusted by \$239,650 to reflect prior period adjustments resulting from the correction of prior year errors. Three buildings with a total carrying value of \$172,801 remain idle at June 30, 2012, 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 2012, the state contributed 23.7% of covered salaries to TRSL and 25.6% 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, 2012, 2011, and 2010 were \$25,659,399, \$20,998,832; and \$16,336,520, respectively, and to LASERS for the years ended June 30, 2012, 2011, and 2010 were \$6,002,794; \$5,344,562; and \$4,075,636, respectively, equal to the required contributions for each year.

## **8. OPTIONAL RETIREMENT SYSTEM**

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

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

R.S. 11:927 requires the employer and each participant to contribute monthly to the optional retirement plan the same amount which they would be required to contribute to the regular retirement plan of the TRSL if the participant were a member of that retirement plan. Employer contributions by the System are 23.7% 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 \$7,168,894 and \$3,230,352, respectively, for the year ended June 30, 2012.

## 9. OTHER POSTEMPLOYMENT BENEFITS

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

*Funding Policy.* The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the System are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. OGB offers four standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) Plan, the Medical Home HMO Plan, and the Regional HMO Plan. OGB also offers the Consumer Driven Health Plan with a Health Savings Account option (CDHP-HSA) to active employees. 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 PPO plans) which are based on a calendar year. The three HMO plans are Humana HMO Plan, Peoples Health HMO-POS Plan, and Vantage HMO-POS Plan. The two PPO plans are Humana PPO Plan and United Healthcare PPO Plan.

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

<u>Service</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contribution Percentage</u>
Under 10 years	19%	81%
10 - 14 years	38%	62%
15 - 19 years	56%	44%
20+ years	75%	25%

Effective January 1, 2012, the Plan changed from a fiscal year plan to a calendar year plan. On this date, the rates increased 5% for the PPO, HMO, and CDHP-HSA plans; 7% for the MHHP Plan; and 0% for the Regional HMO. The following table shows the rates in effect at June 30, 2012.

	PPO	HMO	CDHP HSA	Medical Home HMO	Regional HMO
<u>Active</u>					
Single	\$619	\$585	\$481	\$609	\$553
With Spouse	1,315	1,243	1,021	1,294	1,158
With Children	755	714	586	743	672
Family	1,387	1,310	1,077	1,364	1,221
<u>Retired No Medicare and Re-employed Retiree</u>					
Single	\$1,152	\$1,092	NA	\$1,133	\$1,016
With Spouse	2,034	1,928	NA	2,001	1,783
With Children	1,283	1,216	NA	1,262	1,130
Family	2,025	1,919	NA	1,991	1,775
<u>*Retired with 1 Medicare</u>					
Single	\$375	\$361	NA	\$368	\$341
With Spouse	1,384	1,320	NA	1,361	1,218
With Children	648	621	NA	638	579
Family	1,844	1,757	NA	1,814	1,618
<u>*Retired with 2 Medicare</u>					
With Spouse	\$673	\$648	NA	\$662	\$600
Family	834	802	NA	820	740

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

<u>Medicare Supplemental Rates</u>	Calendar Year 2012		Calendar Year 2011	
	Retired with		Retired with	
	1 Medicare	2 Medicare	1 Medicare	2 Medicare
Humana (HMO Plan)	\$156	\$312	\$145	\$290
People's Health (HMO Plan)	167	334	115	230
Vantage (HMO Plan)	279	558	258	516
Humana (PPO Plan)	150	300	149	298
United Health Care (PPO Plan)	214	428	199	397

OGB also provides eligible retirees and their spouses Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life, and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total monthly premium is approximately \$1 per thousand dollars of coverage of which the employer

pays fifty cents for retirees and twelve cents for spouses. The monthly premium is reduced to less than \$1 per thousand for retired employees age 70 and over. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

*Annual Other Postemployment Benefit Cost and Liability.* The System's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer and is an amount actuarially determined in accordance with GASB 45, which was initially implemented for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year open amortization period has been used. The total ARC for fiscal year 2012 is \$20,532,400.

The following schedule presents the components of the System's annual OPEB cost for fiscal year 2012, the amount actually contributed to the plan, and changes in the System's net OPEB obligation to the OPEB plan:

ARC	\$20,532,400
Interest on net OPEB obligation	4,281,926
ARC adjustment	(4,090,491)
Annual OPEB cost	<u>20,723,835</u>
Contributions made - current year retiree premiums	<u>(8,891,230)</u>
Increase in net OPEB obligation	11,832,605
Beginning net OPEB obligations at June 30, 2011	<u>107,048,139</u>
Ending net OPEB obligation at June 30, 2012	<u><u>\$118,880,744</u></u>

The System's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2012, and the preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$29,663,000	26%	\$88,653,655
June 30, 2011	\$26,417,300	30%	\$107,048,139
June 30, 2012	\$20,723,835	43%	\$118,880,744

*Funded Status and Funding Progress.* During fiscal year 2012, neither the System nor the State of Louisiana made contributions to a postemployment benefits plan trust. A trust was established July 1, 2008, but was not funded, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the System's entire actuarial accrued liability (AAL) of \$243,812,800 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2011, was as follows:

AAL	\$243,812,800
Actuarial value of plan assets	<u>NONE</u>
UAAL	<u>\$243,812,800</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	\$119,805,620
UAAL as a percentage of covered payroll	204%

*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, 2011, OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 7.5% and 8.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of projected payroll on an open basis. Annual per capita medical claims costs were updated to reflect an additional year of actual experience. There were no other changes in assumptions.

## **10. ACCOUNTS PAYABLE AND ACCRUALS**

The following is a summary of accounts payable and accruals at June 30, 2012:

Vendors	\$16,402,756
Accrued salaries and benefits	15,662,823
Other	<u>1,647,997</u>
Total	<u><u>\$33,713,576</u></u>

## 11. DEFERRED REVENUES

The following is a summary of deferred revenues at June 30, 2012:

Prepaid tuition and fees	\$6,735,208
Prepaid rent	1,157,446
Grants and contracts	2,860,493
Other	<u>29,800</u>
Total	<u><u>\$10,782,947</u></u>

## 12. COMPENSATED ABSENCES

At June 30, 2012, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$8,930,969; \$9,093,517; and \$79,019, 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, 2012, the total rental expense for all operating leases was \$3,926,884. The following is a schedule, by fiscal years, of future minimum annual rental payments required under operating leases:

Nature of Operating Lease	2013	2014	2015	2016	2017	2018-2022	Total Minimum Payments Required
Office space	\$857,123	\$518,999	\$181,098	\$67,350	\$67,350	\$301,391	\$1,993,311
Land	<u>121,715</u>	<u>121,715</u>	<u>64,826</u>				<u>308,256</u>
Total	<u>\$978,838</u>	<u>\$640,714</u>	<u>\$245,924</u>	<u>\$67,350</u>	<u>\$67,350</u>	<u>\$301,391</u>	<u>\$2,301,567</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, 2012:

Fiscal Year Ended June 30:	
2013	\$205,648
2014	284,998
2015	286,748
2016	282,623
2017	287,523
2018-2022	1,419,156
2023-2027	1,403,615
2028-2032	838,885
Total minimum lease payments	<u>5,009,196</u>
Less - amount representing interest	<u>(1,431,696)</u>
Present value - net minimum lease payments	<u><u>\$3,577,500</u></u>

The gross amount of assets held under capital leases as of June 30, 2012, includes office space of \$4,395,000.

### Lessor - Operating Lease

Leasing operations of the System consist of leasing office space and a building for the purposes of providing bookstore operations to students. The estimated cost, accumulated depreciation, and carrying amount of the System's investment in operating lease property as of June 30, 2012, was \$165,587; \$28,980; and \$136,607, 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, 2012:

Nature of Operating Lease	2013	2014	2015	2016	2017	2018-2022	Total Minimum Future Rentals
Office space	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000		\$350,000
Building	200,000	200,000	200,000	200,000	200,000	\$400,000	1,400,000
Total	<u>\$270,000</u>	<u>\$270,000</u>	<u>\$270,000</u>	<u>\$270,000</u>	<u>\$270,000</u>	<u>\$400,000</u>	<u>\$1,750,000</u>

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. Contingent rentals from operating leases for the year ended June 30, 2012, were \$414,305, of which \$200,000 was guaranteed and \$214,305 was commission of sales.

#### 14. LONG-TERM LIABILITIES

The following is a summary of bonds and other long-term debt transactions of the System for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Portion Due Within One Year
Bonds payable, net	\$301,381,319	\$99,837,503	(\$61,035,647)	\$340,183,175	\$12,150,000
Capital lease obligations (note 13)	3,452,500	255,000	(130,000)	3,577,500	77,500
Compensated absences payable (note 12)	18,154,430	4,367,418	(4,418,343)	18,103,505	1,609,995
Contracts payable	256,185		(68,316)	187,869	68,316
OPEB payable (note 9)	107,048,139	20,723,835	(8,891,230)	118,880,744	
Total long-term liabilities	<u>\$430,292,573</u>	<u>\$125,183,756</u>	<u>(\$74,543,536)</u>	<u>\$480,932,793</u>	<u>\$13,905,811</u>

Details of all debt outstanding at June 30, 2012, follow:

##### **Bonds Payable**

As presented on the Statement of Net Assets, at June 30, 2012, bonds payable total \$340,183,175 of which \$12,150,000 is current and the remaining \$328,033,175 is noncurrent.

