

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



FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
ISSUED DECEMBER 29, 2010

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

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 14, 2010

Independent Auditor's Report

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

We have audited the accompanying basic financial statements of the Louisiana Community and Technical College System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, 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 47.16%, 59.04%, 10.43%, and 3.42%, respectively, of the assets, liabilities, net assets, and revenues of the Louisiana Community and Technical College System. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the South Louisiana Facilities Corporation; the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; and the LCTCS Facilities Corporations 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, 2010, and the changes in its

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2010, on our consideration of the Louisiana Community and Technical College System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 5 through 12 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 49 are not required parts of the basic financial statements but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

CLP:ETM:BQD:THC:dl

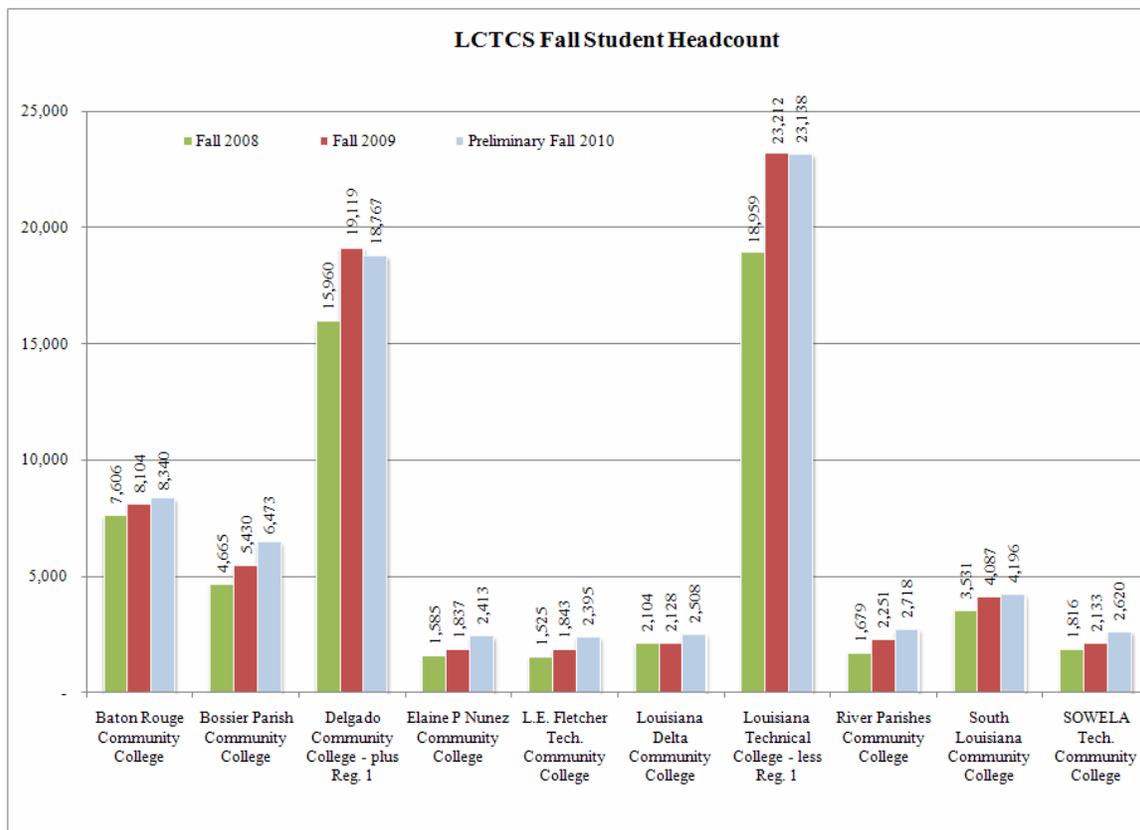
The Management's Discussion and Analysis of the Louisiana Community and Technical College System's (System) financial performance presents a narrative overview and analysis of the System's financial activities for the year ended June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the System's financial statements. The System is comprised of the following entities:

- Board Office
- Baton Rouge Community College
- Bossier Parish Community College
- Delgado Community College
- Elaine P. Nunez Community College
- L.E. Fletcher Technical Community College
- Louisiana Delta Community College
- Louisiana Technical College
 - Region 1 (merged with Delgado Community College, effective July 1, 2010)
 - Capital Area Technical College (formerly Region 2)
 - South Central Louisiana Technical College (formerly Region 3)
 - Acadiana Technical College (formerly Region 4)
 - Central Louisiana Technical College (formerly Region 6)
 - Northwest Louisiana Technical College (formerly Region 7)
 - Northeast Louisiana Technical College (formerly Region 8)
 - Northshore Technical College (formerly Region 9)
- River Parishes Community College
- South Louisiana Community College
- Sowela Technical Community College
- Facilities Corporations
 - BRCC Facilities Corporation
 - Campus Facilities, Inc.
 - Delta Campus Facilities Corporation
 - LCTCS Facilities Corporation
 - South Louisiana Facilities Corporation

FINANCIAL HIGHLIGHTS

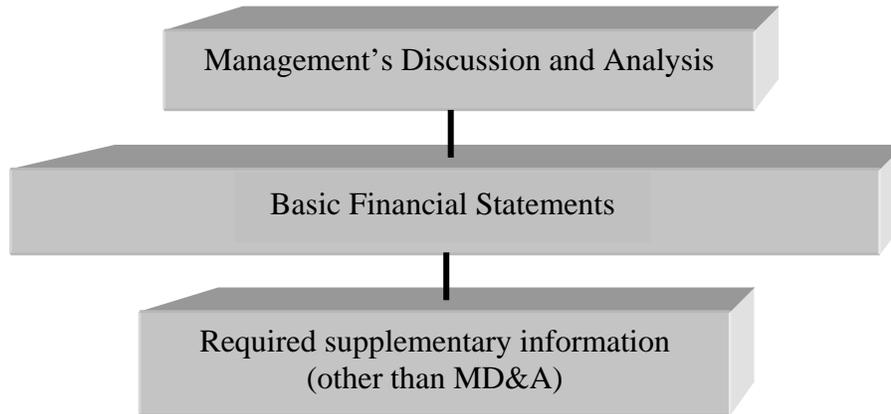
The System’s net assets overall changed from \$139.8 million to \$132.9 million or 5% from July 1, 2009, to June 30, 2010. The overall reasons for this decrease include the net effect of phase one revenue bond issuance for LCTCS Facilities Corporation on October 1, 2009, with a principal issue of \$19.3 million for Series 2009A and \$45.3 million for Series 2009B, the third 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 2010 of \$21.8 million and ending liability of \$88.7 million, near completion of the Louisiana Delta Community College campus for a total of \$28.1 million, a decrease in state appropriations of approximately \$53.1 million, the addition of the American Recovery and Reinvestment Act funds of approximately \$26.6 million, and a decrease in capital appropriation of approximately \$5.7 million.

Enrollment changed from 70,144 to 73,568 from Fall 2009 to Fall 2010, a change of 4.9%. The reasons for this change are attributed to steady increase in students returning since the devastating impact of Hurricane Katrina, student demand for program offerings, national economic downturn, and recruitment and retention efforts.



OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

Basic Financial Statements

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

The Statement of Net Assets (pages 13-14) 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 15-16) 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 17-18) 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, 2010 and 2009

| | 2010 | 2009 (Restated) | Variance | Percentage Change |
|--|------------------|--------------------|------------------|----------------------|
| Assets: | | | | |
| Current and other assets | \$253,480 | \$197,150 | \$56,330 | 28.6% |
| Capital assets | 290,124 | 258,378 | 31,746 | 12.3% |
| Total assets | <u>543,604</u> | <u>455,528</u> | <u>88,076</u> | 19.3% |
| Liabilities: | | | | |
| Current liabilities | 70,087 | 58,000 | 12,087 | 20.8% |
| Long-term liabilities | 340,617 | 257,729 | 82,888 | 32.2% |
| Total liabilities | <u>410,704</u> | <u>315,729</u> | <u>94,975</u> | 30.1% |
| Net assets: | | | | |
| Invested in capital assets, net of related debt | 127,932 | 123,380 | 4,552 | 3.7% |
| Restricted | 63,524 | 53,850 | 9,674 | 18.0% |
| Unrestricted | <u>(58,557)</u> | <u>(37,432)</u> | <u>(21,125)</u> | -56.4% |
| Total net assets | <u>\$132,899</u> | <u>\$139,798</u> | <u>(\$6,899)</u> | -4.9% |

This schedule is prepared from the System's Statement of Net Assets as shown on pages 13-14, which is presented on an accrual basis of accounting. Significant Statement of Net Assets changes in 2010 include the following:

The 4.9% decrease in net assets is due to the net effect of phase one revenue bond issuance for LCTCS Facilities Corporation on October 1, 2009, with a principal issue of \$19.3 million for Series 2009A and \$45.3 million for Series 2009B, the third 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 2010 of \$21.8 million and ending liability of \$88.7 million, completion of construction of the Louisiana Delta Community College campus for a total of \$28.1 million, a decrease in state appropriations of approximately \$53.1, the addition of the American Recovery and Reinvestment Act funds of approximately \$26.6 million, and a decrease in capital appropriation of approximately \$5.7 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, 2010 and 2009

| | 2010 | 2009 (Restated) | Variance | Percentage Change |
|--|------------------|--------------------|------------------|----------------------|
| Operating revenues: | | | | |
| Student tuition and fees, net | \$58,292 | \$61,193 | (\$2,901) | -4.7% |
| Grants and contracts | 59,541 | 58,470 | 1,071 | 1.8% |
| Sales and services of education departments | 1,395 | 1,386 | 9 | 0.6% |
| Auxiliary, net | 4,686 | 3,709 | 977 | 26.3% |
| Other | 3,573 | 4,484 | (911) | -20.3% |
| Total operating revenues | 127,487 | 129,242 | (1,755) | -1.4% |
| Nonoperating revenues: | | | | |
| State appropriations | 155,405 | 208,477 | (53,072) | -25.5% |
| Gifts | 688 | 626 | 62 | 9.9% |
| Investment income | 779 | 967 | (188) | -19.4% |
| Other nonoperating revenues | 145,124 | 69,594 | 75,530 | 108.5% |
| Total nonoperating revenues | 301,996 | 279,664 | 22,332 | 8.0% |
| Total revenues | 429,483 | 408,906 | 20,577 | 5.0% |
| Operating expenses: | | | | |
| Education and general: | | | | |
| Instruction | 177,864 | 187,615 | (9,751) | -5.2% |
| Public service | 1,041 | 1,445 | (404) | -28.0% |
| Academic support | 37,840 | 38,576 | (736) | -1.9% |
| Student services | 29,805 | 35,755 | (5,950) | -16.6% |
| Institutional support | 67,522 | 71,456 | (3,934) | -5.5% |
| Operations and maintenance of plant | 33,146 | 37,478 | (4,332) | -11.6% |
| Depreciation | 14,422 | 14,637 | (215) | -1.5% |
| Scholarships and fellowships | 85,338 | 52,773 | 32,565 | 61.7% |
| Auxiliary enterprises | 5,720 | 4,910 | 810 | 16.5% |
| Other operating expenses | 221 | 1,423 | (1,202) | -84.5% |
| Total operating expenses | 452,919 | 446,068 | 6,851 | 1.5% |
| Nonoperating expenses: | | | | |
| Loss on disposal of equipment | 15 | | 15 | |
| Interest expense | 7,369 | 6,711 | 658 | 9.8% |
| Total nonoperating expenses | 7,384 | 6,711 | 673 | 10.0% |
| Total expenses | 460,303 | 452,779 | 7,524 | 1.7% |
| Loss before other revenues | (30,820) | (43,873) | 13,053 | 29.8% |
| Capital appropriations | 22,004 | 27,751 | (5,747) | -20.7% |
| Capital grants and gifts | 1,722 | 3,073 | (1,351) | -44.0% |
| Additions to permanent endowment | 195 | 193 | 2 | 1.0% |
| Other revenues | 23,921 | 31,017 | (7,096) | -22.9% |
| Change in net assets | (6,899) | (12,856) | 5,957 | 46.3% |
| Net assets at beginning of year, restated | 139,798 | 152,654 | (12,856) | -8.4% |
| Net assets at end of year | \$132,899 | \$139,798 | (\$6,899) | -4.9% |

Nonoperating revenues fluctuate depending on levels of state funding, interest earnings, and other nonoperating revenue. Nonoperating revenues increased by 8% to \$302 million primarily because of the addition of the American Recovery and Reinvestment Act funds of \$26.6 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2010, the System had invested approximately \$290 million in capital assets, net of accumulated depreciation. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$31.7 million or 12% from the previous fiscal year. The major addition was for construction-in-progress totaling \$28.1 million at the Louisiana Delta Community College, which is near completion. 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, 2010 and 2009

| | 2010 | 2009 (Restated) | Variance | Percentage Change |
|--------------------------|-----------|--------------------|----------|----------------------|
| Land and improvements | \$25,780 | \$22,220 | \$3,560 | 16% |
| Buildings | 181,618 | 188,432 | (6,814) | -4% |
| Equipment | 26,233 | 28,108 | (1,875) | -7% |
| Construction-in-progress | 56,493 | 19,618 | 36,875 | 188% |
| Total | \$290,124 | \$258,378 | \$31,746 | 12% |

Debt

The System had \$236.2 million in bonds and notes outstanding at the year-end, compared to \$173 million last year, an increase of 37%. 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 systemwide ERP
- Anticipated enrollment increases
- 10% tuition increase assessed for fiscal year 2011

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, 2010**

ASSETS

Current assets:

| | |
|---------------------------------------|--------------------|
| Cash and cash equivalents (note 2) | \$112,868,236 |
| Receivables, net (note 4) | 40,892,305 |
| Due from state treasury | 269,051 |
| Inventories | 493,799 |
| Deferred charges and prepaid expenses | 1,442,775 |
| Other current assets | 1,300 |
| Total current assets | <u>155,967,466</u> |

Noncurrent assets:

Restricted assets:

| | |
|------------------------------------|--------------------|
| Cash and cash equivalents (note 2) | 90,037,195 |
| Investments (note 3) | 4,116,720 |
| Notes receivable, net (note 5) | 22,083 |
| Capital assets, net (note 6) | 290,123,872 |
| Other noncurrent assets | 3,336,454 |
| Total noncurrent assets | <u>387,636,324</u> |
| Total assets | <u>543,603,790</u> |

LIABILITIES

Current liabilities:

| | |
|--|-------------------|
| Accounts payable and accruals (note 10) | 30,120,105 |
| Due to state treasury | 1,812,907 |
| Due to federal government | 41,484 |
| Deferred revenues (note 11) | 26,447,643 |
| Compensated absences payable (notes 12 and 14) | 1,166,745 |
| Capital lease obligations (notes 13 and 14) | 367,000 |
| Contracts payable (note 14) | 68,316 |
| Amounts held in custody for others | 1,239,196 |
| Bonds payable, net (note 14) | 5,485,000 |
| Other current liabilities | 3,338,785 |
| Total current liabilities | <u>70,087,181</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, 2010**

LIABILITIES (CONT.)

Noncurrent liabilities:

| | |
|--|--------------------|
| Compensated absences payable (notes 12 and 14) | \$17,497,976 |
| Capital lease obligations (notes 13 and 14) | 3,505,000 |
| Contracts payable (note 14) | 256,185 |
| Other postemployment benefits payable (notes 9 and 14) | 88,653,655 |
| Bonds payable, net (note 14) | 230,704,213 |
| Total noncurrent liabilities | <u>340,617,029</u> |
| Total liabilities | <u>410,704,210</u> |

NET ASSETS

| | |
|---|----------------------|
| Invested in capital assets, net of related debt | 127,931,762 |
| Restricted: | |
| Nonexpendable (note 15) | 4,525,513 |
| Expendable (note 15) | 58,998,974 |
| Unrestricted | <u>(58,556,669)</u> |
| Total net assets | <u>\$132,899,580</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, 2010**

OPERATING REVENUES

| | |
|---|---------------------------|
| Student tuition and fees | \$108,932,977 |
| Less scholarship allowances | (50,640,642) |
| Net student tuition and fees | <u>58,292,335</u> |
| Federal grants and contracts | 38,217,060 |
| State and local grants and contracts | 19,575,900 |
| Nongovernmental grants and contracts | 1,747,434 |
| Sales and services of educational departments | 1,395,116 |
| Auxiliary enterprise revenues | 6,028,063 |
| Less scholarship allowances | (1,342,046) |
| Net auxiliary revenues | <u>4,686,017</u> |
| Other operating revenues | <u>3,573,187</u> |
| Total operating revenues | <u><u>127,487,049</u></u> |

OPERATING EXPENSES

| | |
|-------------------------------------|---------------------------|
| Educational and general: | |
| Instruction | 177,863,905 |
| Public service | 1,041,208 |
| Academic support | 37,840,329 |
| Student services | 29,804,983 |
| Institutional support | 67,521,742 |
| Operations and maintenance of plant | 33,145,336 |
| Depreciation | 14,422,362 |
| Scholarships and fellowships | 85,338,225 |
| Auxiliary enterprises | 5,720,353 |
| Other operating expenses | 221,023 |
| Total operating expenses | <u><u>452,919,466</u></u> |

OPERATING LOSS (325,432,417)

(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, 2010**

| | |
|--|-----------------------------|
| NONOPERATING REVENUES (Expenses) | |
| State appropriations | \$155,404,828 |
| ARRA revenues | 26,560,680 |
| Gifts | 687,867 |
| Federal nonoperating revenues | 117,764,195 |
| Investment income | 778,574 |
| Interest expense | (7,368,989) |
| Loss on disposal of equipment | (15,168) |
| Other nonoperating revenues, net | 799,540 |
| Net nonoperating revenues | <u>294,611,527</u> |
| LOSS BEFORE OTHER REVENUES AND ADDITIONS | (30,820,890) |
| Capital appropriations | 22,004,622 |
| Capital grants and gifts | 1,722,797 |
| Additions to permanent endowments | <u>194,907</u> |
| DECREASE IN NET ASSETS | (6,898,564) |
| NET ASSETS - BEGINNING OF YEAR (Restated) (note 16) | <u>139,798,144</u> |
| NET ASSETS - END OF YEAR | <u><u>\$132,899,580</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, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|----------------------|
| Tuition and fees | \$72,809,760 |
| Grants and contracts | 62,154,716 |
| Sales and services of educational departments | 1,637,814 |
| Auxiliary enterprise receipts | 4,690,425 |
| Payments for employee compensation | (188,127,135) |
| Payments for benefits | (47,626,767) |
| Payments for utilities | (10,215,995) |
| Payments for supplies and services | (105,306,616) |
| Payments for scholarships and fellowships | (80,006,571) |
| Other receipts | 3,436,599 |
| Net cash used by operating activities | <u>(286,553,770)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

| | |
|--|--------------------|
| State appropriations | 157,116,724 |
| ARRA revenues | 26,560,680 |
| Gifts and grants for other than capital purposes | 5,733,261 |
| Private gifts for endowment purposes | 170,000 |
| Pell grant receipts | 112,182,230 |
| TOPS receipts | 2,925,779 |
| TOPS disbursements | (2,971,145) |
| FEMA receipts | 1,978,259 |
| FEMA disbursements | (2,224,930) |
| Direct lending receipts | 8,831,628 |
| Direct lending disbursements | (8,873,469) |
| Federal Family Education Loan Program receipts | 11,736,576 |
| Federal Family Education Loan Program disbursements | (11,780,309) |
| Other receipts | 2,292,606 |
| Net cash provided by noncapital financing sources | <u>303,677,890</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|--|-------------------|
| Proceeds from capital debt | 67,066,442 |
| Capital appropriations received | 16,298,768 |
| Capital grants and gifts received | 1,722,797 |
| Purchases of capital assets | (35,122,437) |
| Principal paid on capital debt and leases | (4,228,000) |
| Interest paid on capital debt and leases | (8,499,403) |
| Other uses | (2,302,611) |
| Net cash provided by capital and related financing activities | <u>34,935,556</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|----------------|
| Interest received on investments | 878,069 |
| Purchase of investments | (283,181) |
| Net cash provided by investing activities | <u>594,888</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, 2010**

| | |
|--|-------------------------------|
| NET INCREASE IN CASH AND CASH EQUIVALENTS | \$52,654,564 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Restated) | <u>150,250,867</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u><u>\$202,905,431</u></u> |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES: | |
| Operating loss | (\$325,432,417) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation expense | 14,422,362 |
| Changes in assets and liabilities: | |
| (Increase) in receivables, net | (948,726) |
| Decrease in inventories | 665,907 |
| (Increase) in prepaid expenses | (666,319) |
| Decrease in other assets | 307 |
| (Decrease) in accounts payable | (458,965) |
| Increase in deferred revenue | 3,983,368 |
| Increase in amounts held in custody for others | 370,159 |
| (Decrease) in compensated absences | (323,453) |
| Increase in other postemployment benefits payable | 21,814,333 |
| Increase in other liabilities | <u>19,674</u> |
| Net cash used by operating activities | <u><u>(\$286,553,770)</u></u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS: | |
| Cash and cash equivalents classified as current assets | \$112,868,236 |
| Cash and cash equivalents classified as noncurrent assets | <u>90,037,195</u> |
| | <u><u>\$202,905,431</u></u> |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | |
| Capital appropriations for purchase of equipment, building, or land | \$5,705,853 |
| Accretion of discount and amortization of premium on bonds | 219,084 |
| Loss on disposal of capital assets | (625,152) |
| Unrealized gain on investments | 52,879 |
| Bond issuance costs | 136,180 |
| Noncash capital grant/gift of capital assets | 627,485 |
| Capitalized interest including capitalized amortization | 2,095,209 |

(Concluded)

The accompanying notes are an integral part of this statement.

INTRODUCTION

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

The System includes all programs of public post-secondary vocational/technical training and the institutions of higher education that offer associate degrees but not baccalaureate degrees. The System is comprised of nine community colleges: Baton Rouge Community College, Bossier Parish Community College, Delgado Community College, L.E. Fletcher Technical Community College, Elaine P. Nunez Community College, Louisiana Delta Community College, River Parishes Community College, SOWELA Technical Community College, and South Louisiana Community College and the Louisiana Technical College, which includes Region 1, Acadiana Technical College, Capital Area Technical College, Central Louisiana Technical College, Northeast Louisiana Technical college, Northshore Technical College, Northwest Louisiana Technical College, and South Central Louisiana Technical College.

Student enrollment for the System for the 2010 fall semester totaled 73,568 full-time equivalent students. During fiscal year 2010, the System had approximately 4,086 faculty and staff.

Thousands of students graduate each year with the knowledge, skills, and abilities to improve their lives, careers, families, and communities. The System's legacy is to provide programs that will prepare students to transfer to Louisiana's outstanding four-year colleges and universities. The System also strives to provide the skills needed to ensure that our state has a skilled workforce that will ensure both job and economic growth.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The System has elected to follow GASB statements issued after November 30, 1989, rather than the

Financial Accounting Standards Board (FASB) statements. However, there are five nongovernmental blended component units (the BRCC Facilities Corporation; the South Louisiana Facilities Corporation; the Campus Facilities, Inc.; the Delta Campus Facilities Corporation; and LCTCS Facilities Corporations), which are presented under FASB Statement No. 117.

B. REPORTING ENTITY

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

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

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

- The South Louisiana Facilities Corporation is a nonprofit corporation formed in December 2001 to provide funds and oversee construction for the South Louisiana Community College (SLCC) campus. The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. The South Louisiana Facilities Corporation has a June 30 year-end and audited financial statements for the corporation may be obtained at 301 Main Street, 23rd Floor, Baton Rouge, Louisiana 70825.
- Campus Facilities, Inc., is a nonprofit organization formed in May 2001 to provide funds for and oversee construction of the campus for Bossier Parish Community College (BPCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. Campus Facilities, Inc., has a December 31 year-end and audited financial statements for

Campus Facilities, Inc., may be obtained at 4442 Viking Drive, Suite 100, Bossier City, Louisiana 71111.