Detailed summaries, by issues, of all bonded debt outstanding at June 30, 2012, follow:

	Date of Issue	Original Issue	Outstanding June 30, 2011	Issued (Redeemed)	Outstanding June 30, 2012	Maturities	Interest Rates	Future Interest Payments June 30, 2012
BRCC Facilities Corporation:								
Series 2002 Revenue Bonds	Dec. 31, 2002	\$55,000,000	\$55,000,000	(\$55,000,000)			5.0% - 5.375%	
Series 2003 Revenue Bonds	Dec. 23, 2003	10,000,000	6,795,000	(1,740,000)	\$5,055,000	2013-2018	3.8% - 5.5%	\$417,710
Series 2011 Revenue Refunding Bonds	Oct. 11, 2011	31,495,000		31,495,000	31,495,000	2015-2027	2.0%-5.0%	12,721,556
Series 2012 Revenue Refunding Bonds	April 18, 2012	24,125,000		24,125,000	24,125,000	2025-2033	3.625%-5.000%	19,126,244
Campus Facilities, Inc.:								
Series 2002 Revenue Bonds	April 18, 2002	45,000,000	45,000,000	(340,000)	44,660,000	2013-2028	4.2% - 5.25%	22,037,875
Series 2003 Revenue Bonds	June 18, 2003	10,000,000	1,465,000	(1,465,000)			2.0% - 3.0%	
South Louisiana Facilities Corporation -								
Series 2002 Revenue Bonds	Oct. 29, 2002	17,840,000	14,850,000	(555,000)	14,295,000	2013-2029	2.1% - 4.75%	6,472,210
Delta Campus Facilities, Inc. -								
Series 2008 Revenue Bonds	Nov. 21, 2008	42,470,000	40,915,000	(1,620,000)	39,295,000	2013-2028	4.0% - 5.5%	20,072,244
LCTCS Facilities Corporation:								
Series 2009A Revenue Bonds	Oct. 1, 2009	19,290,000	19,290,000		19,290,000	2013-2015	4.0%	1,561,200
Series 2009B Revenue Bonds	Oct. 1, 2009	45,280,000	45,280,000		45,280,000	2027-2029	4.25% - 5.0%	34,279,038
Series 2010 Revenue Bonds	Aug. 31, 2010	64,025,000	64,025,000		64,025,000	2021-2026	3.375%-5.0%	37,584,200
Series 2011 Revenue Bonds	Oct. 1, 2011	51,980,000		51,980,000	51,980,000	2016-2021	2.22% - 3.85%*	
Total		<u>\$416,505,000</u>	292,620,000	46,880,000	339,500,000			<u>\$154,272,277</u>
Net original premiums (discounts)			10,342,356	(7,762,497)	2,579,859			
Net accumulated amortization of premiums/discounts			<u>(1,581,037)</u>	<u>(315,647)</u>	<u>(1,896,684)</u>			
Bonds payable, net			<u>\$301,381,319</u>	<u>\$38,801,856</u>	<u>\$340,183,175</u>			

\*This rate is the yield to maturity rate.

The annual requirements to amortize all bonds outstanding at June 30, 2012, are as follows:

	Principal	Interest	Total
2013	\$12,150,000	\$13,646,495	\$25,796,495
2014	12,690,000	13,000,533	25,690,533
2015	13,140,000	12,484,102	25,624,102
2016	15,740,000	11,967,725	27,707,725
2017	16,030,000	11,679,666	27,709,666
2018-2022	87,700,000	53,057,346	140,757,346
2023-2027	117,360,000	32,677,408	150,037,408
2028-2032	60,280,000	5,668,046	65,948,046
2033	4,410,000	90,956	4,500,956
Total	<u>\$339,500,000</u>	<u>\$154,272,277</u>	<u>\$493,772,277</u>

Outstanding principal of \$339,500,000 plus net unamortized premium/discount of \$683,175 totals \$340,183,175.

### Capital Lease Obligations

Capital lease obligations at June 30, 2012, for \$3,577,500 are detailed in note 13.

**Accrued Compensated Absences Payable**

Accrued compensated absences payable at June 30, 2012, for \$18,103,505 is detailed in note 12.

**Contracts Payable**

The LCTCS Facilities Corporation entered into a contract with a consulting firm to create and establish a construction program to manage the day-to-day construction of facilities and to ensure contractors are meeting the terms of the contracts for the projects. The contract stipulates that the LCTCS Facilities Corporation will pay a start-up fee to the firm in the form of 60 monthly installments of \$5,693 beginning on November 1, 2009. As of December 31, 2011, \$187,869 is payable to the firm and is recorded as Contracts Payable on the Statement of Net Assets.

**Debt Service Reserve Requirements**

The following is a summary of the debt service reserve requirements of the various bond issues outstanding at June 30, 2012.

<u>Bond Issue</u>	<u>Reserve Available</u>	<u>Reserve Requirement</u>	<u>Excess</u>
Delta Campus Facilities, Inc. Series 2008 Revenue Bonds	\$3,656,752	\$3,652,762	\$3,990
LCTCS Facilities (Act 391) Series 2009 (A&B), 2010, and 2011 Revenue Bonds	16,203,720	16,171,493	32,227
South Louisiana Facilities Corporation Series 2002 Revenue Bonds	<u>1,251,778</u>	<u>1,251,762</u>	<u>16</u>
Total	<u>\$21,112,250</u>	<u>\$21,076,017</u>	<u>\$36,233</u>

**15. RESTRICTED NET ASSETS**

The System has the following restricted net assets at June 30, 2012:

Nonexpendable:	
Endowments	\$3,668,749
Student Life Center Maintenance Reserve	557,590
Scholarships	23,905
Phoebe Jackson Trust	288,536
	<hr/>
Total nonexpendable	<u>\$4,538,780</u>
Expendable:	
Systemwide ERP System	\$6,581,657
Academic excellence	14,248,108
Settlement carryover fund	5,720,673
Technology fee	6,783,805
Maintenance reserve	96,760
Facilities Corporations net assets	26,823,373
Building use fee	3,164,699
Debt services	2,097,457
Operational fee	2,933,354
Grants and contracts	15,740,625
Vehicle registration fee	1,605,565
HB 765 (Storm Recovery)	140,077
Preventative maintenance	59,075
Murphy Oil	120,791
Other restricted funds	513,263
Student Government Association fees	2,703,631
Third-party scholarships	108,397
Endowment earnings	1,321,201
Phoebe Jackson Trust	15,099
Orleans Parish Excellence	1,446,373
Albania Plantation	1,036,109
Student Life Center	2,564,947
Enhancement fee	1,218,591
Registration service fee	140,051
	<hr/>
Total expendable	<u>\$97,183,681</u>

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2012, \$37,479,690 is restricted by enabling legislation (which also includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation).

## 16. RESTATEMENT OF BEGINNING NET ASSETS

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

Net assets at June 30, 2011	\$163,968,130
Reclassifications and adjustments for prior year errors:	
Capital assets adjustments	239,650
Amounts held in custody adjustments	4,106,029
Payable adjustment	2,631,390
Grant revenue recognition	1,191,216
Other miscellaneous corrections	<u>(13,277)</u>
Net assets at June 30, 2011, as restated	<u><u>\$172,123,138</u></u>

## 17. CONTINGENT LIABILITIES AND RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by appropriation from the state's General Fund. The System is involved in seven lawsuits at June 30, 2012, that are being handled by contract attorneys. In the opinion of legal counsel, the possibility that the System will incur a liability in seven of the cases is reasonably possible, with a possible loss estimated at \$160,000. All other lawsuits are handled by either the Office of Risk Management or the Attorney General's Office.

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

## 18. FOUNDATIONS

The accompanying financial statements do not include the accounts of the following foundations:

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

These foundations are separate corporations whose financial statements are subject to audit by independent certified public accountants.

Certain colleges of the System have contracted with their respective foundations to invest the colleges' Endowed Professorship Program endowment funds in accordance with the Board of Regents for Higher Education's investment policies. The Endowed Professorship Program endowment funds are established for \$100,000 each, with \$60,000 of private contributions and \$40,000 of state matching portion allocated by the Board of Regents for Higher Education. At June 30, 2012, the foundations hold in custody \$391,139 of state Endowed Professorship Program funds. Amounts invested by private foundations for the System are included as investments held by private foundations in external investment pools in note 3.

## **19. DONOR RESTRICTED ENDOWMENTS**

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

Net appreciation of donor restricted endowments is \$228,280, for the fiscal year ended June 30, 2012. The total available to be spent for restricted purposes at June 30, 2012, is \$228,280. The System limits endowment spending to the income earned in a given year for purposes specified by donors. The donated portion of the endowments is reported in restricted net assets - nonexpendable in the Statement of Net Assets; the endowment income is reported in restricted net assets - expendable.

## **20. DEFERRED COMPENSATION PLAN**

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

## **21. RELATED PARTY TRANSACTIONS**

During 2011, the Chairman of the LCTCS Facilities Corporation was also a member of the Board of Supervisors of the Louisiana Community and Technical College System (the Board).

One law firm is serving as both counsel to the Board and the LCTCS Facilities Corporation. In the event of a dispute between the Board and LCTCS Facilities Corporation, this law firm may face a conflict of interest and may need to resign from representing the Board and/or the LCTCS Facilities Corporation.

The Financial Advisor serving the LCTCS Facilities Corporation in connection with the issuance of the bonds and the Program Administrator serving in connection with the implementation of the project, including matters relating to the investment and expenditure of the bond proceeds, are related and affiliated companies under common control and ownership.

Delgado Community College entered into a capital lease transaction with the Delgado Community College Foundation to finance the building of the City Park Campus Student Life Center. The term of the lease is 30 years with interest payments that began April 1, 2000. Interest is paid semiannually and principal payments are made annually commencing October 1, 2000. The system records this capital lease as an asset and an obligation in the accompanying financial statements. This capital lease is included in note 13.

On September 28, 2011, the Delgado Community College Foundation refinanced the 1999 bonds which are supported by the lease payable, by issuing Delgado Community College Foundation 2011 bonds at reduced interest rates. The refinancing resulted in a projected net savings (interest savings over refinancing costs) of \$525,924 over the remaining life of the bonds.

During the fiscal year, the son of Delgado Community College's Head Baseball Coach had a professional services contract with the community college totaling \$16,500. Under the contract, he served as Delgado Community College's Sports Information Officer and is under the supervision of the Executive Director for Public Relations and Marketing.

During the fiscal year, the son of Delgado Community College's Dean of Libraries had an employment contract with the community college. Under the contract, he worked in the library on Delgado-Jefferson's campus and was paid \$5,010 during fiscal year 2012. His contract expired September 30, 2011. Delgado Community College's management decided not to renew his contract as it appears to violate the government ethics code (nepotism).