- BRCC Facilities Corporation is a nonprofit corporation formed in February 2002 to provide funds and oversee construction of the campus for Baton Rouge Community College (BRCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. BRCC Facilities Corporation has a June 30 year-end and audited financial statements for the corporation may be obtained at 201 Community College Drive, Baton Rouge, Louisiana 70806.
- Delta Campus Facilities Corporation is a nonprofit corporation formed in March 2005 to provide funds and oversee construction of the campus for Louisiana Delta Community College (LDCC). The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. Delta Campus Facilities Corporation has a December 31 year-end and audited financial statements for the corporation may be obtained at 1811 Tower Drive, Suite D, Monroe, Louisiana 71201.
- LCTCS Facilities Corporation is a nonprofit corporation formed in August 2007 and began operations October 1, 2009, to provide funds and oversee the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of 14 community and technical college campuses and a statewide computer information system for the System. The corporation has been blended into the System financial statements and, as such, has been appropriately included in the accompanying financial statements. LCTCS Facilities Corporation has a December 31 year-end and audited financial statements for the corporation may be obtained at 201 St. Charles Avenue, Suite 4240, New Orleans, Louisiana 70170.

C. BASIS OF ACCOUNTING

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

D. CASH AND CASH EQUIVALENTS

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include certificates of deposit and all highly liquid investments with a maturity of three months or less when purchased. Under state law, the System may

deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the System may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In accordance with Louisiana Revised Statute (R.S.) 49:327, the System is authorized to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct repurchase agreements, and money market funds. In addition, funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture.

E. INVENTORIES

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

F. RESTRICTED CASH AND INVESTMENTS

Restricted cash equivalents consist of assets that are externally restricted to make debt service payments, to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets. These funds are invested in U.S. Treasury money market funds, which are considered to be cash equivalents because of their liquidity. They are maintained in trust accounts created pursuant to trust indentures of the related bonds. These trust accounts, which are administered by a trustee bank, provide for the custody of the assets, debt service payments and bond redemption requirements, and payment of administrative expenses. The bonds were issued in 2002, 2003, and 2008 to finance the costs of development, design, and construction of additions and renovations to SLCC, BPCC, BRCC, and LDCC. Also, bonds were issued in 2009 to provide funds and oversee the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of fourteen community and technical college campuses and a statewide computer information system for LCTCS.

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

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

G. CAPITAL ASSETS

The System follows the capitalization policies established by the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy. Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the System's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million is required to be capitalized. Computer software purchased for internal use with depreciable costs of \$1 million or more are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and three to 10 years for most movable property. Library collections regardless of age with a total acquisition cost of \$5 million or more will be capitalized and depreciated.

H. DEFERRED REVENUES

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

I. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during

holiday periods when students are not in classes. Employees who are considered having nonexempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned.

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

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

J. NONCURRENT LIABILITIES

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

K. NET ASSETS

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

1. *Invested in capital assets, net of related debt* consists of the System's total investment in capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds or other borrowings attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted - nonexpendable* consist of endowments and similar type funds for which donors or other outside sources have stipulated that, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
3. *Restricted - expendable* consist of resources that the System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

4. *Unrestricted* consist of resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the System and may be used at the discretion of the governing board to meet current expenses and for any purpose.

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

L. CLASSIFICATION OF REVENUES AND EXPENSES

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

- *Operating revenue* includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and (3) most federal, state, and local grants and contracts.
- *Nonoperating revenue* includes activities that have the characteristics of nonexchange transactions, such as state appropriations, certain federal revenues (Pell), American Recovery and Reinvestment Act funds, gifts and contributions, and investment income.
- *Operating expenses* generally include transactions resulting from providing goods or services, such as (1) payments to vendors for goods or services; (2) payments to employees for services; and (3) payments for employee benefits.
- *Nonoperating expenses* include transactions resulting from financing activities, capital acquisitions, and investing activities.

M. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

N. USE OF ESTIMATES

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2010, the System has cash and cash equivalents (book balances) of \$202,905,431 as follows:

| | |
|---------------------------------------|---------------------------------|
| Demand deposits | \$112,921,835 |
| Certificates of deposit | 775,379 |
| Cash equivalents - money market funds | 89,174,957 |
| Petty cash | <u>33,260</u> |
| Total | <u><u>\$202,905,431</u></u> |

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

| | |
|-------------------|---------------------------------|
| Current assets | \$112,868,236 |
| Noncurrent assets | <u>90,037,195</u> |
| Total | <u><u>\$202,905,431</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, 2010, demand deposits totaling \$139,775 were reported in the financial statements for the BRCC Facilities Corporation and Campus Facilities, Inc., which were prepared in accordance with the pronouncements of FASB Statement No. 117, *Financial Statements for Not-for-Profit Organizations*. Generally accepted accounting principles allow for the inclusion, in the same consolidated report, of financial statements prepared in accordance with FASB with those prepared under the standards of GASB. As such, the notes to the financial statements of the corporations do not reflect the requirements of GASB Statement No. 3, as revised by Statement No. 40.

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

3. INVESTMENTS

At June 30, 2010, the System has restricted investments totaling \$4,116,720 as follows:

| | Fair Value June 30, 2010 | Investment Maturities (Years) | Credit Quality Rating |
|---|-----------------------------|-------------------------------------|--------------------------|
| Mutual funds: | | | |
| Pooled equity funds - DCC | \$733,582 | Not Applicable | Not Applicable |
| Pooled equity funds - LDCC | 102,921 | Not Applicable | Not Applicable |
| Fixed income securities - DCC | 1,398,408 | 4.4 | Not Rated |
| Fixed income securities - LDCC | 248,756 | < 1.0 | Not Rated |
| Short-term federal funds | 619,116 | 2.1 | Not Rated |
| International equity funds | 170,750 | Not Applicable | Not Applicable |
| Other mutual funds | <u>7,289</u> | Not Applicable | Not Applicable |
| Subtotal - mutual funds | 3,280,822 | | |
| Investments held by private foundation - | | | |
| external investment pool | 662,087 | Not Applicable | Not Rated |
| Non-negotiable certificates of deposit - BPCC | 121,257 | 1.0 | Not Applicable |
| Non-negotiable certificates of deposit - STCC | 46,763 | 1.1 | Not Applicable |
| Other | <u>5,791</u> | Not Applicable | Not Applicable |
| Total | <u><u>\$4,116,720</u></u> | | |

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

The mutual funds of \$3,280,822 and investments held by the private foundation of \$662,087 are held pursuant to the Board of Regents Endowed Chair, Endowed Professorships, and Endowed Scholarship Program. To reduce overall volatility of investment returns and to provide a hedge against the effects of economic downturns, the investment policy for that program requires at least 26% of assets be invested in fixed-income funds. The fixed-income funds are diversified among various sectors of the fixed-income market. The overall average quality must be at least AA. Interest rate risks are limited by managing their performance using fixed-income indices as benchmarks to gauge and limit such risk. Investments in foreign stocks and foreign fixed income are limited to 15% and 5% of the equity and fixed-income funds, respectively.

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

Money market funds totaling \$89,174,957 were reported in the financial statements and notes to the financial statements for the BRCC Facilities Corporation; Campus Facilities, Inc.; Delta Campus Facilities Corporation; LCTCS Facilities Corporation; and South Louisiana Facilities Corporation, which were prepared in accordance with the pronouncements of FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. Generally accepted accounting principles allow for the inclusion, in the same consolidated report, of financial statements prepared in accordance with FASB with those prepared under the standards of GASB. As such, the notes to the financial statements of the corporations do not reflect the requirements of GASB Statement No. 3, as revised by Statement No. 40. The money market funds of \$89,174,957 are reported in the notes to the financial statements as uninsured and are collateralized by securities held by the financial institutions trust department, but not in the Corporation's name.

Included in investments are 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, 2010. These receivables are composed of the following:

| | Receivables | Allowance for Doubtful Accounts | Receivables, Net |
|---|---------------------|---------------------------------------|---------------------|
| Student tuition and fees | \$23,241,554 | (\$2,774,619) | \$20,466,935 |
| Auxiliary enterprise | 390,064 | | 390,064 |
| Federal grants and contracts | 12,092,702 | | 12,092,702 |
| State and private grants and contracts | 4,617,339 | | 4,617,339 |
| Other | 3,325,265 | | 3,325,265 |
| Total | <u>\$43,666,924</u> | <u>(\$2,774,619)</u> | <u>\$40,892,305</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 TO THE FINANCIAL STATEMENTS

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

6. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2010, follows:

| | Balance June 30, 2009 | Prior Period Adjustment | Adjusted Balance June 30, 2009 | Additions | Transfers | Retirements/ Reductions | Balance June 30, 2010 |
|--|--------------------------|-------------------------------|--------------------------------------|--------------|------------|----------------------------|--------------------------|
| Capital assets not being depreciated: | | | | | | | |
| Land | \$20,401,346 | \$360,000 | \$20,761,346 | \$3,611,530 | | | \$24,372,876 |
| Construction-in-progress | 19,158,185 | 459,342 | 19,617,527 | 36,923,716 | (\$48,534) | | 56,492,709 |
| Total capital assets not being depreciated | 39,559,531 | 819,342 | 40,378,873 | 40,535,246 | (48,534) | NONE | 80,865,585 |
| Capital assets being depreciated: | | | | | | | |
| Land improvements | 3,329,525 | | 3,329,525 | | | | 3,329,525 |
| Buildings | 286,214,791 | 2,250,669 | 288,465,460 | 646,581 | 48,534 | (\$433,625) | 288,726,950 |
| Furniture, fixtures, and equipment | 76,350,577 | (103,576) | 76,247,001 | 5,611,941 | | (2,194,264) | 79,664,678 |
| Total capital assets being depreciated | 365,894,893 | 2,147,093 | 368,041,986 | 6,258,522 | 48,534 | (2,627,889) | 371,721,153 |
| Less accumulated depreciation for: | | | | | | | |
| Land improvements | (1,881,557) | 11,103 | (1,870,454) | (51,797) | | | (1,922,251) |
| Buildings | (99,970,252) | (63,477) | (100,033,729) | (7,075,288) | | | (107,109,017) |
| Furniture, fixtures, and equipment | (48,246,378) | 107,320 | (48,139,058) | (7,295,277) | | 2,002,737 | (53,431,598) |
| Total accumulated depreciation | (150,098,187) | 54,946 | (150,043,241) | (14,422,362) | NONE | 2,002,737 | (162,462,866) |
| Total capital assets, being depreciated, net | 215,796,706 | 2,202,039 | 217,998,745 | (8,163,840) | 48,534 | (625,152) | 209,258,287 |
| Total capital assets, net | \$255,356,237 | \$3,021,381 | \$258,377,618 | \$32,371,406 | NONE | (\$625,152) | \$290,123,872 |

The June 30, 2009, balance of capital assets has been adjusted by \$3,021,381 to reflect prior period adjustments resulting from the correction of prior year errors. Five buildings with a total carrying value of \$4,219,530 remain idle at June 30, 2010, 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 2010, the state contributed 15.5% of covered salaries to TRSL and 18.6% 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, 2010, 2009, and 2008 were \$16,336,520; \$16,804,094; and \$15,897,134, respectively, and to LASERS for the years ended June 30, 2010, 2009, and 2008 were \$4,075,636; \$4,955,957; and \$4,967,590, 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 5 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

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

R.S. 11:927 requires the employer and each participant to contribute monthly to the optional retirement plan the same amount which they would be required to contribute to the regular retirement plan of the TRSL of Louisiana if the participant were a member of that retirement plan. Employer contributions by the System are 15.5% of the covered payroll. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and

maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRSL pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by the actuarial committee. The TRSL retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligation of the State of Louisiana or the TRSL. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

Employer and employee contributions to the optional retirement plan totaled \$4,399,511 and \$2,265,818, respectively, for the year ended June 30, 2010.

9. OTHER POSTEMPLOYMENT BENEFITS

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

Funding Policy. The contribution requirements of plan members and the System are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) Plan, and the Health Maintenance Organization (HMO) Plan. Effective September 1, 2009, plan members were also offered the Medical Home HMO Plan. Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare Advantage plans--three HMO plans and two private fee-for-service (PFFS) plans, which are based on a calendar year. The three HMO plans are Humana Regional HMO Plan, Peoples Health Regional HMO-POS Plan, and Vantage HMO-POS Plan. The two PFFS plans are Humana PFFS Plan and Secure Horizons Medicare Direct PFFS Plan.

Employees hired before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Total annual per capita medical contribution rates for 2009-2010 are shown in the Premium Rates table that follows.

LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM _____

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% |

Total Premium Rates are as follows:

| | <u>PPO</u> | <u>EPO</u> | <u>HMO</u> | <u>Medical Home HMO</u> |
|--|------------|------------|------------|---------------------------------|
| <u>Active</u> | | | | |
| Single | \$558.64 | \$581.04 | \$536.36 | \$532.00 |
| With Spouse | 1,186.56 | 1,234.04 | 1,139.12 | 1,129.96 |
| With Children | 681.32 | 708.60 | 654.12 | 649.04 |
| Family | 1,251.40 | 1,301.44 | 1,201.36 | 1,191.68 |
| <u>Retired No Medicare & Re-employed Retiree</u> | | | | |
| Single | 1,039.28 | 1,080.80 | 997.72 | 989.52 |
| With Spouse | 1,835.20 | 1,908.56 | 1,761.72 | 1,747.60 |
| With Children | 1,157.64 | 1,203.92 | 1,111.40 | 1,102.28 |
| Family | 1,826.32 | 1,899.36 | 1,753.28 | 1,739.12 |
| <u>*Retired with 1 Medicare</u> | | | | |
| Single | 337.96 | 351.48 | 324.44 | 321.84 |
| With Spouse | 1,248.72 | 1,298.64 | 1,198.68 | 1,189.00 |
| With Children | 584.96 | 608.36 | 561.60 | 557.00 |
| Family | 1,663.80 | 1,730.32 | 1,597.20 | 1,584.28 |
| <u>*Retired with 2 Medicare</u> | | | | |
| With Spouse | 607.48 | 631.72 | 583.16 | 578.28 |
| Family | 752.16 | 782.24 | 722.08 | 716.08 |

*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> | <u>Calendar Year 2010</u> | | <u>Calendar Year 2009</u> | |
|------------------------------------|---------------------------|-------------------|---------------------------|-------------------|
| | <u>Retired with</u> | | <u>Retired with</u> | |
| | <u>1 Medicare</u> | <u>2 Medicare</u> | <u>1 Medicare</u> | <u>2 Medicare</u> |
| Humana HMO | \$149.00 | \$298.00 | \$137.00 | \$274.00 |
| Humana PFFS | 165.00 | 330.00 | 174.00 | 348.00 |
| People's Health | 142.00 | 284.00 | 142.00 | 284.00 |
| Secure Horizons | 198.50 | 397.00 | 269.64 | 539.26 |
| Vantage | 198.00 | 396.00 | 178.00 | 356.00 |

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

Annual Other Postemployment Benefit Cost and Liability. The System's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC) and is an amount actuarially determined in accordance with GASB 45, which was initially implemented for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. A 30-year open amortization period has been used. The total ARC for fiscal year 2010 is \$29,543,800.

The following schedule presents the components of the System's annual OPEB cost for fiscal year 2010, the amount actually contributed to the plan, and changes in the System's net OPEB obligation to the OPEB plan:

| | |
|--|----------------------------|
| Annual required contribution | \$29,543,800 |
| Interest on net OPEB obligation | 2,673,105 |
| ARC adjustment | <u>(2,554,000)</u> |
| Annual OPEB cost | 29,662,905 |
| Contributions made | <u>(7,848,570)</u> |
| Increase in net OPEB obligation | 21,814,335 |
| Beginning net OPEB obligations at June 30, 2009, as restated | <u>66,839,320</u> |
| Ending net OPEB obligation at June 30, 2010 | <u><u>\$88,653,655</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, 2010, and the preceding fiscal years were as follows:

| Fiscal Year Ended | Annual OPEB Cost (Restated) | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (Restated) |
|----------------------|--------------------------------------|---|--------------------------------------|
| June 30, 2008 | \$40,243,800 | 18% | \$32,783,890 |
| June 30, 2009 | 41,641,830 | 18% | 66,839,320 |
| June 30, 2010 | 29,663,000 | 26% | 88,653,655 |

Funded Status and Funding Progress. During fiscal year 2010, neither the System nor the State of Louisiana made contributions to a postemployment benefits plan trust. A trust was established July 1, 2008, but was not funded, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the System’s entire actuarial accrued liability of \$351,666,300 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2009, was as follows:

| | |
|---|-----------------------------|
| Actuarial accrued liability (AAL) | \$351,666,300 |
| Actuarial value of plan assets | <u>NONE</u> |
| UAAL | <u><u>\$351,666,300</u></u> |
| | |
| Funded ratio (actuarial value of plan assets/AAL) | 0% |
| Covered payroll | \$121,752,671 |
| UAAL as a percentage of covered payroll | 289% |

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, 2009, OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 8.5% and 9.6% 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 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.

10. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable and accrued expenses at June 30, 2010:

| | |
|---|----------------------------|
| Vendor payables | \$14,675,796 |
| Accrued salaries and payroll deductions | 12,097,455 |
| Other | <u>3,346,854</u> |
| Total | <u><u>\$30,120,105</u></u> |

11. DEFERRED REVENUES

The following is a summary of deferred revenues at June 30, 2010:

| | |
|--------------------------|----------------------------|
| Prepaid tuition and fees | \$17,119,957 |
| Prepaid rent | 1,439,279 |
| Grants and contracts | 7,827,081 |
| Other | <u>61,326</u> |
| Total | <u><u>\$26,447,643</u></u> |

12. COMPENSATED ABSENCES

At June 30, 2010, employees of the System have accumulated and vested annual, sick, and compensatory leave of \$9,537,201; \$9,018,434; and \$109,086, 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, 2010, the total rental expense for all operating leases is \$3,656,704. The following is a schedule, by fiscal years, of future minimum annual rental payments required under operating leases:

| Nature of Operating Lease | 2011 | 2012 | 2013 | 2014 | 2015 | Total Minimum Payments Required |
|---------------------------|-------------|-----------|-----------|-----------|-----------|---------------------------------|
| Office space | \$1,419,702 | \$722,850 | \$507,728 | \$449,385 | \$153,418 | \$3,253,083 |
| Land | 39,549 | 39,549 | 39,549 | 39,549 | | 158,196 |
| Other | 82,832 | 80,000 | 80,000 | 80,000 | 33,333 | 356,165 |
| Total | \$1,542,083 | \$842,399 | \$627,277 | \$568,934 | \$186,751 | \$3,767,444 |

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, 2010:

| | |
|---|-------------|
| Fiscal Year Ended June 30: | |
| 2011 | \$586,387 |
| 2012 | 311,456 |
| 2013 | 310,275 |
| 2014 | 308,806 |
| 2015 | 311,750 |
| 2016-2020 | 1,549,100 |
| 2021-2025 | 1,537,150 |
| 2026-2030 | 1,532,750 |
| Total minimum lease payments | 6,447,674 |
| Less - amount representing interest | (2,575,674) |
| Present value of net minimum lease payments | \$3,872,000 |

The gross amount of assets held under capital leases as of June 30, 2010, include office space and equipment of \$4,395,000 and \$8,750,000, respectively.

Lessor - Operating Lease

Leasing operations of the System consist of SLCC and BPCC leasing property 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, 2010, is \$165,587; \$20,700; and \$144,887, 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, 2010:

| Nature of Operating Lease | 2011 | 2012 | 2013 | 2014 | 2015 | 2016-2020 | Total Minimum Future Rentals |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------------------------|
| Office space | \$70,000 | \$70,000 | \$70,000 | \$70,000 | \$70,000 | \$70,000 | \$420,000 |
| Building | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 800,000 | 1,800,000 |
| Total | <u>\$270,000</u> | <u>\$270,000</u> | <u>\$270,000</u> | <u>\$270,000</u> | <u>\$270,000</u> | <u>\$870,000</u> | <u>\$2,220,000</u> |

Minimum future rentals do not include contingent rentals that may be received as stipulated in the lease contracts. Contingent rentals received by BPC from operating leases for the year ended June 30, 2010, were \$50,000.

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, 2010:

| | Balance June 30, 2009 (Restated) | Additions | Reductions | Balance June 30, 2010 | Portion Due Within One Year |
|---|--|----------------------|-----------------------|--------------------------|-----------------------------------|
| Bonds payable, net | \$173,006,326 | \$67,066,442 | (\$3,883,555) | \$236,189,213 | \$5,485,000 |
| Capital lease obligations (note 13) | 4,320,000 | | (448,000) | 3,872,000 | 367,000 |
| Compensated absences payable (note 12) | 18,988,173 | 4,461,608 | (4,785,060) | 18,664,721 | 1,166,745 |
| Contracts payable | | 341,580 | (17,079) | 324,501 | 68,316 |
| OPEB payable (note 9) | 66,839,320 | 29,662,905 | (7,848,570) | 88,653,655 | |
| Total long-term liabilities | <u>\$263,153,819</u> | <u>\$101,532,535</u> | <u>(\$16,982,264)</u> | <u>\$347,704,090</u> | <u>\$7,087,061</u> |

Details of all debt outstanding at June 30, 2010, follow:

Bonds Payable

As presented on the Statement of Net Assets, at June 30, 2010, bonds payable total \$236,189,213 of which \$5,485,000 is current and the remaining \$230,704,213 is noncurrent.

Detailed summaries, by issues, of all bonded debt outstanding at June 30, 2010, follow:

LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM

| | Date of Issue | Original Issue | Outstanding June 30, 2009 | Issued (Redeemed) | Outstanding June 30, 2010 | Maturities | Interest Rates | Future Interest Payments June 30, 2010 |
|--|----------------|----------------------|---------------------------|---------------------|---------------------------|------------|----------------|--|
| BRCC Facilities Corporation: | | | | | | | | |
| | Dec. 31, 2002 | \$55,000,000 | \$55,000,000 | | \$55,000,000 | 2015-2033 | 5.0% - 5.375% | \$41,948,138 |
| | Dec. 23, 2003 | 10,000,000 | 10,000,000 | (\$1,560,000) | 8,440,000 | 2011-2018 | 3.8% - 5.5% | 1,122,997 |
| Campus Facilities, Inc.: | | | | | | | | |
| | April 18, 2002 | 45,000,000 | 45,000,000 | | 45,000,000 | 2012-2028 | 4.2% - 5.25% | 26,603,808 |
| | June 18, 2003 | 10,000,000 | 4,915,000 | (1,700,000) | 3,215,000 | 2011-2012 | 2.0% - 3.0% | 138,212 |
| South Louisiana Facilities Corporation - | | | | | | | | |
| | Oct. 29, 2002 | 17,840,000 | 15,905,000 | (520,000) | 15,385,000 | 2011-2029 | 2.1% - 4.75% | 7,827,345 |
| Delta Campus Facilities, Inc. - | | | | | | | | |
| | Nov. 1, 2008 | 42,470,000 | 42,470,000 | | 42,470,000 | 2011-2028 | 4.0% - 5.5% | 24,257,581 |
| LCTCS Facilities Corporation: | | | | | | | | |
| | Oct. 1, 2009 | 19,290,000 | | 19,290,000 | 19,290,000 | 2013-2015 | 4.0% | 38,569,513 |
| | Oct. 1, 2009 | 45,280,000 | | 45,280,000 | 45,280,000 | 2027-2029 | 4.25% - 5.0% | 3,104,400 |
| Total | | <u>\$244,880,000</u> | 173,290,000 | 60,790,000 | 234,080,000 | | | <u>\$143,571,994</u> |
| Net original premiums (discounts) | | | 743,791 | 2,496,442 | 3,240,233 | | | |
| Net accumulated amortization of premiums/discounts | | | <u>(1,027,465)</u> | <u>(103,555)</u> | <u>(1,131,020)</u> | | | |
| Bonds payable, net | | | <u>\$173,006,326</u> | <u>\$63,182,887</u> | <u>\$236,189,213</u> | | | |

The annual requirements to amortize all bonds outstanding at June 30, 2010, are as follows:

| | Principal | Interest | Total |
|-----------|----------------------|----------------------|----------------------|
| 2011 | \$5,485,000 | \$11,326,825 | \$16,811,825 |
| 2012 | 5,720,000 | 11,103,230 | 16,823,230 |
| 2013 | 12,150,000 | 10,862,620 | 23,012,620 |
| 2014 | 12,690,000 | 10,343,008 | 23,033,008 |
| 2015 | 13,170,000 | 9,796,998 | 22,966,998 |
| 2016-2020 | 37,115,000 | 42,590,269 | 79,705,269 |
| 2021-2025 | 46,810,000 | 32,053,228 | 78,863,228 |
| 2026-2030 | 88,385,000 | 14,533,441 | 102,918,441 |
| 2031-2033 | 12,555,000 | 962,375 | 13,517,375 |
| Total | <u>\$234,080,000</u> | <u>\$143,571,994</u> | <u>\$377,651,994</u> |

Outstanding principal of \$234,080,000 plus net unamortized premium/discount of \$2,109,213 totals \$236,189,213.