## **22. POLLUTION REMEDIATION OBLIGATIONS**

For Delgado Community College, a site assessment was performed that revealed asbestos in the Library and Building 7 of the college's property. This building was demolished. The Louisiana Office of Facility Planning and Control is responsible for the expenses and is reporting a balance of \$11,951 for the liability as of June 30, 2012.

## **23. ALTERNATIVE FINANCING AGREEMENTS**

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

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

Community Development Authority issued an additional \$10,000,000 in revenue bonds on behalf of the BRCC Facilities Corporation. In October 2011, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$31,495,000 in revenue refunding bonds on behalf of the BRCC Facilities Corporation. In April 2012, the Louisiana Local Government Environmental Facilities and Community Development Authority issued an additional \$24,125,000 in revenue refunding bonds on behalf of the BRCC Facilities Corporation. Pursuant to the terms of a Ground Lease agreement, effective December 1, 2002, the corporation has leased the land from the Board of Supervisors 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.

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

See note 24 for the bond refundings.

#### **Bossier Parish Community College (BPCC)**

On December 13, 2001, the Louisiana State Bond Commission approved issuing up to \$45,000,000 in bonds for constructing a new BPCC campus. On April 18, 2002, the Louisiana Government Facilities and Community Development Authority issued \$45,000,000 in revenue bonds on behalf of Campus Facilities, Inc., a nonprofit organization. In June 2003, an amount of \$10,000,000 in Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds was issued to provide additional funds to complete construction. Pursuant to terms of a Ground Lease agreement, effective April 1, 2002, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on January 1, 2028. In accordance with the provisions of the facilities lease, the corporation, on behalf of the board, has developed and constructed new facilities that are being leased back to the board for use by the students, faculty, and staff of the community college.

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

#### **South Louisiana Community College (SLCC)**

On May 16, 2002, the Louisiana State Bond Commission approved issuing up to \$20,000,000 in bonds for constructing a new SLCC campus. On October 29, 2002, the Lafayette Public Trust Financing Authority issued \$17,840,000 in revenue bonds on behalf of the South Louisiana Facilities, Inc., a nonprofit organization. Pursuant to terms of a Ground Lease agreement effective October 29, 2002, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on October 1, 2028. In accordance with the provisions of the facilities lease, the corporation, on behalf of the board, has developed and constructed new facilities that are being leased back to the board for use by the students, faculty, and staff of the community college.

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

### **Louisiana Delta Community College (LDCC)**

On January 22, 2008, the Louisiana State Bond Commission approved issuing up to \$45,000,000 in bonds for constructing a new LDCC campus. In November 2008, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$42,470,000 in revenue bonds on behalf of the Delta Campus Facilities Corporation, Inc., a nonprofit organization. Pursuant to terms of a Ground Lease agreement effective October 29, 2002, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on October 1, 2028. In accordance with the provisions of the facilities lease, the corporation, on behalf of the board, will develop and construct new facilities which will be leased back to the board for use by the students, faculty, and staff of the community college. On April 9, 2009, LDCC broke ground for construction of its new campus, which was completed in June 2010.

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

### **LCTCS Facilities Corporation**

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

*Phase 1:* On October 1, 2009, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$64,570,000 in revenue bonds on behalf of the LCTCS Facilities Corporation, a nonprofit organization for the following projects: Northwest Campus of Northwest Louisiana Technical College in Minden, Huey P. Long Campus of Central Louisiana Technical College in Winnfield, Young Memorial Campus of South Central Louisiana Technical College in Morgan City, Shelby M. Jackson Campus of Central Louisiana Technical College in Ferriday, Gulf Area Campus of Acadiana Technical College in Abbeville, Elaine P. Nunez Community College in Chalmette, Statewide Information System Infrastructure and Equipment for Campuses, L.E. Fletcher Technical Community College in Houma, and Florida Parishes Campus of Northshore Technical Community College in Greensburg. Pursuant to terms of a Ground Lease agreement effective October 1, 2009, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on October 1, 2038. In accordance with the provisions of the facilities lease, the corporation, on behalf of the board, will develop and construct new facilities which will be leased back to the board for use by the students, faculty, and staff of the colleges.

*Phase 2:* On October 1, 2010, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$64,025,000 in revenue bonds on behalf of the LCTCS Facilities Corporation, a nonprofit organization for the following projects: Evangeline Campus of Acadiana Technical College in St. Martinville, Huey P. Long Campus of Central Louisiana Technical College in Winnfield, Northwest Campus of Northwest Louisiana Technical College in Minden, Young Memorial Campus of South Central Louisiana Technical College in

Morgan City, Florida Parishes Campus of Northshore Technical Community College in Greensburg, Westside Campus of Capital Area Technical College in Plaquemine, Gulf Area Campus of Acadiana Technical College in Abbeville, Shelby M. Jackson Campus of Central Louisiana Technical College in Ferriday, L.E. Fletcher Technical Community College in Houma, Elaine P. Nunez Community College in Chalmette, SOWELA Technical Community College in Lake Charles, River Parishes Community College in Sorrento, Delgado Community College, New Orleans Campus in New Orleans, and Delgado Community College, Sidney N. Collier Campus in New Orleans.

*Phase 3:* On October 1, 2011, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$42,646,377 in revenue bonds, for a total debt service of \$51,980,000, on behalf of the LCTCS Facilities Corporation, a nonprofit organization for the following projects: Evangeline Campus of Acadiana Technical College in St. Martinville, Elaine P. Nunez College in Chalmette, Delgado Community College, New Orleans Campus in New Orleans, Delgado Community College, Sidney N. Collier Campus in New Orleans, and Statewide Information System Infrastructure and Equipment for Campuses.

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

#### **24. DEBT REFUNDING**

In October 2011, the BRCC Facilities Corporation issued \$31,495,000 in Series 2011 revenue refunding bonds. The purpose of the issues was to provide monies to refund portions of Series 2002 bonds. To refund the bonds, portions of the proceeds of the new issue of \$33,914,965 plus an additional \$172,835 of monies were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated October 1, 2011, between the BRCC Facilities Corporation and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. As a result, these revenue bonds are considered defeased and the liability for those bonds has been removed from the long-term debt. The refunding resulted in a reduction of \$2,991,958 in future debt service payments over the next 15 years for an economic benefit of \$2,154,056.

In April 2012, the BRCC Facilities Corporation issued \$24,125,000 in Series 2012 revenue refunding bonds. The purpose of the issues was to provide monies to refund portions of Series 2002 bonds. To refund the bonds, portions of the proceeds of the new issue of \$24,365,985 plus an additional \$146,396 of sinking fund monies were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated April 1, 2012, between the BRCC Facilities Corporation and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. As a result, these revenue bonds are considered defeased and the liability for those bonds has been removed from the long-term debt. The refunding resulted in a reduction of \$1,544,638 in future debt service payments over the next 21 years for an economic benefit of \$1,010,414.

The difference between reacquisition price and the net carrying amount of the total extinguished debt has been recognized as a loss on the extinguishment of debt for \$2,529,795 in other

nonoperating revenues on the Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2012.

## 25. COMMITMENTS

The LCTCS Facilities Corporation entered into a contract with a consulting firm to create and establish the program. The contract stipulates that the Corporation will pay a start-up fee to the firm in the form of 60 monthly installments of \$5,693 beginning November 1, 2009. As of December 31, 2011, \$187,869 is payable to the firm and is recorded as contracts payable on the Statement of Net Assets.

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

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

The LCTCS Facilities Corporation has active construction projects at various campuses as of December 31, 2011. The Corporation's construction commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Northwest Louisiana Technical College, Minden	\$1,621,477	\$10,175,923
L.E. Fletcher Technical Community College, Houma	12,506,963	7,151,064
SOWELA Technical Community College, Lake Charles	1,740,385	6,335,756
Florida Parishes Campus, Greensburg	4,893,150	3,206,850
Young Memorial Campus, Morgan City	1,436,455	2,741,835
Huey P. Long Campus, Winnfield	8,925,412	1,302,692
Shelby M. Jackson Campus, Ferriday	3,513,647	818,224
Gulf Area Campus, Abbeville	5,463,004	192,200

## 26. INSURANCE RECOVERIES

The total amount of insurance recoveries received during fiscal year 2012 included \$6,051 for plumbing damage. This amount was recorded as other nonoperating revenue on the Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2012.

**27. ON-BEHALF PAYMENTS**

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

The amount of on-behalf payments for fringe benefits and salaries included in the accompanying financial statements for fiscal year 2012 is \$25,000.

**28. LAND PURCHASE OPTION**

The LCTCS Facilities Corporation entered into a land purchase option agreement and agreed to pay a non-refundable sum of \$135,100, in four equal annual installments, for the option to purchase a new plot of land at a specific price. During 2011, the LCTCS Facilities Corporation exercised the option and purchased the additional land.

**29. MAINTENANCE RESERVE REQUIREMENTS**

In connection with the lease of facilities and equipment to the System under a facilities lease agreement, the terms of the cooperative endeavors call for a maintenance reserve fund to be established and payments to be made annually. The "Maintenance Reserve Fund Requirement" requires an amount reserved annually equal to a certain percentage of the hard cost (not including professional services and fees) that are payable from the proceeds of the bonds. The maintenance reserve requirements for the Facilities Corporations are as follows:

	Maintenance Reserve Requirement per Bond Covenant	Annual Required Payment per Facilities Lease Agreement	Maintenance Reserve Balance
BRCC Facilities Corporation	1.50%	\$750,000	\$5,352,475
Campus Facilities, Inc.	0.60%	280,000	1,814,043
Delta Campus Facilities Corporation	0.60%	199,453	417,520
LCTCS Facilities Corporation	0.60%	78,635	78,636
South Louisiana Facilities Corporation	1.50%	141,414	1,010,628
Total		\$1,449,502	\$8,673,302

**30. SUBSEQUENT EVENTS**

During the 2012 Louisiana Legislative Session, Senate Bill 284 was introduced to merge the campuses of Acadiana Technical College with South Louisiana Community College. The legislation was approved as Act 767 and signed into law by Governor Bobby Jindal on June 12, 2012. The merger was approved by the Louisiana Community and Technical College System Board of Supervisors in June 2012, with an effective date of July 1, 2012. Although the merger was officially approved at the end of fiscal year 2012, for purposes of this report the name change as a result of the merger will be effective beginning with fiscal year 2013.