Capital Lease Obligations

Capital lease obligations at June 30, 2010, for \$3,872,000 are detailed in note 13.

Accrued Compensated Absences Payable

Accrued compensated absences payable at June 30, 2010, for \$18,664,721 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, 2009, \$324,501 is payable to the firm and is recorded as Contracts Payable on the Statement of Net Assets.

15. RESTRICTED NET ASSETS

The System has the following restricted net assets at June 30, 2010:

| | |
|---|---------------------------|
| Nonexpendable: | |
| Endowments | \$3,679,987 |
| Student Life Center Maintenance Reserve | 557,590 |
| Phoebe Jackson Trust | <u>287,936</u> |
| Total nonexpendable | <u><u>\$4,525,513</u></u> |
| Expendable: | |
| Systemwide ERP System | \$14,884,148 |
| Academic excellence | 10,270,831 |
| Settlement carryover fund | 6,469,135 |
| Technology fee | 6,448,413 |
| Maintenance reserve | 66,599 |
| Facilty Corp net assets | 8,804,171 |
| Building use fee | 2,673,453 |
| Debt services | 1,572,580 |
| Operational fee | 2,259,289 |
| Grants and contracts | 2,510,649 |
| Endowed professorships and scholarships | 818,091 |
| Vehicle registration fee | 979,476 |
| HB 765 (Storm Recovery) | 190,490 |
| Preventative maintenance | 395,490 |

| | |
|-------------------------------------|----------------------------|
| Expendable: (Cont.) | |
| Murphy Oil | \$11,618 |
| Other restricted funds | 218,050 |
| Student Government Association fees | 162,439 |
| Third-party scholarships | 170,385 |
| Endowment earnings | 80,890 |
| Phoebe Jackson Trust | 12,777 |
| | <hr/> |
| Total expendable | <u><u>\$58,998,974</u></u> |

Of the total net assets reported in the Statement of Net Assets for the year ended June 30, 2010, \$39,543,313 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, 2009 | \$136,300,013 |
| Reclassifications and adjustments for prior year errors: | |
| Capital assets adjustments | 3,021,381 |
| Accounts payable adjustment | 810,854 |
| Deferred revenue adjustment | (458,434) |
| Other miscellaneous corrections | 124,330 |
| | <hr/> |
| Net assets at June 30, 2009, as restated | <u><u>\$139,798,144</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 six lawsuits at June 30, 2010, that are being handled by contract attorneys. In the opinion of legal counsel, the possibility that the System will incur a liability in six of the cases is reasonably possible, with a possible loss estimated at \$300,000.

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

18. FOUNDATIONS

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

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

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

Certain colleges of the System have contracted with their respective foundations to invest the colleges' Endowed Professorship Program endowment funds, which were created in accordance with R.S. 17:3384. The Endowed Professorship Program endowment funds are established for \$100,000 each, with \$60,000 of private contributions and \$40,000 of state matching portion allocated by the Board of Regents for Higher Education. At June 30, 2010, the foundations hold in custody \$662,087 of state Endowed Professorship Program funds.

19. DONOR RESTRICTED ENDOWMENTS

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

Net appreciation of donor restricted endowments is \$96,111, for the fiscal year ended June 30, 2010. The total available to be spent for restricted purposes at June 30, 2001, is \$102,198. The System limits endowment spending to the income earned in a given year for purposes specified by donors. The donated portion of the endowments is reported in restricted net assets - nonexpendable in the Statement of Net Assets; the endowment income is reported in restricted net assets - expendable.

20. DEFERRED COMPENSATION PLAN

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

21. RELATED PARTY TRANSACTIONS

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

22. ALTERNATIVE FINANCING AGREEMENTS

Baton Rouge Community College (BRCC)

On May 16, 2002, the Louisiana State Bond Commission approved issuing up to \$65,000,000 in bonds for constructing and furnishing new campus buildings and for renovating existing buildings on property adjacent to the BRCC campus. In December 2002, the Louisiana Government Environmental Facilities and Community Development Authority issued \$55,000,000 in revenue bonds on behalf of the BRCC Facilities Corporation, a nonprofit organization. In December 2003, the Louisiana Local Government Environmental Facilities and Community Development Authority issued an additional \$10,000,000 in revenue bonds on behalf of the BRCC Facilities Corporation. Pursuant to the terms of a Ground Lease agreement, effective December 1, 2002, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on December 1, 2032. In accordance with the provisions of the facilities lease, the corporation, on behalf of the board, is developing and constructing new facilities that are being leased back to the board for use by the students, faculty, and staff of the community college. During the later part of the fiscal year ended June 30, 2007, construction of a health/wellness center was started and was completed in the early part of fiscal year ended June 30, 2009.

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

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

Bossier Parish Community College (BPCC)

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

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

South Louisiana Community College (SLCC)

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

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

Louisiana Delta Community College (LDCC)

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

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

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 from 2009-2011.

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 Community College in Houma, and Florida Parishes Campus of Northshore Technical College in Greensburg. Pursuant to terms of a Ground Lease agreement effective October 1, 2009, the corporation has leased the land from the Board of Supervisors of the System. The lease term expires on October 1, 2038. In accordance with the provisions of the facilities lease, the corporation, on behalf of the board, will develop and construct new facilities which will be leased back to the board for use by the students, faculty, and staff of the colleges.

Phase 2: On August 31, 2010, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$64,025,000 in revenue bonds on behalf of the LCTCS Facilities Corporation, a nonprofit organization for the following projects: Evangeline Campus of Acadiana Technical College in St. Martinville, Huey P. Long Campus of Central Louisiana Technical College in Winnfield, Northwest Campus of Northwest Louisiana Technical College in Minden, Young Memorial Campus of South Central Louisiana Technical College in Morgan City, Florida Parishes Campus of Northshore Technical College in Greensburg, Westside Campus of Capital Area Technical College in Plaquemine, Gulf Area Campus of Acadiana Technical College in Abbeville, Shelby M. Jackson Campus of Central Louisiana Technical College in Ferriday, L.E. Fletcher 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: Proposed to be issued in August 2011.

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

23. SUBSEQUENT EVENTS

During the 2007 Legislative Sessions, the Louisiana Legislature authorized financing of \$173.7 million for 23 capital outlay projects at 14 System locations through Act 391 (R.S. 17:3394.3). Under provisions of the bill, the System will be allowed to arrange financing of \$173.7 million for its colleges to complete high priority capital projects. The projects were determined to be extraordinarily vital to the state's response to the need for a competent and skilled workforce, including \$25 million to augment hurricane recovery. The 23 capital outlay projects will be completed in three phases from 2009-2011. Phase one bond issue of approximately \$65 million consists of the following projects: Northwest Campus of Northwest Louisiana Technical College in Minden, Huey P. Long Campus of Central Louisiana Technical College in Winnfield, Young Memorial Campus of South Central Louisiana Technical College in Morgan City, Shelby M. Jackson Campus of Central Louisiana Technical College in Ferriday, Gulf Area Campus of Acadiana Technical College in Abbeville, Elaine P. Nunez Community College in Chalmette, Statewide Information System Infrastructure and Equipment for Campuses, L.E. Fletcher Technical Community College in Houma, and Florida Parishes Campus of Northshore Technical College in Greensburg. The remaining projects are proposed for two additional phases in August 2010 and 2011. The first phase bond closing was October 1, 2009, with a principal issue of \$64,570,000 and the second phase bond closing was August 31, 2010, with a principal issue of \$64,025,000. See note 22 for a listing of all projects.

In the 2009 Regular Session, the Louisiana Legislature approved planning and construction for the SOWELA Nursing and Allied Health Facility in House Bill 2 as a supplemental project to be payable from revenue bonds totaling \$6 million. Design of the project is underway. The System board staff is pursuing a procedure for issuing the bonds. It is possible that the bonds will be issued in FY 2011 if the staff is successful in moving the project forward. The project costs are estimated at \$10 million and are funded by the \$6 million in revenue bonds, a donation of \$2.75 million from H.C. Drew Trust, and approximately \$1.7 million in one-time funds reserved for the project.

In March 2010, the Board of Supervisors of the System approved the consolidation of several technical college campuses with community colleges. The consolidations are as follows:

- Louisiana Technical College's Region 1 with Delgado Community College
- Northshore Technical College's Ascension Campus with River Parishes Community College
- Northeast Louisiana Technical College's Tallulah and Margaret Surles campuses with Louisiana Delta Community College

As of July 1, 2010, these technical college campuses are reported as a part of their respective community colleges.

Subsequent to year-end, the BRCC Facilities Corporation received a change order for a prior contract for construction of emergency modifications to Phase II of the System office. This change order is for \$53,265 and has been approved and signed by the architect, contractor, and the Facilities Corporation.

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

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

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

**Schedule of Funding Progress for the
Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 2010**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Projected Unit Cost (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| July 1, 2007 | NONE | \$420,266,500 | \$420,266,500 | 0.0% | \$120,308,403 | 349% |
| July 1, 2008 | NONE | 446,755,000 | 446,755,000 | 0.0% | 116,673,623 | 383% |
| July 1, 2009 | NONE | 351,666,300 | 351,666,300 | 0.0% | 121,752,671 | 289% |

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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, 2010. 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, 2010**

| | <u>AMOUNT</u> |
|--------------------------------|-----------------|
| Barham, Erle E. | \$1,150 |
| Brown, Robert | 200 |
| Carter, Helen | 1,050 |
| Clark, Thomas | 750 |
| Dubois, Brock A. | 1,200 |
| Gamble, Keith | 550 |
| Gaspard, Valerie Taeko Kaylor | 100 |
| Grissette, Geraldine Lowrey | 1,250 |
| Hardy, Timothy Wayne | 250 |
| Hauge, Jared | 500 |
| Hernandez, Annamaria Katherine | 450 |
| Mellington, Brett J. | 1,000 |
| Murphy, Michael J. | 1,200 |
| Oge, Norwood | 1,350 |
| Packer Jr., Daniel | 350 |
| Poree, Ivy M. | 100 |
| Price, Paul P. | 1,350 |
| Smith, Stephen | 2,700 |
| St. Blanc III, Vincent | 2,500 |
| Stone, Fredrick M. | 1,050 |
| Terrill, Allen S. | 450 |
| Toups, Stephen | 700 |
| | <hr/> |
| Total | <u>\$20,200</u> |

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

**Combining Schedule of Net Assets, by College
For the Year Ended June 30, 2010**

| | * | * | | | | |
|--|-------------------------------------|--|---------------------------------|---|---------------------------------------|--------------------|
| | Baton Rouge Community College | Bossier Parish Community College | Delgado Community College | Elaine P. Nunez Community College | L.E. Fletcher Community College | |
| | Board Office | | | | | |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$21,516,629 | \$18,096,630 | \$2,669,745 | \$14,394,838 | \$3,125,463 | \$4,970,541 |
| Receivables, net | 660,266 | 581,454 | 1,364,987 | 18,580,073 | 336,444 | 98,900 |
| Due from state treasury | 269,051 | | | | | |
| Due from federal government | 8,136,680 | 92,688 | 137,385 | 2,146,174 | 564,401 | 170,226 |
| Due from LCTCS colleges/LCTCS | 108,408 | 148,525 | 186,561 | 530,018 | 182,477 | 81,012 |
| Inventories | | | | | | 4,389 |
| Deferred charges and prepaid expenses | 118 | 656,451 | 8,269 | 519,562 | 1,668 | 20,458 |
| Other current assets | | | | 1,300 | | |
| Total current assets | <u>30,691,152</u> | <u>19,575,748</u> | <u>4,366,947</u> | <u>36,170,665</u> | <u>4,211,753</u> | <u>5,345,526</u> |
| Noncurrent assets: | | | | | | |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | | | | 221,750 | | |
| Investments | | 244,517 | 121,257 | 2,927,647 | 417,570 | |
| Notes receivable, net | | | | 22,083 | | |
| Capital assets, net | 235,693 | 21,114,169 | 2,320,553 | 37,587,584 | 16,544,725 | 2,684,702 |
| Other noncurrent assets | | | | | | |
| Total noncurrent assets | <u>235,693</u> | <u>21,358,686</u> | <u>2,441,810</u> | <u>40,537,314</u> | <u>17,184,045</u> | <u>2,684,702</u> |
| Total assets | <u>30,926,845</u> | <u>40,934,434</u> | <u>6,808,757</u> | <u>76,707,979</u> | <u>21,395,798</u> | <u>8,030,228</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accruals | 9,254,894 | 1,651,764 | 1,672,335 | 6,446,605 | 1,031,379 | 520,278 |
| Due to state treasury | | 470 | | | | |
| Due to federal government | | | | 100 | | 50,153 |
| Due to LCTCS college/LCTCS | 2,721,994 | | | | | |
| Deferred revenues | 75,043 | 607,865 | 1,569,967 | 13,646,536 | 720,686 | 183,053 |
| Compensated absences payable | 58,629 | 72,088 | 50,796 | 214,981 | 14,289 | 35,600 |
| Capital lease obligations | | | | 50,000 | | |
| Contracts payable | | | | | | |
| Amounts held in custody for others | 1,781 | 969,782 | 71 | | | 1,802 |
| Bonds payable, net | | | | 80,160 | | |
| Other current liabilities | | | | | | |
| Total current liabilities | <u>12,112,341</u> | <u>3,301,969</u> | <u>3,293,169</u> | <u>20,438,382</u> | <u>1,766,354</u> | <u>790,886</u> |
| Noncurrent liabilities: | | | | | | |
| Compensated absences payable | 763,479 | 1,605,219 | 1,610,873 | 4,439,362 | 654,939 | 522,541 |
| Capital lease obligations | | | | 3,505,000 | | |
| Contracts payable | | | | | | |
| OPEB payable | 1,786,437 | 8,159,146 | 9,564,403 | 20,786,440 | 2,950,500 | 2,159,607 |
| Bonds payable, net | | | | | | |
| Total noncurrent liabilities | <u>2,549,916</u> | <u>9,764,365</u> | <u>11,175,276</u> | <u>28,730,802</u> | <u>3,605,439</u> | <u>2,682,148</u> |
| Total liabilities | <u>14,662,257</u> | <u>13,066,334</u> | <u>14,468,445</u> | <u>49,169,184</u> | <u>5,371,793</u> | <u>3,473,034</u> |
| NET ASSETS | | | | | | |
| Invested in capital assets, net of related debt | 235,693 | 21,114,169 | 2,320,553 | 34,032,584 | 16,544,725 | 2,684,702 |
| Restricted for: | | | | | | |
| Nonexpendable | | 240,000 | 100,000 | 2,682,105 | 595,472 | 120,000 |
| Expendable | 16,466,642 | 9,312,501 | 493,842 | 5,527,452 | 1,340,646 | 1,178,786 |
| Unrestricted | (437,747) | (2,798,570) | (10,574,083) | (14,703,346) | (2,456,838) | 573,706 |
| Total Net Assets | <u>\$16,264,588</u> | <u>\$27,868,100</u> | <u>(\$7,659,688)</u> | <u>\$27,538,795</u> | <u>\$16,024,005</u> | <u>\$4,557,194</u> |

* These colleges previously included facility corporation activity as blended component units. While these facility corporations are still blended component units of the System, they are presented in a separate column (Facilities Corporations), which is a change in presentation from the prior year report.

Schedule 3

| * Louisiana Delta Community College | Louisiana Technical College Less Region 1 | LTC Region 1 | River Parishes Community College | * South Louisiana Community College | Sowela Technical Community College | Facilities Corporations | System Eliminating Entries | Total Per System |
|--|--|--------------------|--|---|---|----------------------------|----------------------------------|----------------------|
| \$2,121,582 | \$29,045,391 | \$1,725,479 | \$715,441 | \$9,058,291 | \$5,428,206 | | | \$112,868,236 |
| 200,777 | 3,713,248 | 128,487 | 233,970 | 1,999,163 | 901,834 | | | 28,799,603 |
| 48,662 | 603,080 | 97,114 | | | 96,292 | | | 269,051 |
| 20,846 | 1,423,670 | 23,036 | 1,414 | 39,043 | 144,002 | | (\$2,889,012) | 12,092,702 |
| 12,545 | 467,996 | | | | 8,869 | | | 493,799 |
| 64,041 | 56,736 | 16,561 | 42,836 | | 56,075 | | | 1,442,775 |
| | | | | | | | | 1,300 |
| <u>2,468,453</u> | <u>35,310,121</u> | <u>1,990,677</u> | <u>993,661</u> | <u>11,096,497</u> | <u>6,635,278</u> | <u>NONE</u> | <u>(2,889,012)</u> | <u>155,967,466</u> |
| | 300,713 | | | 200,000 | | \$89,314,732 | | 90,037,195 |
| 358,966 | | | | | 46,763 | | | 4,116,720 |
| | | | | | | | | 22,083 |
| 3,618,971 | 31,201,121 | 4,081,850 | 86,349 | 1,031,112 | 5,924,888 | 163,692,155 | | 290,123,872 |
| | | | | | | 3,336,454 | | 3,336,454 |
| <u>3,977,937</u> | <u>31,501,834</u> | <u>4,081,850</u> | <u>86,349</u> | <u>1,231,112</u> | <u>5,971,651</u> | <u>256,343,341</u> | <u>NONE</u> | <u>387,636,324</u> |
| <u>6,446,390</u> | <u>66,811,955</u> | <u>6,072,527</u> | <u>1,080,010</u> | <u>12,327,609</u> | <u>12,606,929</u> | <u>256,343,341</u> | <u>(2,889,012)</u> | <u>543,603,790</u> |
| | | | | | | | | |
| 628,664 | 4,647,483 | 4,011 | 336,349 | 742,687 | 788,870 | 2,394,786 | | 30,120,105 |
| | | | | 1,812,907 | | | | 1,812,907 |
| | 4,260 | | | 33,525 | 3,229 | | | 41,484 |
| | 116,765 | | | | | | (2,889,012) | |
| 651,716 | 5,374,975 | 350,455 | 131,454 | 2,220,781 | 915,112 | | | 26,447,643 |
| 11,859 | 618,436 | 17,184 | | 10,096 | 62,787 | | | 1,166,745 |
| | | | | | | 317,000 | | 367,000 |
| | | | | | | 68,316 | | 68,316 |
| 3,174 | 209,528 | 24,868 | 7,032 | 1,381 | 19,777 | | | 1,239,196 |
| | | | | | | 5,485,000 | | 5,485,000 |
| | | | | | | 3,258,625 | | 3,338,785 |
| <u>1,295,413</u> | <u>10,971,447</u> | <u>396,518</u> | <u>474,835</u> | <u>4,821,377</u> | <u>1,789,775</u> | <u>11,523,727</u> | <u>(2,889,012)</u> | <u>70,087,181</u> |
| | | | | | | | | |
| 399,521 | 5,978,037 | 179,365 | 279,814 | 425,503 | 639,323 | | | 17,497,976 |
| | | | | | | 256,185 | | 3,505,000 |
| | | | | | | | | 256,185 |
| 2,047,243 | 33,693,360 | 1,038,600 | 1,345,819 | 1,722,300 | 3,399,800 | | | 88,653,655 |
| | | | | | | 230,704,213 | | 230,704,213 |
| <u>2,446,764</u> | <u>39,671,397</u> | <u>1,217,965</u> | <u>1,625,633</u> | <u>2,147,803</u> | <u>4,039,123</u> | <u>230,960,398</u> | <u>NONE</u> | <u>340,617,029</u> |
| <u>3,742,177</u> | <u>50,642,844</u> | <u>1,614,483</u> | <u>2,100,468</u> | <u>6,969,180</u> | <u>5,828,898</u> | <u>242,484,125</u> | <u>(2,889,012)</u> | <u>410,704,210</u> |
| | | | | | | | | |
| 3,618,971 | 31,201,121 | 4,081,850 | 86,349 | 1,031,112 | 5,924,888 | 5,055,045 | | 127,931,762 |
| | | | | | | | | |
| 300,000 | 287,936 | | | 200,000 | | | | 4,525,513 |
| 789,206 | 9,358,262 | 425,231 | 160,641 | 4,396,698 | 744,896 | 8,804,171 | | 58,998,974 |
| (2,003,964) | (24,678,208) | (49,037) | (1,267,448) | (269,381) | 108,247 | | | (58,556,669) |
| <u>\$2,704,213</u> | <u>\$16,169,111</u> | <u>\$4,458,044</u> | <u>(\$1,020,458)</u> | <u>\$5,358,429</u> | <u>\$6,778,031</u> | <u>\$13,859,216</u> | <u>NONE</u> | <u>\$132,899,580</u> |

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

**Combining Schedule of Revenues, Expenses,
and Changes in Net Assets, by College
For the Year Ended June 30, 2010**

| | | * | * | | | |
|--|---------------------|-------------------------------------|--|---------------------------------|---|---------------------------------------|
| | Board Office | Baton Rouge Community College | Bossier Parish Community College | Delgado Community College | Elaine P. Nunez Community College | L.E. Fletcher Community College |
| OPERATING REVENUES | | | | | | |
| Student tuition and fees | | \$13,972,380 | \$11,528,540 | \$41,248,081 | \$2,790,495 | \$2,725,114 |
| Less scholarship allowances | | (7,380,847) | (3,292,202) | (17,737,774) | (1,936,569) | (1,196,119) |
| Net student tuition and fees | NONE | 6,591,533 | 8,236,338 | 23,510,307 | 853,926 | 1,528,995 |
| Federal grants and contracts | \$24,450,393 | 1,180,216 | 402,542 | 6,083,210 | 582,834 | 1,549,835 |
| State and local grants and contracts | 5,043,716 | 1,721,024 | 3,185,591 | 6,887,123 | 805,967 | 917,387 |
| Nongovernmental grants and contracts | | 504,063 | 910,961 | 245,359 | | |
| Sales and services of educational departments | | 46,093 | 268,064 | | 73,575 | 263,314 |
| Interagency revenue | 2,085,392 | 187,500 | 140,183 | | 40,904 | |
| Auxiliary enterprise revenues | | 375,267 | 2,767,729 | 656,135 | 19,030 | 19,089 |
| Less scholarship allowances | | | (5,504) | | | |
| Net auxiliary revenues | NONE | 375,267 | 2,762,225 | 656,135 | 19,030 | 19,089 |
| Other operating revenues | 21,362 | 40,000 | 323,381 | 715,276 | 62,866 | |
| Total operating revenues | 31,600,863 | 10,645,696 | 16,229,285 | 38,097,410 | 2,439,102 | 4,278,620 |
| OPERATING EXPENSES | | | | | | |
| Educational and general: | | | | | | |
| Instruction | 8,029 | 11,873,902 | 14,762,378 | 56,423,255 | 4,008,708 | 5,225,251 |
| Public service | | | 1,031,196 | | | 10,012 |
| Academic support | 34,414,363 | 5,474,717 | 3,190,685 | 5,667,407 | 620,921 | 1,013,393 |
| Student services | | 4,655,008 | 3,069,568 | 8,025,784 | 873,214 | 584,278 |
| Institutional support | 12,718,449 | 6,762,853 | 3,779,920 | 7,898,812 | 2,661,348 | 1,911,616 |
| Operations and maintenance of plant | | 4,323,202 | 2,956,698 | 10,121,392 | 2,058,714 | 605,253 |
| Depreciation | 176,450 | 974,638 | 326,603 | 1,761,195 | 411,549 | 290,087 |
| Scholarships and fellowships | | 6,190,514 | 8,765,953 | 25,706,804 | 1,658,508 | 1,840,355 |
| Auxiliary enterprises | | 4,011 | 2,828,378 | 1,010,261 | | 18,988 |
| Interagency expense | 304,825 | 121,720 | 65,980 | 252,402 | 106,271 | 72,538 |
| Other operating expenses | 21,345 | 254,861 | 532,892 | 280,095 | (243,066) | |
| Total operating expenses | 47,643,461 | 40,635,426 | 41,310,251 | 117,147,407 | 12,156,167 | 11,571,771 |
| OPERATING LOSS | (16,042,598) | (29,989,730) | (25,080,966) | (79,049,997) | (9,717,065) | (7,293,151) |
| NONOPERATING REVENUES (Expenses) | | | | | | |
| State appropriations | 14,168,361 | 14,419,742 | 11,053,257 | 31,980,908 | 3,868,603 | 3,559,552 |
| ARRA revenues | | 2,100,337 | 1,709,724 | 5,868,081 | 807,766 | 650,072 |
| Gifts | | | | 11,960 | 7,000 | |
| Federal nonoperating revenues | | 11,403,118 | 9,880,794 | 35,966,670 | 3,478,261 | 2,594,734 |
| Investment income | 39,151 | 102,805 | 13,511 | 385,954 | 4,236 | 12,482 |
| Interest expense | | | | (216,585) | | |
| Loss on disposal of equipment | | | | (15,168) | | |
| Other nonoperating revenues (expenses) | | (2,343) | (77,474) | 2,174,923 | 62,929 | |
| Net nonoperating revenues | 14,207,512 | 28,023,659 | 22,579,812 | 76,156,743 | 8,228,795 | 6,816,840 |
| Income (loss) before other revenues and additions | (1,835,086) | (1,966,071) | (2,501,154) | (2,893,254) | (1,488,270) | (476,311) |
| Capital appropriations | 588,896 | 226,594 | | 5,097,867 | 607,986 | |
| Capital grants and gifts | | | 125,058 | | 278,075 | |
| Additions to permanent endowment | | | | 50,000 | 24,907 | 120,000 |
| Increase (decrease) in net assets | (1,246,190) | (1,739,477) | (2,376,096) | 2,254,613 | (577,302) | (356,311) |
| NET ASSETS - BEGINNING OF YEAR | | | | | | |
| (Restated) | 17,510,778 | 29,607,577 | (5,283,592) | 25,284,182 | 16,601,307 | 4,913,505 |
| NET ASSETS - END OF YEAR | | | | | | |
| | \$16,264,588 | \$27,868,100 | (\$7,659,688) | \$27,538,795 | \$16,024,005 | \$4,557,194 |