During the 2012 Louisiana Legislative Session, Senate Bill 247 was introduced to create Central Louisiana Technical Community College. The legislation was approved as Act 760 and signed into law by Governor Bobby Jindal on June 12, 2012. Although the name was officially changed at the end of fiscal year 2012, for purposes of this report the name change will be effective beginning with fiscal year 2013. Going forward, the college will now be able to offer associate degrees.

During the 2012 Louisiana Legislative Session, Senate Bill 645 was introduced to merge the campuses of Northeast Louisiana Technical College with Louisiana Delta Community College. The legislation was approved as Act 681 and signed into law by Governor Bobby Jindal on June 7, 2012. The merger was approved by the Louisiana Community and Technical College System Board of Supervisors in June 2012, with an effective date of July 1, 2012. Although the merger was officially approved at the end of fiscal year 2012, for purposes of this report the name change as a result of the merger will be effective beginning with fiscal year 2013.

The South Louisiana Facilities Corporation refunded a portion of the \$17,840,000 Revenue Bonds (SLCC Facilities Corporation Project) Series 2002. This refunding occurred on September 6, 2012, and the par amount of the bonds is \$13,185,000.

The Campus Facilities, Inc.'s refunded a portion of the \$45,000,000 Revenue Bonds (Campus Facilities, Inc. Project) Series 2002. This refunding occurred on December 4, 2012, and the par amount of the bonds is \$38,050,000.

## REQUIRED SUPPLEMENTARY INFORMATION

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### **Schedule of Funding Progress for the Other Postemployment Benefits Plan**

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

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

**Schedule of Funding Progress for the  
Other Postemployment Benefits Plan  
Fiscal Year Ended June 30, 2012**

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, 2009	NONE	\$351,666,300	\$351,666,300	0.0%	\$121,752,671	289%
July 1, 2010	NONE	\$319,891,400	\$319,891,400	0.0%	\$118,275,194	270%
July 1, 2011	NONE	\$243,812,800	\$243,812,800	0.0%	\$119,805,620	204%

## SCHEDULES

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

Schedule 2 presents the per diem paid board members for the year ended June 30, 2012. Louisiana Revised Statute 17:3206 provides that appointed members of the Board of Directors shall be entitled to \$50 per day for attendance at meetings of the board, meetings of committees appointed by the board on which the member serves, or while on business as assigned by and on behalf of the board. This schedule is prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

### **Combining Schedule of Net Assets, by College**

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

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

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

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

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

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

**Schedule of Per Diem Paid Board Members (Cash Basis)  
For the Year Ended June 30, 2012**

	<u>Amount</u>
Barham, Erle	\$1,150
Brown, Robert	850
Carter, Helen	1,000
Dorsey, Marco Costa	300
Douglas, Jimmy Wayne	100
Gachassin, Warren Paul	300
Gamble, Keith	750
Garcia, Adrianna Eden	100
Grissette, Geraldine Lowrey	1,300
Hardy, Timothy Wayne	1,050
Mellington, Brett	1,200
Murphy, Michael	1,050
Oge, Norwood	1,400
Price, Paul P.	1,250
Raether, Dennis	700
Smith, Stephen	950
St. Blanc, Vincent	1,950
Stone, Fredrick	900
Terrill, Allen	600
Toups, Stephen	450
	<hr/>
Total	<u><u>\$17,350</u></u>

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

**Combining Schedule of Net Assets, by College  
For the Year Ended June 30, 2012**

	Board Office	Acadiana Technical College	Baton Rouge Community College	Bossier Parish Community College	Capital Area Technical College	Central Louisiana Technical College	Delgado Community College
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$21,524,248	\$9,212,718	\$22,115,794	\$956,622	\$1,662,944	\$1,624,262	\$14,646,180
Receivables, net	2,878,754	385,336	1,891,613	4,002,967	260,353	157,846	10,536,569
Due from state treasury	264,745						
Due from federal government	9,688,820	99,373	48,434	479,199	4,267	115,347	3,862,768
Due from LCTCS colleges/LCTCS	483,720	603,128	535,100	334,574	449,779	1,022,560	1,264,926
Inventories		82,943			3,358	129,574	
Deferred charges and prepaid expenses			72,320	35,806	8,170	32,254	177,166
Other current assets							
<b>Total current assets</b>	<b>34,840,287</b>	<b>10,383,498</b>	<b>24,663,261</b>	<b>5,809,168</b>	<b>2,388,871</b>	<b>3,081,843</b>	<b>30,487,609</b>
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents						292,268	
Investments			271,139	123,892			3,357,154
Notes receivable, net							21,873
Capital assets, net	11,842,744	7,486,463	21,643,171	2,687,594	2,112,629	3,157,007	44,015,563
Other noncurrent assets							
<b>Total noncurrent assets</b>	<b>11,842,744</b>	<b>7,486,463</b>	<b>21,914,310</b>	<b>2,811,486</b>	<b>2,112,629</b>	<b>3,449,275</b>	<b>47,394,590</b>
<b>Total assets</b>	<b>46,683,031</b>	<b>17,869,961</b>	<b>46,577,571</b>	<b>8,620,654</b>	<b>4,501,500</b>	<b>6,531,118</b>	<b>77,882,199</b>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accruals	12,145,522	472,647	2,080,552	2,186,092	270,911	411,399	6,090,090
Due to federal government	32,495					18,767	
Due to LCTCS colleges/LCTCS	7,836,064		8,642	2,864	37,948	590,249	4,201
Deferred revenues		235,342	783,618	1,785,949	95,567	133,825	4,136,806
Compensated absences payable	98,691	197,506	114,582	81,276	116,107	107,132	243,774
Capital lease obligations							77,500
Contracts payable							
Amounts held in custody for others	3,773	274,171	12,973		24,418	13,835	211,025
Bonds payable, net							
Other current liabilities					71		40,106
<b>Total current liabilities</b>	<b>20,116,545</b>	<b>1,179,666</b>	<b>3,000,367</b>	<b>4,056,181</b>	<b>545,022</b>	<b>1,275,207</b>	<b>10,803,502</b>
Noncurrent liabilities:							
Compensated absences payable	706,161	1,049,540	1,586,567	1,558,035	726,859	539,564	4,852,042
Capital lease obligations							3,500,000
Contracts payable							
OPEB payable	2,577,961	10,562,100	11,616,474	12,992,343	5,674,464	6,220,300	29,721,480
Bonds payable, net							
<b>Total noncurrent liabilities</b>	<b>3,284,122</b>	<b>11,611,640</b>	<b>13,203,041</b>	<b>14,550,378</b>	<b>6,401,323</b>	<b>6,759,864</b>	<b>38,073,522</b>
<b>Total liabilities</b>	<b>23,400,667</b>	<b>12,791,306</b>	<b>16,203,408</b>	<b>18,606,559</b>	<b>6,946,345</b>	<b>8,035,071</b>	<b>48,877,024</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	11,842,744	7,486,463	21,643,171	2,687,594	2,112,629	3,157,007	40,438,063
Restricted for:							
Nonexpendable			240,000	100,000		288,536	2,682,105
Expendable	12,238,928	3,654,965	13,132,039	520,535	1,114,782	2,135,795	14,788,798
Unrestricted	(799,308)	(6,062,773)	(4,641,047)	(13,294,034)	(5,672,256)	(7,085,291)	(28,903,791)
<b>Total net assets</b>	<b>\$23,282,364</b>	<b>\$5,078,655</b>	<b>\$30,374,163</b>	<b>(\$9,985,905)</b>	<b>(\$2,444,845)</b>	<b>(\$1,503,953)</b>	<b>\$29,005,175</b>

(Continued)

Schedule 3

Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northeast Louisiana Technical College	Northshore Technical Community College	Northwest Louisiana Technical College	River Parishes Community College	South Central Louisiana Technical College	South Louisiana Community College
\$3,494,935	\$35,878	\$4,589,747	\$3,492,068	\$3,535,726	\$3,203,379	\$4,504,149	\$599,544	\$6,119,249	\$10,174,652
619,351	125	1,159,091	714,240	258,730	252,372	340,005	189,455	599,447	187,400
296,549		4,715	118,541		172,740	46,484	54,783	13,724	15,046
341,150		354,538	252,287	400,360	679,530	668,972	230,988	252,758	233,861
		1,456	5,349	48,558					
6,590		26,835		7,679	14,075	2,265	49,779	4,479	
19,989									3,076
<u>4,778,564</u>	<u>36,003</u>	<u>6,136,382</u>	<u>4,582,485</u>	<u>4,251,053</u>	<u>4,322,096</u>	<u>5,561,875</u>	<u>1,124,549</u>	<u>6,989,657</u>	<u>10,614,035</u>
419,476									200,000
		120,000	410,922						
16,873,351		2,835,959	3,810,123	3,492,180	1,311,263	6,428,010	511,055	2,346,142	1,058,958
<u>17,292,827</u>	<u>NONE</u>	<u>2,955,959</u>	<u>4,221,045</u>	<u>3,492,180</u>	<u>1,311,263</u>	<u>6,428,010</u>	<u>511,055</u>	<u>2,346,142</u>	<u>1,258,958</u>
<u>22,071,391</u>	<u>36,003</u>	<u>9,092,341</u>	<u>8,803,530</u>	<u>7,743,233</u>	<u>5,633,359</u>	<u>11,989,885</u>	<u>1,635,604</u>	<u>9,335,799</u>	<u>11,872,993</u>
634,951	11,723	1,129,076	373,762	152,909	581,410	223,524	161,802	911,755	593,761
			2,968	321	536				
62,167	38,452	1,512		8,566	1,662	903		77,067	20,584
330,318		708,887	278,237	83,760	135,675	80,941	238,435	445,859	410,817
21,859	666	42,973	37,899	76,600	64,587	90,309	19,742	176,673	16,142
		2,365	31,360	10,270	31,085	30,905	18,550	23,675	211
									550
<u>1,049,295</u>	<u>50,841</u>	<u>1,884,813</u>	<u>724,226</u>	<u>332,426</u>	<u>814,955</u>	<u>426,582</u>	<u>438,529</u>	<u>1,635,029</u>	<u>1,042,065</u>
687,970	42,813	567,963	641,217	394,079	524,148	794,619	383,067	362,543	419,433
3,997,800		2,897,310	4,268,885	3,041,989	4,131,359	5,871,039	2,803,254	4,989,000	2,512,800
<u>4,685,770</u>	<u>42,813</u>	<u>3,465,273</u>	<u>4,910,102</u>	<u>3,436,068</u>	<u>4,655,507</u>	<u>6,665,658</u>	<u>3,186,321</u>	<u>5,351,543</u>	<u>2,932,233</u>
<u>5,735,065</u>	<u>93,654</u>	<u>5,350,086</u>	<u>5,634,328</u>	<u>3,768,494</u>	<u>5,470,462</u>	<u>7,092,240</u>	<u>3,624,850</u>	<u>6,986,572</u>	<u>3,974,298</u>
16,873,351		2,835,959	3,810,123	3,492,180	1,311,263	6,428,010	511,055	2,346,142	1,058,958
599,139		120,000	309,000						200,000
2,106,997		1,425,580	2,333,023	1,244,574	2,347,082	3,083,956	781,566	1,548,759	6,735,949
(3,243,161)	(57,651)	(639,284)	(3,282,944)	(762,015)	(3,495,448)	(4,614,321)	(3,281,867)	(1,545,674)	(96,212)
<u>\$16,336,326</u>	<u>(\$57,651)</u>	<u>\$3,742,255</u>	<u>\$3,169,202</u>	<u>\$3,974,739</u>	<u>\$162,897</u>	<u>\$4,897,645</u>	<u>(\$1,989,246)</u>	<u>\$2,349,227</u>	<u>\$7,898,695</u>

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

**Combining Schedule of Net Assets, by College  
For the Year Ended June 30, 2012**

	SOWELA Technical Community College	Technical Division	Facilities Corporations	System Eliminating Entries	Total Per System
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$6,753,904	\$1,163,002			\$119,409,001
Receivables, net	308,141				24,741,795
Due from state treasury					264,745
Due from federal government	7,588				15,028,378
Due from LCTCS colleges/LCTCS	946,695			(\$9,054,926)	
Inventories	15,820				287,058
Deferred charges and prepaid expenses	21,722				459,140
Other current assets					23,065
<b>Total current assets</b>	<b>8,053,870</b>	<b>1,163,002</b>	<b>NONE</b>	<b>(9,054,926)</b>	<b>160,213,182</b>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents			95,172,729		96,084,473
Investments	46,817		70,515,186		74,845,110
Notes receivable, net					21,873
Capital assets, net	8,144,555		212,202,175		351,958,942
Other noncurrent assets			4,347,487		4,347,487
<b>Total noncurrent assets</b>	<b>8,191,372</b>	<b>NONE</b>	<b>382,237,577</b>	<b>NONE</b>	<b>527,257,885</b>
<b>Total assets</b>	<b>16,245,242</b>	<b>1,163,002</b>	<b>382,237,577</b>	<b>(9,054,926)</b>	<b>687,471,067</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accruals	546,810	19,721	4,715,159		33,713,576
Due to federal government					55,087
Due to LCTCS colleges/LCTCS		364,045		(9,054,926)	
Deferred revenues	898,911				10,782,947
Compensated absences payable	93,418	10,059			1,609,995
Capital lease obligations					77,500
Contracts payable			68,316		68,316
Amounts held in custody for others	47,912				736,528
Bonds payable, net			12,150,000		12,150,000
Other current liabilities			4,706,602		4,747,329
<b>Total current liabilities</b>	<b>1,587,051</b>	<b>393,825</b>	<b>21,640,077</b>	<b>(9,054,926)</b>	<b>63,941,278</b>
Noncurrent liabilities:					
Compensated absences payable	631,942	24,948			16,493,510
Capital lease obligations					3,500,000
Contracts payable			119,553		119,553
OPEB payable	4,670,356	331,830			118,880,744
Bonds payable, net			328,033,175		328,033,175
<b>Total noncurrent liabilities</b>	<b>5,302,298</b>	<b>356,778</b>	<b>328,152,728</b>	<b>NONE</b>	<b>467,026,982</b>
<b>Total liabilities</b>	<b>6,889,349</b>	<b>750,603</b>	<b>349,792,805</b>	<b>(9,054,926)</b>	<b>530,968,260</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	8,144,555		5,621,399		141,800,666
Restricted for:					
Nonexpendable					4,538,780
Expendable	1,134,052	32,928	26,823,373		97,183,681
Unrestricted	77,286	379,471			(87,020,320)
<b>Total net assets</b>	<b>\$9,355,893</b>	<b>\$412,399</b>	<b>\$32,444,772</b>	<b>NONE</b>	<b>\$156,502,807</b>

(Concluded)

**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, 2012**

	Board Office	Acadiana Technical College	Baton Rouge Community College	Bossier Parish Community College	Capital Area Technical College	Central Louisiana Technical College
<b>OPERATING REVENUES</b>						
Student tuition and fees		\$5,501,706	\$21,363,025	\$19,844,612	\$3,629,999	\$3,402,412
Less scholarship allowances		(3,267,227)	(8,233,127)	(7,387,966)	(2,967,205)	(3,000,542)
Net student tuition and fees	NONE	2,234,479	13,129,898	12,456,646	662,794	401,870
Federal grants and contracts	\$33,317,423	3,208,231	1,187,842	1,332,329	1,005,699	1,246,651
State and local grants and contracts	2,823,669	656,957	1,788,339	2,319,807	426,606	342,193
Nongovernmental grants and contracts	115,000	2,398		1,359,546	9,119	777
Sales and services of educational departments		11,890	61,717	42,608	90,092	
Interagency revenue	7,422,125		157,468	24,470	20,417	
Auxiliary enterprise revenues		254,123	382,214	434,493	10,107	374,393
Less scholarship allowances				(34,109)		
Net auxiliary revenues	NONE	254,123	382,214	400,384	10,107	374,393
Other operating revenues	11,225	4,100	125,801	196,574	682	2,580
<b>Total operating revenues</b>	<b>43,689,442</b>	<b>6,372,178</b>	<b>16,833,279</b>	<b>18,132,364</b>	<b>2,225,516</b>	<b>2,368,464</b>
<b>OPERATING EXPENSES</b>						
Educational and general:						
Instruction		12,173,645	15,758,958	19,464,869	6,880,000	7,734,765
Public service				1,197,039		
Academic support	46,398,481	966,574	4,570,282	1,143,773	657,743	376,229
Student services		2,027,409	6,029,700	2,565,951	848,412	1,218,479
Institutional support	14,080,550	2,399,712	6,814,784	5,836,264	2,073,459	2,305,955
Operations and maintenance of plant	335,962	3,494,206	4,475,840	2,472,731	1,493,522	1,364,666
Depreciation	1,424,441	1,319,974	1,189,523	273,144	315,094	425,968
Scholarships and fellowships		6,814,774	7,619,350	12,881,145	2,838,231	2,527,424
Auxiliary enterprises		245,961	53,125	1,656,341	33,845	674,668
Interagency expense	147,748	521,823	656,313	561,630	304,213	328,661
Other operating expenses			(9,739)			1,505
<b>Total operating expenses</b>	<b>62,387,182</b>	<b>29,964,078</b>	<b>47,158,136</b>	<b>48,052,887</b>	<b>15,444,519</b>	<b>16,958,320</b>
<b>OPERATING LOSS</b>	<b>(18,697,740)</b>	<b>(23,591,900)</b>	<b>(30,324,857)</b>	<b>(29,920,523)</b>	<b>(13,219,003)</b>	<b>(14,589,856)</b>
<b>NONOPERATING REVENUES (Expenses)</b>						
State appropriations	16,838,235	11,244,462	11,567,170	9,385,722	7,135,120	6,908,505
American Recovery and Reinvestment Act revenues						
Gifts						
Federal nonoperating revenues		9,380,285	14,404,619	16,633,405	4,628,126	4,935,134
Investment income	46,845	15,757	59,351	9,768	7,420	8,839
Interest expense						
Other nonoperating revenues (expenses)	5,037,280	389,519	801,059	505,942	102,579	1,707,257
<b>Net nonoperating revenues (expenses)</b>	<b>21,922,360</b>	<b>21,030,023</b>	<b>26,832,199</b>	<b>26,534,837</b>	<b>11,873,245</b>	<b>13,559,735</b>
<b>Income (loss) before other revenues and additions</b>	<b>3,224,620</b>	<b>(2,561,877)</b>	<b>(3,492,658)</b>	<b>(3,385,686)</b>	<b>(1,345,758)</b>	<b>(1,030,121)</b>
Capital appropriations			488,648			
Capital grants and gifts				320,724		
Additions to permanent endowment						
Other deductions, net						
<b>Increase (decrease) in net assets</b>	<b>3,224,620</b>	<b>(2,561,877)</b>	<b>(3,004,010)</b>	<b>(3,064,962)</b>	<b>(1,345,758)</b>	<b>(1,030,121)</b>
<b>NET ASSETS - BEGINNING OF YEAR (Restated)</b>	<b>20,057,744</b>	<b>7,640,532</b>	<b>33,378,173</b>	<b>(6,920,943)</b>	<b>(1,099,087)</b>	<b>(473,832)</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$23,282,364</b>	<b>\$5,078,655</b>	<b>\$30,374,163</b>	<b>(\$9,985,905)</b>	<b>(\$2,444,845)</b>	<b>(\$1,503,953)</b>

(Continued)