* These colleges previously included facility corporation activity as blended component units. While these facility corporations are still blended component units of the System, they are presented in a separate column (Facilities Corporations), which is a change in presentation from the prior year report.

Schedule 4

| * Louisiana Delta Community College | Louisiana Technical College Less Region 1 | LTC Region 1 | River Parishes Community College | * South Louisiana Community College | Sowela Technical Community College | Facilities Corporations | System Eliminating Entries | Total Per System |
|--|--|--------------|--|---|---|----------------------------|----------------------------------|---------------------|
| \$3,456,074 | \$20,543,163 | \$1,212,457 | \$2,837,505 | \$4,834,080 | \$3,785,088 | | | \$108,932,977 |
| (1,439,043) | (11,725,529) | (1,161,619) | (1,757,292) | (1,282,182) | (1,731,466) | | | (50,640,642) |
| 2,017,031 | 8,817,634 | 50,838 | 1,080,213 | 3,551,898 | 2,053,622 | NONE | NONE | 58,292,335 |
| 1,110,376 | 11,419,958 | 498,932 | | 87,061 | 1,096,641 | | (\$10,244,938) | 38,217,060 |
| 801,442 | 9,228,669 | 664,899 | 484,481 | 556,463 | 259,145 | | (10,980,007) | 19,575,900 |
| 12,180 | 43,411 | | | 31,460 | | | | 1,747,434 |
| | 695,872 | | | 760 | 47,438 | | | 1,395,116 |
| | 23,761 | | | | | | (2,477,740) | |
| 7,438 | 2,125,578 | 6,400 | 10,735 | 28,464 | 12,198 | | | 6,028,063 |
| | (1,336,542) | | | | | | | (1,342,046) |
| 7,438 | 789,036 | 6,400 | 10,735 | 28,464 | 12,198 | NONE | NONE | 4,686,017 |
| | 1,561,526 | | | 48,144 | 800,632 | | | 3,573,187 |
| 3,948,467 | 32,579,867 | 1,221,069 | 1,575,429 | 4,304,250 | 4,269,676 | NONE | (23,702,685) | 127,487,049 |
| 3,772,302 | 63,785,936 | 3,521,839 | 2,313,713 | 5,356,303 | 6,842,109 | | (29,820) | 177,863,905 |
| | | | | | | | | 1,041,208 |
| 1,196,707 | 4,627,961 | 257,329 | 337,810 | 1,599,422 | 573,601 | | (21,133,987) | 37,840,329 |
| 1,151,444 | 8,670,946 | 119,568 | 654,744 | 643,932 | 1,356,497 | | | 29,804,983 |
| 2,032,667 | 21,810,922 | 1,716,239 | 1,743,081 | 1,717,354 | 2,829,619 | | (61,138) | 67,521,742 |
| 506,418 | 8,995,860 | 580,565 | 840,848 | 1,331,188 | 825,198 | | | 33,145,336 |
| 162,916 | 4,218,358 | 236,078 | 37,287 | 280,479 | 505,355 | \$5,041,367 | | 14,422,362 |
| 1,951,557 | 29,190,564 | 301,240 | 4,109,035 | 2,271,062 | 3,352,633 | | | 85,338,225 |
| | 1,858,715 | | | | | | | 5,720,353 |
| 70,797 | 1,198,897 | | 49,325 | 115,431 | 119,554 | | (2,477,740) | |
| 34,842 | (644,785) | | | 25,036 | (40,197) | | | 221,023 |
| 10,879,650 | 143,713,374 | 6,732,858 | 10,085,843 | 13,340,207 | 16,364,369 | 5,041,367 | (23,702,685) | 452,919,466 |
| (6,931,183) | (111,133,507) | (5,511,789) | (8,510,414) | (9,035,957) | (12,094,693) | (5,041,367) | NONE | (325,432,417) |
| 3,361,862 | 55,873,477 | 2,878,763 | 2,457,218 | 5,804,639 | 5,978,446 | | | 155,404,828 |
| 729,677 | 11,231,160 | 661,266 | 480,150 | 1,234,933 | 1,087,514 | | | 26,560,680 |
| | 324,319 | | | 1,482 | 343,106 | | | 687,867 |
| 3,001,056 | 37,458,901 | 1,401,459 | 5,225,833 | 2,798,127 | 4,555,242 | | | 117,764,195 |
| 55,153 | 51,270 | 2,102 | | 70,389 | 44,064 | (2,543) | | 778,574 |
| | (1,695) | | | | | (7,150,709) | | (7,368,989) |
| | (95,431) | | 206 | | | (1,263,270) | | (15,168) |
| 7,147,748 | 104,842,001 | 4,943,590 | 8,163,407 | 9,909,570 | 12,008,372 | (8,416,522) | NONE | 294,611,527 |
| 216,565 | (6,291,506) | (568,199) | (347,007) | 873,613 | (86,321) | (13,457,889) | | (30,820,890) |
| | 250,330 | 377,485 | | 16,746 | 675,103 | 15,483,279 | | 22,004,622 |
| | | | | | | | | 1,722,797 |
| | | | | | | | | 194,907 |
| 216,565 | (6,041,176) | (190,714) | (347,007) | 890,359 | 588,782 | 2,025,390 | NONE | (6,898,564) |
| 2,487,648 | 22,210,287 | 4,648,758 | (673,451) | 4,468,070 | 6,189,249 | 11,833,826 | NONE | 139,798,144 |
| \$2,704,213 | \$16,169,111 | \$4,458,044 | (\$1,020,458) | \$5,358,429 | \$6,778,031 | \$13,859,216 | NONE | \$132,899,580 |

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

**Combining Schedule of Cash Flows, by College
For the Year Ended June 30, 2010**

| | * | * | | | |
|---|-------------------------------------|--|---------------------------------|---|---------------------------------------|
| | Baton Rouge Community College | Bossier Parish Community College | Delgado Community College | Elaine P. Nunez Community College | L.E. Fletcher Community College |
| Board Office | | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Tuition and fees | \$6,463,879 | \$5,064,337 | \$41,284,263 | \$942,889 | \$1,579,406 |
| Grants and contracts | 3,403,308 | 3,687,566 | 16,798,689 | 1,195,079 | 2,679,556 |
| Sales and services of educational departments | 233,593 | 323,262 | | 73,575 | 263,314 |
| Auxiliary enterprise receipts | 351,112 | 2,766,646 | 656,135 | 19,030 | 39,502 |
| Payments for employee compensation | (18,487,233) | (16,653,248) | (54,764,315) | (5,675,297) | (4,713,364) |
| Payments for benefits | (4,852,043) | (4,080,655) | (8,386,480) | (1,823,941) | (1,890,267) |
| Payments for utilities | (1,330,492) | (585,200) | (3,081,800) | (404,893) | (177,557) |
| Payments for supplies and services | (7,999,532) | (7,376,944) | (41,988,253) | (1,058,954) | (2,422,240) |
| Payments for scholarships and fellowships | (6,190,513) | (4,437,232) | (17,737,774) | (1,661,533) | (1,196,119) |
| Other receipts (payments) | 311,682 | (768,048) | 715,276 | 103,770 | (884) |
| Net cash used by operating activities | (28,096,239) | (22,059,516) | (66,504,259) | (8,290,275) | (5,838,653) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| State appropriations | 14,419,742 | 11,062,929 | 31,912,632 | 3,868,603 | 3,559,552 |
| ARRA revenues | 2,100,337 | 1,709,724 | 5,868,081 | 807,766 | 650,072 |
| Gifts and grants for other than capital purposes | 240,643 | | 508,953 | 118,155 | 33,831 |
| Private gifts for endowment purposes | | | 50,000 | | 120,000 |
| Pell grant receipts | 11,162,475 | 9,344,676 | 35,469,677 | 3,367,106 | 2,560,903 |
| TOPS receipts | 588,267 | 461,343 | 823,150 | 63,839 | 203,143 |
| TOPS disbursements | (588,267) | (466,849) | (863,010) | (63,839) | (203,143) |
| FEMA receipts | | | 1,329,491 | | |
| FEMA disbursements | | | (1,576,162) | | |
| Direct lending receipts | 5,227,801 | 106,257 | | 515,427 | |
| Direct lending disbursements | (5,227,801) | (148,098) | | (515,427) | |
| Federal Family Education Loan Program receipts | | 11,736,576 | | | |
| Federal Family Education Loan Program disbursement | | (11,780,309) | | | |
| Other receipts | | 616,166 | 1,677,929 | | |
| Net cash provided by noncapital financing sources | 27,923,197 | 22,642,415 | 75,200,741 | 8,161,630 | 6,924,358 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Proceeds from capital debt | | | | | |
| Capital appropriations received | 588,896 | 226,593 | | | |
| Capital grants and gifts received | | 125,058 | | 278,075 | |
| Purchases of capital assets | (32,181) | (153,849) | (230,149) | (23,350) | (139,265) |
| Principal paid on capital debt and leases | | | (145,000) | | |
| Interest paid on capital debt and leases | | | (216,585) | | |
| Other sources (uses) | | | | 82,791 | |
| Net cash provided (used) by capital and related financing activities | 556,715 | (105,091) | (2,790,800) | 337,516 | (139,265) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Interest received on investments | 39,151 | 88,783 | 385,954 | 4,236 | 12,482 |
| Purchase of investments | | | (236,418) | | |
| Net cash provided (used) by investing activities | 39,151 | 88,783 | 149,536 | 4,236 | 12,482 |
| Net increase (decrease) in cash | (1,286,431) | (11,515) | 491,319 | 213,107 | 958,922 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, Restated | 22,803,060 | 18,108,145 | 2,178,426 | 3,134,106 | 4,011,619 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$21,516,629 | \$18,096,630 | \$2,669,745 | \$3,347,213 | \$4,970,541 |

(Continued)