Schedule 4

Delgado Community College	Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northeast Louisiana Technical College	Northshore Technical Community College	Northwest Louisiana Technical College	River Parishes Community College
\$57,808,433	\$4,244,871		\$5,726,961	\$7,080,478	\$2,342,956	\$5,113,749	\$3,627,576	\$5,133,735
(16,997,918)	(3,210,903)		(2,109,089)	(4,209,626)	(1,321,998)	(3,247,817)	(2,960,934)	(1,389,892)
40,810,515	1,033,968	NONE	3,617,872	2,870,852	1,020,958	1,865,932	666,642	3,743,843
4,615,597	793,354		503,882	1,082,765	700,831	1,431,073	1,381,033	527,897
1,626,523	604,980		1,423,141	186,747	569,607	388,999	195,958	322,660
2,143,807	7,500		186,371	105,824		245,197	57,696	
	37,311		57,739	22,682	1,163	21,317	23,965	
2,340	8,342		18,821	16,036	732	17,112		17,836
865,802	39,875		1,329	137,986	328,684	455	13,184	5,239
					(221,933)			
865,802	39,875		1,329	137,986	106,751	455	13,184	5,239
519,392	99,128	\$901			35,901	53,800	808	5,346
50,583,976	2,624,458	901	5,809,155	4,422,892	2,435,943	4,023,885	2,339,286	4,622,821
55,795,646	4,432,392	393,827	6,114,883	6,529,821	5,254,338	7,473,692	8,368,797	3,828,004
			2,680					
11,800,793	664,919	441,557	1,608,230	1,311,782	837,600	841,366	291,945	738,921
8,242,493	1,091,226		651,154	1,351,384	983,223	1,114,282	1,340,072	950,513
12,114,558	2,471,918	7,690	2,391,910	3,068,833	2,311,192	2,476,683	2,374,012	2,818,600
12,524,055	1,554,744		618,428	1,180,375	1,094,451	953,660	1,635,426	927,390
2,257,831	631,984		426,135	171,801	415,439	408,452	794,634	119,763
37,123,859	1,854,638		2,735,072	2,835,614	2,273,287	3,470,427	3,625,301	3,431,787
2,193,210	674		753	2,372	312,735	455	38,160	
1,604,447	246,979	141,716	250,558	367,499	229,073	303,194	341,497	270,472
12,378	1,915							
143,669,270	12,951,389	984,790	14,799,803	16,819,481	13,711,338	17,042,211	18,809,844	13,085,450
(93,085,294)	(10,326,931)	(983,889)	(8,990,648)	(12,396,589)	(11,275,395)	(13,018,326)	(16,470,558)	(8,462,629)
32,936,214	3,671,161	955,521	3,259,383	4,443,085	5,817,409	5,696,230	8,127,639	3,311,293
			64,189					
	93,500		11,000	440	5,314	5,387	27,558	12,750
50,732,174	4,997,027		4,277,731	6,563,512	3,458,034	5,832,312	5,757,479	3,987,148
279,153	3,517	669	11,902	11,233	6,524	5,594	8,680	
(150,723)								
1,080,232	843,324		278,274	760,202	1,014,214	1,926,856	1,036,616	409,538
84,877,050	9,608,529	956,190	7,902,479	11,778,472	10,301,495	13,466,379	14,957,972	7,720,729
(8,208,244)	(718,402)	(27,699)	(1,088,169)	(618,117)	(973,900)	448,053	(1,512,586)	(741,900)
1,490,985								
	898					63,282		
	1,397							
	(30,190)							
(6,717,259)	(746,297)	(27,699)	(1,088,169)	(618,117)	(973,900)	511,335	(1,512,586)	(741,900)
35,722,434	17,082,623	(29,952)	4,830,424	3,787,319	4,948,639	(348,438)	6,410,231	(1,247,346)
\$29,005,175	\$16,336,326	(\$57,651)	\$3,742,255	\$3,169,202	\$3,974,739	\$162,897	\$4,897,645	(\$1,989,246)

**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, 2012**

	South Central Louisiana Technical College	South Louisiana Community College	SOWELA Technical Community College	Technical Division	Facilities Corporations	System Eliminating Entries	Total Per System
<b>OPERATING REVENUES</b>							
Student tuition and fees	\$3,456,390	\$8,736,499	\$6,814,605				\$163,828,007
Less scholarship allowances	(958,498)	(2,283,820)	(3,375,796)				(66,922,358)
Net student tuition and fees	2,497,892	6,452,679	3,438,809	NONE	NONE	NONE	96,905,649
Federal grants and contracts	495,289	165,450	702,579			(\$12,155,504)	41,542,421
State and local grants and contracts	1,397,844	465,776	609,994			(700,140)	15,449,660
Nongovernmental grants and contracts	142,194	2,470	57,978			(30,000)	4,405,877
Sales and services of educational departments	403						370,887
Interagency revenue	6,060	3,540	21,907			(7,737,206)	
Auxiliary enterprise revenues		115,850	102,482				3,066,216
Less scholarship allowances							(256,042)
Net auxiliary revenues	NONE	115,850	102,482	NONE	NONE	NONE	2,810,174
Other operating revenues	13,472	1,182	17,001	\$332			1,088,225
<b>Total operating revenues</b>	<b>4,553,154</b>	<b>7,206,947</b>	<b>4,950,750</b>	<b>332</b>	<b>NONE</b>	<b>(20,622,850)</b>	<b>162,572,893</b>
<b>OPERATING EXPENSES</b>							
Educational and general:							
Instruction	6,562,602	6,833,727	7,281,685				180,881,651
Public service							1,199,719
Academic support	414,655	2,184,818	959,073	355,419		(19,904,587)	56,659,573
Student services	835,281	946,734	1,406,384	27,100			31,629,797
Institutional support	2,529,734	2,360,408	3,112,595	866,954		(15,000)	72,400,811
Operations and maintenance of plant	811,126	1,595,908	1,133,215				37,665,705
Depreciation	405,552	296,184	680,636		\$6,438,993		17,995,548
Scholarships and fellowships	2,591,582	2,000,961	3,819,103				98,442,555
Auxiliary enterprises	23,309	66,139	90,923				5,392,670
Interagency expense	304,870	457,979	408,304	290,230		(7,737,206)	
Other operating expenses							6,059
<b>Total operating expenses</b>	<b>14,478,711</b>	<b>16,742,858</b>	<b>18,891,918</b>	<b>1,539,703</b>	<b>6,438,993</b>	<b>(27,656,793)</b>	<b>502,274,088</b>
<b>OPERATING LOSS</b>	<b>(9,925,557)</b>	<b>(9,535,911)</b>	<b>(13,941,168)</b>	<b>(1,539,371)</b>	<b>(6,438,993)</b>	<b>7,033,943</b>	<b>(339,701,195)</b>
<b>NONOPERATING REVENUES (Expenses)</b>							
State appropriations	5,385,344	5,225,744	6,675,764	1,216,548			149,800,549
American Recovery and Reinvestment Act revenues							64,189
Gifts	229,972		150,836				536,757
Federal nonoperating revenues	3,062,279	3,451,798	5,857,157				147,958,220
Investment income	27,422	11,438	33,518	938	(31,016)		517,552
Interest expense					(12,579,402)		(12,730,125)
Other nonoperating revenues (expenses)	916,460	709,292	951,208		(4,917,874)	(7,033,943)	6,518,035
<b>Net nonoperating revenues (expenses)</b>	<b>9,621,477</b>	<b>9,398,272</b>	<b>13,668,483</b>	<b>1,217,486</b>	<b>(17,528,292)</b>	<b>(7,033,943)</b>	<b>292,665,177</b>
<b>Income (loss) before other revenues and additions</b>	<b>(304,080)</b>	<b>(137,639)</b>	<b>(272,685)</b>	<b>(321,885)</b>	<b>(23,967,285)</b>		<b>(47,036,018)</b>
Capital appropriations					24,784,332		26,763,965
Capital grants and gifts			1,593,611		2,702,000		4,680,515
Additions to permanent endowment							1,397
Other deductions, net							(30,190)
<b>Increase (decrease) in net assets</b>	<b>(304,080)</b>	<b>(137,639)</b>	<b>1,320,926</b>	<b>(321,885)</b>	<b>3,519,047</b>	<b>NONE</b>	<b>(15,620,331)</b>
<b>NET ASSETS - BEGINNING OF YEAR (Restated)</b>	<b>2,653,307</b>	<b>8,036,334</b>	<b>8,034,967</b>	<b>734,284</b>	<b>28,925,725</b>	<b>NONE</b>	<b>172,123,138</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$2,349,227</b>	<b>\$7,898,695</b>	<b>\$9,355,893</b>	<b>\$412,399</b>	<b>\$32,444,772</b>	<b>NONE</b>	<b>\$156,502,807</b>

(Concluded)

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

**Combining Schedule of Cash Flows, by College  
For the Year Ended June 30, 2012**

	Board Office	Acadiana Technical College	Baton Rouge Community College	Bossier Parish Community College	Capital Area Technical College	Central Louisiana Technical College
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Tuition and fees		\$2,220,264	\$12,686,572	\$6,057,165	\$545,665	\$331,823
Grants and contracts	\$36,482,501	4,195,029	3,173,953	2,853,459	1,002,897	856,771
Sales and services of educational departments		11,890	209,465	42,608	90,092	
Auxiliary enterprise receipts		264,318	384,666	420,127	10,107	373,977
Payments for employee compensation	(6,636,681)	(10,048,690)	(20,324,648)	(19,647,289)	(5,933,607)	(6,843,138)
Payments for benefits	(2,138,509)	(4,583,305)	(6,008,289)	(5,952,506)	(2,627,044)	(2,923,299)
Payments for utilities		(838,755)	(1,328,534)	(682,146)	(362,514)	(358,907)
Payments for supplies and services	(50,586,465)	(5,449,282)	(8,858,565)	(11,044,881)	(2,600,458)	(1,805,948)
Payments for scholarships and fellowships		(6,759,609)	(7,391,484)	(3,292,274)	(2,489,170)	(3,321,850)
Other receipts (payments)	6,908,061	(391,345)	142,719	2,618,036	(286,724)	(328,657)
<b>Net cash used by operating activities</b>	<b>(15,971,093)</b>	<b>(21,379,485)</b>	<b>(27,314,145)</b>	<b>(28,627,701)</b>	<b>(12,650,756)</b>	<b>(14,019,228)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
State appropriations	16,838,235	12,279,564	11,567,170	10,315,663	7,135,191	6,908,505
American Recovery and Reinvestment Act receipts						
Gifts and grants for other than capital purposes	5,037,280	9,690,085	14,404,619	17,064,505	4,718,368	6,641,692
Taylor Opportunity Program for Students receipts		118,895	792,348	425,493	25,461	47,221
Taylor Opportunity Program for Students disbursements		(118,895)	(792,348)	(833,179)	(25,461)	(47,221)
Federal Emergency Management Agency receipts						
Federal Emergency Management Agency disbursements						
Direct lending receipts			10,100,733	22,669,773		
Direct lending disbursements			(10,100,733)	(23,013,812)		
Other receipts		87,057	801,059	763,886	28,680	136,934
<b>Net cash provided (used) by noncapital financing activities</b>	<b>21,875,515</b>	<b>22,056,706</b>	<b>26,772,848</b>	<b>27,392,329</b>	<b>11,882,239</b>	<b>13,687,131</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from capital debt						
Capital appropriations received			488,648			
Capital grants and gifts received				395,718		
Purchases of capital assets	(7,031,801)	(978,381)	(750,858)	(1,366,772)	(164,851)	(24,243)
Principal paid on capital debt and leases						
Interest paid on capital debt and leases						
Deposit with trustees						
Other sources (uses)						
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(7,031,801)</b>	<b>(978,381)</b>	<b>(262,210)</b>	<b>(971,054)</b>	<b>(164,851)</b>	<b>(24,243)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest received on investments	46,845	15,757	59,806	9,768	7,420	8,839
Purchase of investments						
<b>Net cash provided (used) by investing activities</b>	<b>46,845</b>	<b>15,757</b>	<b>59,806</b>	<b>9,768</b>	<b>7,420</b>	<b>8,839</b>
<b>Net increase (decrease) in Cash</b>	<b>(1,080,534)</b>	<b>(285,403)</b>	<b>(743,701)</b>	<b>(2,196,658)</b>	<b>(925,948)</b>	<b>(347,501)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>22,604,782</b>	<b>9,498,121</b>	<b>22,859,495</b>	<b>3,153,280</b>	<b>2,588,892</b>	<b>2,264,031</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$21,524,248</b>	<b>\$9,212,718</b>	<b>\$22,115,794</b>	<b>\$956,622</b>	<b>\$1,662,944</b>	<b>\$1,916,530</b>

(Continued)

Schedule 5

Delgado Community College	Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northeast Louisiana Technical College	Northshore Technical Community College	Northwest Louisiana Technical College	River Parishes Community College
\$39,055,087	\$568,212		\$2,840,354	\$2,873,325	\$1,050,645	\$1,815,689	\$588,922	\$3,753,807
6,396,247	1,452,361		2,124,910	607,848	1,350,407	1,079,848	1,600,888	923,549
	37,311		57,739	22,682	1,163	21,317	23,965	
865,802	39,875		1,329	137,986	104,472	455	13,184	5,239
(59,402,698)	(5,836,767)	(\$462,247)	(5,322,998)	(6,904,157)	(5,046,150)	(6,991,986)	(7,193,260)	(5,086,027)
(16,110,241)	(2,061,042)	(141,325)	(1,886,428)	(2,481,870)	(2,140,426)	(2,653,781)	(3,314,005)	(1,817,818)
(2,926,071)	(436,462)		(204,288)	(282,303)	(313,622)	(267,714)	(533,003)	(212,637)
(21,609,054)	(1,709,663)	(107,542)	(3,521,921)	(3,145,849)	(3,224,898)	(2,185,921)	(2,719,901)	(2,137,143)
(37,123,859)	(1,860,125)		(2,109,089)	(2,573,829)	(2,123,859)	(3,454,981)	(3,637,530)	(3,431,787)
528,963	84,556	(240,194)	19,021	(294,605)	(196,671)	(212,923)	(332,790)	23,182
<u>(90,325,824)</u>	<u>(9,721,744)</u>	<u>(951,308)</u>	<u>(8,001,371)</u>	<u>(12,040,772)</u>	<u>(10,538,939)</u>	<u>(12,849,997)</u>	<u>(15,503,530)</u>	<u>(7,979,635)</u>
35,408,264	4,074,279	955,521	3,252,643	4,443,085	5,817,409	5,696,230	8,127,639	3,311,293
245,421								
52,017,104	5,906,461		4,288,731	7,296,952	4,354,326	7,755,116	6,799,006	4,551,891
892,598	132,622		289,850	156,725	14,842	37,000	42,213	359,397
(1,061,733)	(132,622)		(289,850)	(156,725)	(14,842)	(37,000)	(42,213)	(359,397)
368,537								
(558,027)								
68,362,959	618,694							5,203,710
(68,362,959)	(618,694)							(5,203,710)
588,939			278,274	27,202	123,236	9,439	26,533	
<u>87,901,103</u>	<u>9,980,740</u>	<u>955,521</u>	<u>7,819,648</u>	<u>11,767,239</u>	<u>10,294,971</u>	<u>13,460,785</u>	<u>14,953,178</u>	<u>7,863,184</u>
	898							
(1,511,323)	(236,802)		(302,350)	(113,501)	(25,836)	(192,964)	(161,467)	(16,806)
125,000								
(150,723)								
	23,421							
<u>(1,537,046)</u>	<u>(212,483)</u>	<u>NONE</u>	<u>(302,350)</u>	<u>(113,501)</u>	<u>(25,836)</u>	<u>(192,964)</u>	<u>(161,467)</u>	<u>(16,806)</u>
279,153	3,517	669	11,902	4,404	6,524	5,594	8,680	
(109,445)								
169,708	3,517	669	11,902	4,404	6,524	5,594	8,680	NONE
(3,792,059)	50,030	4,882	(472,171)	(382,630)	(263,280)	423,418	(703,139)	(133,257)
18,438,239	3,864,381	30,996	5,061,918	3,874,698	3,799,006	2,779,961	5,207,288	732,801
<u>\$14,646,180</u>	<u>\$3,914,411</u>	<u>\$35,878</u>	<u>\$4,589,747</u>	<u>\$3,492,068</u>	<u>\$3,535,726</u>	<u>\$3,203,379</u>	<u>\$4,504,149</u>	<u>\$599,544</u>

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

**Combining Schedule of Cash Flows, by College  
For the Year Ended June 30, 2012**

	South Central Louisiana Technical College	South Louisiana Community College	SOWELA Technical Community College	Technical Division	Facilities Corporations	System Eliminating Entries	Total Per System
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Tuition and fees	\$2,429,756	\$6,439,740	\$3,320,365				\$86,577,391
Grants and contracts	2,358,702	924,665	2,595,428			(\$12,885,644)	57,093,819
Sales and services of educational departments	403						518,635
Auxiliary enterprise receipts		124,577	124,389				2,870,503
Payments for employee compensation	(4,868,354)	(6,332,824)	(7,098,544)	(\$495,597)			(190,475,662)
Payments for benefits	(2,170,024)	(1,997,536)	(2,842,497)	(261,382)			(64,111,327)
Payments for utilities	(268,424)	(343,872)	(337,849)				(9,697,101)
Payments for supplies and services	(2,940,638)	(4,166,124)	(4,499,644)	(470,641)		19,919,587	(112,864,951)
Payments for scholarships and fellowships	(2,259,725)	(2,308,184)	(3,488,242)				(87,625,597)
Other receipts (payments)	(283,356)	(455,239)	(379,253)	(444,573)			6,478,208
<b>Net cash used by operating activities</b>	<b>(8,001,660)</b>	<b>(8,114,797)</b>	<b>(12,605,847)</b>	<b>(1,672,193)</b>	<b>NONE</b>	<b>7,033,943</b>	<b>(311,236,082)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
State appropriations	5,385,344	5,226,294	6,675,764	1,216,548			154,634,641
American Recovery and Reinvestment Act receipts							245,421
Gifts and grants for other than capital purposes	4,016,755	3,451,798	6,628,110				164,622,799
Taylor Opportunity Program for Students receipts	54,686	235,992	343,134				3,968,477
Taylor Opportunity Program for Students disbursements	(54,686)	(235,992)	(343,134)				(4,545,298)
Federal Emergency Management Agency receipts			815,408				1,183,945
Federal Emergency Management Agency disbursements			(815,408)				(1,373,435)
Direct lending receipts							106,955,869
Direct lending disbursements							(107,299,908)
Other receipts	191,956	709,291	380,718		(\$54,281)	(7,033,943)	(2,935,020)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>9,594,055</b>	<b>9,387,383</b>	<b>13,684,592</b>	<b>1,216,548</b>	<b>(54,281)</b>	<b>(7,033,943)</b>	<b>315,457,491</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Proceeds from capital debt					100,927,327		100,927,327
Capital appropriations received					24,784,332		25,272,980
Capital grants and gifts received					2,702,000		3,098,616
Purchases of capital assets	(244,827)	(133,917)	(523,204)		(40,886,769)		(54,666,672)
Principal paid on capital debt and leases					(5,720,000)		(5,595,000)
Interest paid on capital debt and leases					(13,090,699)		(13,241,422)
Deposit with trustees					(58,600,181)		(58,600,181)
Other sources (uses)					(3,356,564)		(3,333,143)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(244,827)</b>	<b>(133,917)</b>	<b>(523,204)</b>	<b>NONE</b>	<b>6,759,446</b>	<b>NONE</b>	<b>(6,137,495)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Interest received on investments	27,422	11,439	33,518	938	(31,016)		511,179
Purchase of investments					(40,376,855)		(40,486,300)
<b>Net cash provided (used) by investing activities</b>	<b>27,422</b>	<b>11,439</b>	<b>33,518</b>	<b>938</b>	<b>(40,407,871)</b>	<b>NONE</b>	<b>(39,975,121)</b>
<b>Net increase (decrease) in cash</b>	<b>1,374,990</b>	<b>1,150,108</b>	<b>589,059</b>	<b>(454,707)</b>	<b>(33,702,706)</b>	<b>NONE</b>	<b>(41,891,207)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>4,744,259</b>	<b>9,224,544</b>	<b>6,164,845</b>	<b>1,617,709</b>	<b>128,875,435</b>	<b>NONE</b>	<b>257,384,681</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$6,119,249</b>	<b>\$10,374,652</b>	<b>\$6,753,904</b>	<b>\$1,163,002</b>	<b>\$95,172,729</b>	<b>NONE</b>	<b>\$215,493,474</b>