Schedule 5

| * Louisiana Delta Community College | Louisiana Technical College Less Region 1 | LTC Region 1 | River Parishes Community College | * South Louisiana Community College | Sowela Technical Community College | Facilities Corporations | System Eliminating Entries | Total Per System |
|--|--|--------------------|--|---|---|----------------------------|----------------------------------|----------------------|
| \$1,893,497 | \$8,587,064 | \$255,585 | \$1,039,204 | \$3,435,531 | \$2,264,105 | | | \$72,809,760 |
| 1,887,091 | 19,790,534 | 1,379,339 | 486,702 | 887,028 | 769,187 | | (\$21,224,945) | 62,154,716 |
| | 695,872 | | | 760 | 47,438 | | | 1,637,814 |
| | 800,874 | 6,400 | 10,735 | 27,793 | 12,198 | | | 4,690,425 |
| (4,379,681) | (56,279,131) | (3,586,836) | (2,727,798) | (5,625,805) | (6,621,827) | | | (188,127,135) |
| (1,069,172) | (19,606,488) | (863,115) | (708,062) | (828,108) | (2,066,798) | | | (47,626,767) |
| (99,082) | (3,539,942) | (244,814) | (145,232) | (313,642) | (293,341) | | | (10,215,995) |
| (2,413,045) | (14,970,023) | (1,267,127) | (2,140,499) | (3,970,092) | (2,535,169) | | 21,224,945 | (105,306,616) |
| (1,832,652) | (37,014,749) | (310,874) | (4,109,035) | (2,251,621) | (3,264,469) | | | (80,006,571) |
| 24,772 | 454,678 | | | (67,218) | 674,668 | | | 3,436,599 |
| <u>(5,988,272)</u> | <u>(101,081,311)</u> | <u>(4,631,442)</u> | <u>(8,293,985)</u> | <u>(8,705,374)</u> | <u>(11,014,008)</u> | <u>NONE</u> | <u>NONE</u> | <u>(286,553,770)</u> |
| 3,362,315 | 55,873,477 | 2,878,763 | 2,457,218 | 7,574,908 | 5,978,446 | | | 157,116,724 |
| 729,677 | 11,231,160 | 661,266 | 480,150 | 1,234,933 | 1,087,514 | | | 26,560,680 |
| 1,189,919 | 324,319 | | 2,972,853 | 1,482 | 343,106 | | | 5,733,261 |
| | | | | | | | | 170,000 |
| 1,810,684 | 37,458,901 | 1,401,459 | 2,252,980 | 2,798,127 | 4,555,242 | | | 112,182,230 |
| 80,996 | 277,258 | | 110,740 | 115,889 | 201,154 | | | 2,925,779 |
| (80,996) | (277,258) | | (110,740) | (115,889) | (201,154) | | | (2,971,145) |
| | 38,360 | 72,257 | | | 538,151 | | | 1,978,259 |
| | (38,360) | (72,257) | | | (538,151) | | | (2,224,930) |
| | | | 2,982,143 | | | | | 8,831,628 |
| | | | (2,982,143) | | | | | (8,873,469) |
| | | | | | | | | 11,736,576 |
| | | | | | | | | (11,780,309) |
| | (1,695) | | 206 | | | | | 2,292,606 |
| <u>7,092,595</u> | <u>104,886,162</u> | <u>4,941,488</u> | <u>8,163,407</u> | <u>11,609,450</u> | <u>11,964,308</u> | <u>NONE</u> | <u>NONE</u> | <u>303,677,890</u> |
| | | | | | | \$67,066,442 | | 67,066,442 |
| | | | | | | 15,483,279 | | 16,298,768 |
| | 250,330 | 377,485 | | 16,746 | 675,103 | | | 1,722,797 |
| (689,148) | (2,869,321) | (424,857) | (84,508) | (113,599) | (862,566) | (27,070,429) | | (35,122,437) |
| | | | | | | (4,083,000) | | (4,228,000) |
| | | | | | | (8,282,818) | | (8,499,403) |
| | | | | | | (2,385,402) | | (2,302,611) |
| <u>(689,148)</u> | <u>(2,618,991)</u> | <u>(47,372)</u> | <u>(84,508)</u> | <u>(96,853)</u> | <u>(187,463)</u> | <u>40,728,072</u> | <u>NONE</u> | <u>34,935,556</u> |
| 2,274 | 51,270 | 2,102 | | 70,389 | 44,064 | 163,853 | | 878,069 |
| | | | | | (46,763) | | | (283,181) |
| <u>2,274</u> | <u>51,270</u> | <u>2,102</u> | <u>NONE</u> | <u>70,389</u> | <u>(2,699)</u> | <u>163,853</u> | <u>NONE</u> | <u>594,888</u> |
| 417,449 | 1,237,130 | 264,776 | (215,086) | 2,877,612 | 760,138 | 40,891,925 | NONE | 52,654,564 |
| 1,704,133 | 28,108,974 | 1,460,703 | 930,527 | 6,380,679 | 4,668,068 | 48,422,807 | NONE | 150,250,867 |
| <u>\$2,121,582</u> | <u>\$29,346,104</u> | <u>\$1,725,479</u> | <u>\$715,441</u> | <u>\$9,258,291</u> | <u>\$5,428,206</u> | <u>\$89,314,732</u> | <u>NONE</u> | <u>\$202,905,431</u> |

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Combining Schedule of Cash Flows, by College, 2010**

| | * | * | | | | |
|---|-------------------------------------|--|---------------------------------|---|---------------------------------------|-----------------------------|
| | Baton Rouge Community College | Bossier Parish Community College | Delgado Community College | Elaine P. Nunez Community College | L.E. Fletcher Community College | |
| | Board Office | | | | | |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES: | | | | | | |
| Operating loss | (\$16,042,598) | (\$29,989,730) | (\$25,080,966) | (\$79,049,997) | (\$9,717,065) | (\$7,293,151) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | | | | | |
| Depreciation expense | 176,450 | 974,638 | 326,603 | 1,761,195 | 411,549 | 290,087 |
| Changes in assets and liabilities: | | | | | | |
| (Increase) decrease in receivables, net | 626,390 | 379,787 | (350,373) | 308,931 | (275,209) | 227,431 |
| (Increase) decrease in inventories | | | 582,224 | | | 4,645 |
| (Increase) decrease in prepaid expenses | (118) | (607,931) | (402) | (103,597) | (1,668) | 7,776 |
| (Increase) decrease in other assets | | 557 | | | (250) | |
| Increase (decrease) in accounts payable | (1,240,466) | (1,466,290) | 40,043 | 1,705,347 | 632,059 | 317,753 |
| Increase (decrease) in deferred revenue | (32,528) | 27,571 | (68,087) | 3,310,248 | 170,451 | 64,174 |
| Increase (decrease) in amounts held in custody for others | 1,781 | 306,449 | (1,291) | | (2,775) | (883) |
| Increase (decrease) in compensated absences | 21,344 | 254,861 | 57,932 | 164,307 | (210,593) | 9,840 |
| Increase in OPEB payable | 439,309 | 2,034,850 | 2,434,801 | 5,368,800 | 703,226 | 533,675 |
| Increase (decrease) in other liabilities | | (11,001) | | 30,507 | | |
| Net cash used by operating activities | <u><u>(\$16,050,436)</u></u> | <u><u>(\$28,096,239)</u></u> | <u><u>(\$22,059,516)</u></u> | <u><u>(\$66,504,259)</u></u> | <u><u>(\$8,290,275)</u></u> | <u><u>(\$5,838,653)</u></u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS: | | | | | | |
| Cash and cash equivalents classified as current assets | \$21,516,629 | \$18,096,630 | \$2,669,745 | \$14,394,838 | \$3,125,463 | \$4,970,541 |
| Cash and cash equivalents classified as noncurrent assets | | | | | 221,750 | |
| Cash and cash equivalents at the end of the year | <u><u>\$21,516,629</u></u> | <u><u>\$18,096,630</u></u> | <u><u>\$2,669,745</u></u> | <u><u>\$14,394,838</u></u> | <u><u>\$3,347,213</u></u> | <u><u>\$4,970,541</u></u> |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | | | |
| Capital appropriations for purchase of equipment, buildings, or land | | | | \$5,097,867 | \$607,986 | |
| Accretion of discount and amortization of premium on bond: | | | | | | |
| Loss on disposal of capital assets | | (\$2,343) | (\$78,585) | (15,168) | (433,625) | |
| Unrealized loss on investments | | | | | | |
| Bond issuance costs | | | | | | |
| Noncash capital grant/gift of capital assets | | | | | | |
| Capitalized interest including capitalized amortizator | | | | | | |

(Concluded)

* These colleges previously included facility corporation activity as blended component units. While these facility corporations are still blended component units of the System, they are presented in a separate column (Facilities Corporations), which is a change in presentation from the prior year report.

Schedule 5

| * Louisiana Delta Community College | Louisiana Technical College Less Region 1 | LTC Region 1 | River Parishes Community College | * South Louisiana Community College | Sowela Technical Community College | Facilities Corporations | System Eliminating Entries | Total Per System |
|--|--|----------------------|--|---|---|----------------------------|----------------------------------|---|
| (\$6,931,183) | (\$111,133,507) | (\$5,511,789) | (\$8,510,414) | (\$9,035,957) | (\$12,094,693) | (\$5,041,367) | | (\$325,432,417) |
| 162,916 | 4,218,358 | 236,078 | 37,287 | 280,479 | 505,355 | 5,041,367 | | 14,422,362 |
| (114,090) | (1,035,830) | 216,276 | (38,808) | (392,097) | (501,134) | | | (948,726) |
| (2,053) | 79,117 | | | | 1,974 | | | 665,907 |
| | 37,247 | 15,440 | (10,515) | | (2,551) | | | (666,319) |
| | | | | | | | | 307 |
| 181,373 | (299,627) | (4,395) | 136,407 | (492,407) | 31,238 | | | (458,965) |
| 111,543 | (220,383) | 204,747 | (279,519) | 466,303 | 228,848 | | | 3,983,368 |
| (816) | 68,306 | | 5,729 | 69 | (6,410) | | | 370,159 |
| 1,123 | (644,785) | 2,512 | 35,166 | 25,036 | (40,196) | | | (323,453) |
| 604,600 | 7,849,793 | 209,689 | 328,829 | 443,200 | 863,561 | | | 21,814,333 |
| (1,685) | | | 1,853 | | | | | 19,674 |
| <u>(\$5,988,272)</u> | <u>(\$101,081,311)</u> | <u>(\$4,631,442)</u> | <u>(\$8,293,985)</u> | <u>(\$8,705,374)</u> | <u>(11,014,008)</u> | <u>NONE</u> | <u>NONE</u> | <u>(\$286,553,770)</u> |
| \$2,121,582 | \$29,045,391 300,713 | \$1,725,479 | \$715,441 | \$9,058,291 200,000 | \$5,428,206 | \$89,314,732 | | \$112,868,236 90,037,195 |
| <u>\$2,121,582</u> | <u>\$29,346,104</u> | <u>\$1,725,479</u> | <u>\$715,441</u> | <u>\$9,258,291</u> | <u>\$5,428,206</u> | <u>\$89,314,732</u> | <u>NONE</u> | <u>\$202,905,431</u> |
| \$52,879 | (\$95,431) | | | | | \$219,084 | | \$5,705,853 219,084 (625,152) 52,879 |
| | 250,000 | \$377,485 | | | | 136,180 | | 136,180 627,485 |
| | | | | | | 2,095,209 | | 2,095,209 |

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OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 14, 2010

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

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

We have audited the financial statements of the Louisiana Community and Technical College System, a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 14, 2010. 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 Corporations, as described in our report on the Louisiana Community and Technical College System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A 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 LCTCS 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 Corporations, which are blended component units included in the LCTCS basic financial statements for the year ended June 30, 2010. To obtain copies of those reports, refer to note 1-B to the basic financial statements for mailing addresses.

As a part of our audit of the LCTCS basic financial statements for the year ended June 30, 2010, we performed certain procedures on campuses within LCTCS. Our reports on those procedures for those campuses are listed as follows:

COMPLIANCE AND INTERNAL CONTROL REPORT

| | <u>Issue Date</u> |
|---|-------------------|
| Baton Rouge Community College | Pending |
| Bossier Parish Community College | December 22, 2010 |
| Delgado Community College | Pending |
| L.E. Fletcher Community College | Pending |
| Louisiana Delta Community College | Pending |
| Louisiana Technical College - Region 1 | Pending |
| Capital Area Technical College | December 22, 2010 |
| South Central Louisiana Technical College | December 8, 2010 |
| Acadiana Technical College | November 24, 2010 |
| Central Louisiana Technical College | December 8, 2010 |
| Northwest Louisiana Technical College | December 8, 2010 |
| Northeast Louisiana Technical College | June 9, 2010 |
| Northshore Technical College | October 13, 2010 |
| South Louisiana Community College | October 6, 2010 |
| SOWELA Technical Community College | December 22, 2010 |

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

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

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

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LCTCS 2010

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