(Continued)

**LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA  
Combining Schedule of Cash Flows, by College, 2012**

	Board Office	Acadiana Technical College	Baton Rouge Community College	Bossier Parish Community College	Capital Area Technical College	Central Louisiana Technical College
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>						
Operating loss	(\$18,697,740)	(\$23,591,900)	(\$30,324,857)	(\$29,920,523)	(\$13,219,003)	(\$14,589,856)
Adjustments to reconcile operating loss to net cash used by operating activities:						
Depreciation expense	1,424,441	1,319,974	1,189,523	273,144	315,094	425,968
Changes in assets and liabilities:						
(Increase) decrease in receivables, net	12,163,179	335,898	(306,683)	(676,432)	265,301	(161,407)
(Increase) decrease in inventories		(12,426)				93,403
(Increase) decrease in prepaid expenses		13,790	72,901	(21,212)	695	(13,164)
(Increase) decrease in other assets						
Increase (decrease) in accounts payable	(11,198,605)	(103,014)	400,306	506,252	116,046	365,821
Increase (decrease) in deferred revenue		(12,178)	193,831	(107,590)	(408,165)	(840,642)
Increase (decrease) in amounts held in custody for others	2,388	126,378	7,198		(3,610)	(2,576)
Increase (decrease) in compensated absences	(12,085)	(174,317)	(9,739)	(69,016)	(40,926)	(129,514)
Increase in other postemployment benefits payable	347,329	718,310	1,586,235	1,387,676	323,812	832,739
Increase (decrease) in other liabilities			(122,860)			
<b>Net cash used by operating activities</b>	<b>(\$15,971,093)</b>	<b>(\$21,379,485)</b>	<b>(\$27,314,145)</b>	<b>(\$28,627,701)</b>	<b>(\$12,650,756)</b>	<b>(\$14,019,228)</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:</b>						
Cash and cash equivalents classified as current assets	\$21,524,248	\$9,212,718	\$22,115,794	\$956,622	\$1,662,944	\$1,624,262
Cash and cash equivalents classified as noncurrent assets						292,268
<b>Cash and cash equivalents at the end of the year</b>	<b>\$21,524,248</b>	<b>\$9,212,718</b>	<b>\$22,115,794</b>	<b>\$956,622</b>	<b>\$1,662,944</b>	<b>\$1,916,530</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Capital appropriations for purchase of equipment, buildings, or land		(\$7,338)				
Noncash capital grant/gift of capital assets						
Noncash grants and gifts						
Loss on disposal of capital assets					(\$16,343)	(\$5,518)
Unrealized gain on investments						
Increase in noncapital accounts and contracts payable						
Decrease in accrued interest payable						
Capitalized interest including capitalized amortization						
Amortization of bond premium						
Accretion of bond discount						
Amortization of bond issuance costs						
Loss on bond refunding						
Increase in capital accounts and retainage payable						

(Continued)

Schedule 5

Delgado Community College	Elaine P. Nunez Community College	LCTCS Online	L.E. Fletcher Technical Community College	Louisiana Delta Community College	Northeast Louisiana Technical College	Northshore Technical Community College	Northwest Louisiana Technical College	River Parishes Community College
(\$93,085,294)	(\$10,326,931)	(\$983,889)	(\$8,990,648)	(\$12,396,589)	(\$11,275,395)	(\$13,018,326)	(\$16,470,558)	(\$8,462,629)
2,257,831	631,984		426,135	171,801	415,439	408,452	794,634	119,763
6,168,569	(37,809)	120,580	(630,703)	(31,608)	560,401	(58,324)	462,038	112,308
230,222	12,845		843	(1,164)	18,660		16,469	
	(753)		(2,347)		(663)	(11,058)	27,079	(4,807)
590,999	(44,102)	(100,673)	733,002	18,880	(3,219)	311,324	(69,722)	33,196
(9,913,678)	(404,333)		115,322	(395,477)	(447,824)	(977,262)	(573,559)	(116,515)
7,230			200	26,711	(3,871)	19,359	7,899	(4,280)
355,802	29,355	12,674	27,077	59,902	4,733	43,446	51,590	3,061
3,116,840	418,000		319,748	506,772	192,800	432,392	250,600	413,900
(54,345)								
<u>(\$90,325,824)</u>	<u>(\$9,721,744)</u>	<u>(\$951,308)</u>	<u>(\$8,001,371)</u>	<u>(\$12,040,772)</u>	<u>(\$10,538,939)</u>	<u>(\$12,849,997)</u>	<u>(\$15,503,530)</u>	<u>(\$7,979,635)</u>
\$14,646,180	\$3,494,935	\$35,878	\$4,589,747	\$3,492,068	\$3,535,726	\$3,203,379	\$4,504,149	\$599,544
	419,476							
<u>\$14,646,180</u>	<u>\$3,914,411</u>	<u>\$35,878</u>	<u>\$4,589,747</u>	<u>\$3,492,068</u>	<u>\$3,535,726</u>	<u>\$3,203,379</u>	<u>\$4,504,149</u>	<u>\$599,544</u>
\$1,490,985						\$63,282		
(680,230)	(\$24,824)			\$6,828			(\$3,886)	(\$836)

**LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA  
Combining Schedule of Cash Flows, by College, 2012**

	South Central Louisiana Technical College	South Louisiana Community College	SOWELA Technical Community College	Technical Division	Facilities Corporations	System Eliminating Entries	Total Per System
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>							
Operating loss	(\$9,925,557)	(\$9,535,911)	(\$13,941,168)	(\$1,539,371)	(\$6,438,993)	\$7,033,943	(\$339,701,195)
Adjustments to reconcile operating loss to net cash used by operating activities:							
Depreciation expense	405,552	296,184	680,636		6,438,993		17,995,548
Changes in assets and liabilities:							
(Increase) decrease in receivables, net	649,846	2,784,177	1,412,718	149,031			23,281,080
(Increase) decrease in inventories			6,652				122,437
(Increase) decrease in prepaid expenses			(4,628)				299,653
(Increase) decrease in other assets		(3,076)					(77,461)
Increase (decrease) in accounts payable	558,264	200,492	(601,879)	(253,452)			(8,540,084)
Increase (decrease) in deferred revenue	(2,520,744)	295,817	(306,285)				(16,419,282)
Increase (decrease) in amounts held in custody for others	1,983	(2,081)	15,821				198,749
Increase (decrease) in compensated absences	(107,044)	(81,759)	13,169	(27,334)			(50,925)
Increase in other postemployment benefits payable	458,400	409,000	119,117	(1,067)			11,832,603
Increase (decrease) in other liabilities							(177,205)
<b>Net cash used by operating activities</b>	<b>(\$10,479,300)</b>	<b>(\$5,637,157)</b>	<b>(\$12,605,847)</b>	<b>(\$1,672,193)</b>	<b>NONE</b>	<b>\$7,033,943</b>	<b>(\$311,236,082)</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:</b>							
Cash and cash equivalents classified as current assets	\$6,119,249	\$10,174,652	\$6,753,904	\$1,163,002			\$119,409,001
Cash and cash equivalents classified as noncurrent assets		200,000			\$95,172,729		96,084,473
<b>Cash and cash equivalents at the end of the year</b>	<b>\$6,119,249</b>	<b>\$10,374,652</b>	<b>\$6,753,904</b>	<b>\$1,163,002</b>	<b>\$95,172,729</b>	<b>NONE</b>	<b>\$215,493,474</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>							
Capital appropriations for purchase of equipment, buildings, or land							\$1,483,647
Noncash capital grant/gift of capital assets			\$1,545,022				1,608,304
Noncash grants and gifts			48,589				48,589
Loss on disposal of capital assets			(1,038)				(732,675)
Unrealized gain on investments							6,828
Increase in noncapital accounts and contracts payable					\$189,493		189,493
Decrease in accrued interest payable					(89,867)		(89,867)
Capitalized interest including capitalized amortization					700,412		700,412
Amortization of bond premium					856,837		856,837
Accretion of bond discount					75,048		75,048
Amortization of bond issuance costs					412,508		412,508
Loss on bond refunding					2,529,795		2,529,795
Increase in capital accounts and retainage payable					5,939,882		5,939,882

(Concluded)

OTHER REPORT REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*

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Exhibit A

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



LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

February 18, 2013

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, 2012, and have issued our report thereon dated February 18, 2013. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; and LCTCS Facilities Corporation, as described in our report on the Louisiana Community and Technical College System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Other Reports**

Other external auditors audited the South Louisiana Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; BRCC Facilities Corporation; and the LCTCS Facilities Corporation, which are blended component units included in the Louisiana Community and Technical College System's basic financial statements for the year ended June 30, 2012. To obtain copies of those reports, refer to note 1-B to the basic financial statements for mailing addresses. These reports are also available on the Internet at [www.lla.la.gov](http://www.lla.la.gov).

As a part of our audit of the Louisiana Community and Technical College System's basic financial statements for the year ended June 30, 2012, we performed certain procedures on campuses within the System. Our reports on those procedures for those campuses are listed as follows:

	<u>Issue Date</u>
Acadiana Technical College	November 28, 2012
Baton Rouge Community College	Pending
Bossier Parish Community College	December 19, 2012
Capital Area Technical College	Pending
Central Louisiana Technical College	December 5, 2012
Delgado Community College	Pending
L.E. Fletcher Technical Community College	January 30, 2013
Louisiana Delta Community College	December 5, 2012
Northeast Louisiana Technical College	December 5, 2012
Northshore Technical Community College	Pending
South Louisiana Community College	November 21, 2012
SOWELA Technical Community College	February 27, 2013

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 office of the Legislative Auditor and can also be found on the Internet at [www.lla.la.gov](http://www.lla.la.gov).

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

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

KSH:CLP:BQD:THC:ch

LCTCS 2012